



# United States Department of Agriculture Rural Development



## Value-Added Agricultural Product Market Development Grant

### ➤ OBJECTIVE

The primary objective of this grant program is to help eligible independent producers of agricultural commodities, agricultural producer groups, farmer and rancher cooperatives, and majority-owned producer-based business ventures develop business plans for viable marketing opportunities and develop strategies to create marketing opportunities. These grants will facilitate greater participation in new and emerging markets for value-added agricultural products.

### ➤ RECIPIENT ELIGIBILITY

Recipients of the grant must be an independent producer, agricultural producer group, farmer, rancher, cooperative, or majority-controlled producer-based business venture. Applicants must currently produce and own > 50% of the agricultural commodity that will be used for the VA products, and retain ownership from its raw commodity state through the marketing of the final VA product.

### ➤ PROJECT ELIGIBILITY REQUIREMENTS

Specifically, grant funds may be used to perform one of the following two activities: (1) Developing feasibility studies or business plans (including marketing plans or other planning activities) needed to establish a viable value-added marketing business venture or alliance that will allow the producers to better compete in domestic and international markets or (2) for working capital expenses.

### ➤ PRODUCT ELIGIBILITY

Value-added products are defined as follows: (1) A change in the physical state or form of the product (such as milling wheat into flour, or making strawberries into jam); (2) The production of a product in a manner that enhances its value, as demonstrated through a business plan (such as organically-produced products); (3) The physical segregation of an agricultural commodity or product that results in the enhancement of the value of that commodity or product (such as a physical barrier that separates the commodity from other varieties of the same commodity on the same farm during the production and harvesting, with continued separation during processing and marketing of the value-added product); (4) An agricultural commodity or product that is a source of farm or ranch-based renewable energy; and (5) A locally produced agricultural food product that is raised, produced, and distributed in the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product, or within the State in which the product is produced.

## ➤RESERVED FUND CATEGORIES

Ten percent (10%) of the available General Funds are reserved for Beginning Farmers and Ranchers, or socially Disadvantaged Farmers and Ranchers; and ten percent (10%) of the available General Funds are reserved for Mid-Tier Value Chain Projects. Applicants must state whether they wish to compete in one of the following categories for reserved funding:

1. Beginning Farmer or Rancher
2. Socially Disadvantaged Farmer or Rancher
3. Mid-Tier Value Chain

## ➤MAXIMUM GRANT AMOUNT

- \$300K Working Capital
- \$100 K Planning
- Match funds must equal or exceed the amount of the grant funds requested, and combined match and grant funds must equal 100% of total project costs
- Nationally Competitive Funds
- Only one application per applicant per year
- Only one Planning and/or Working Capital grant per project

## ➤INELIGIBLE GRANT USES

Grant and matching funds cannot be used to:

1. Plan, repair, rehabilitate, acquire, or construct a building or facility (including a processing facility),
2. Purchase, rent, or install fixed equipment (including mobile and other processing equipment),
3. Pay for the preparation of the grant application,
4. Pay expenses not directly related to the funded venture,
5. Fund political or lobbying activities,
6. Pay costs incurred prior to receiving this grant,
7. Fund any activities prohibited by 7 CFR parts 3015 and 3019,
8. Fund architectural or engineering design work for a specific physical facility,
9. Pay any expenses related to the production or any commodity or product to which value will be added.

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