

## Value-Added Producer Grant

### PURPOSE

The primary purpose of this grant program is to enable eligible agricultural producers to develop businesses that produce and market value-added agricultural products.

### ELIGIBLE APPLICANTS

Eligible applicants must be an independent producer, agricultural producer group, farmer or rancher cooperative, or majority-controlled producer-based business venture, as defined in the RD Instruction 4284-J, 4284.907 (b)(i) through (iv).

### PROJECT ELIGIBILITY

#### New definitions for 2009!

The project must evidence a high likelihood of creating a value-added agricultural product. The revised definition of Value-Added is as follows:

**VALUE-ADDED:** Any *agricultural commodity or product* that (1)(i) has undergone a change in physical state; (ii) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a BP that shows the enhanced value, as determined by the Secretary; (iii) is physically segregated in a manner that results in the enhancement of the value of the Agricultural Commodity or product; (iv) is a source of farm- or ranch-based renewable energy, including E-85 fuel; or (v) is aggregated and marketed as a locally-produced agricultural food product; AND (2) as a result of the change...

AND (2) as a result of the change in physical state or the manner in which the Agricultural Commodity or product was produced, marketed, or segregated - (i) the *customer base* for the agricultural commodity or product is expanded; and (ii) a greater portion of the *revenue* derived from the marketing, processing, or physical segregation of the agricultural commodity or product is available to the producer of the commodity or product.

The program also includes provisions for the following categories: **Family Farm/Ranch, Small and Medium Sized Farm/Ranch, Local and Regional Supply Network**. Additionally, there are reserve funds available for **Beginning Farmers/Ranchers, Socially Disadvantaged Farmers/Ranchers, and the Mid Tier Value Chain**.

A **Local and Regional Supply Network** is defined as an interconnected food-related business enterprise through which food products move from production through consumption in a local or regional area of the USA.

The **Mid Tier Value Chain** is defined as a Local and Regional Supply Network that links independent producers with businesses and coops that market the value-added agricultural product in a manner that (1) targets and strengthens the profitability and competitiveness of small and medium-sized farms and ranches that are structured as a family farm; and (2) obtains agreement from an eligible Agricultural Producer Group, Coop, or Majority Controlled Producer-Based Business Venture engaged in the value-chain on a marketing strategy.

*NOTE: Please see the 2009 Notice of Funding Availability (NOFA) for complete definitions.*

### ELIGIBLE USES

**Planning Projects** – facilitate the development of a defined program of economic activities to determine the viability of a potential value-added venture by hiring personnel, including lawyers, accountants, and other consultants to conduct the following:

- Obtain legal advice related to the venture
- Conduct a feasibility study
- Develop a business operations plan
- Develop a business marketing plan

**Working Capital Projects** – provide funds to operate ventures and pay the normal expenses of the venture that are eligible uses of the grant funds.

- Fund start up operations (salaries, utilities, office space)
- Hire counsel to provide legal advice
- Hire a CPA to design the accounting system
- Pay salaries, utilities, and other operating costs
- Finance inventories
- Purchase office equipment, computers, supplies
- Finance other related activities
- Conduct a marketing campaign

#### **INELIGIBLE USES**

(not a complete list; please refer to NOSA for details)

- Plan, repair, rehabilitate, construct, acquire facility/building, including processing facility
- Fund agricultural production
- Fund activities prohibited by 7CFR, parts 3015 and 3019
- Pay for preparation of the grant application
- Purchase land
- Purchase, rent, install fixed equipment, including processing equipment
- Fund political or lobbying activities
- Pay costs incurred prior to approval of grant
- Duplicate adequate current services
- Replace or substitute previous support
- Assist private business enterprise which does not have at least 51% ownership by U.S. citizens or aliens legally admitted for permanent residence
- Pay judgments or debts owned to the U.S.
- Purchase privately owned vehicles
- Fund research and development
- Fund architectural or engineering design work for a physical facility
- Pay expenses not related to the venture

#### **MATCHING FUNDS**

The maximum amount of grant award is \$100,000 for planning purposes, and \$300,000 for working capital purposes, per funding cycle. Applicant must provide cash or confirmed funding commitments at least equal to the grant amount. Other Federal grants cannot be used as matching funds.

Applications for each business venture, per funding cycle, may be for either a planning grant or a working capital grant, but not both. Each venture is limited to one planning grant and one working capital grant per lifetime of the venture. In-kind contributions that meet the provisions of 7CFR 3015.50 and 7CFR 3019.23, as applicable, can be used as matching funds.

#### **APPLICATION INFORMATION**

The application period is announced annually through a Notice published in the Federal Register. Applications for this year's program are due on November 30, 2009.

For more information, contact the Wisconsin State Office at 715-345-7610 or [RD.BCP.SO@wi.usda.gov](mailto:RD.BCP.SO@wi.usda.gov). Further information, as well as project templates, can be found by visiting our National website at [www.rurdev.usda.gov/rbs/coops/vadq.htm](http://www.rurdev.usda.gov/rbs/coops/vadq.htm).