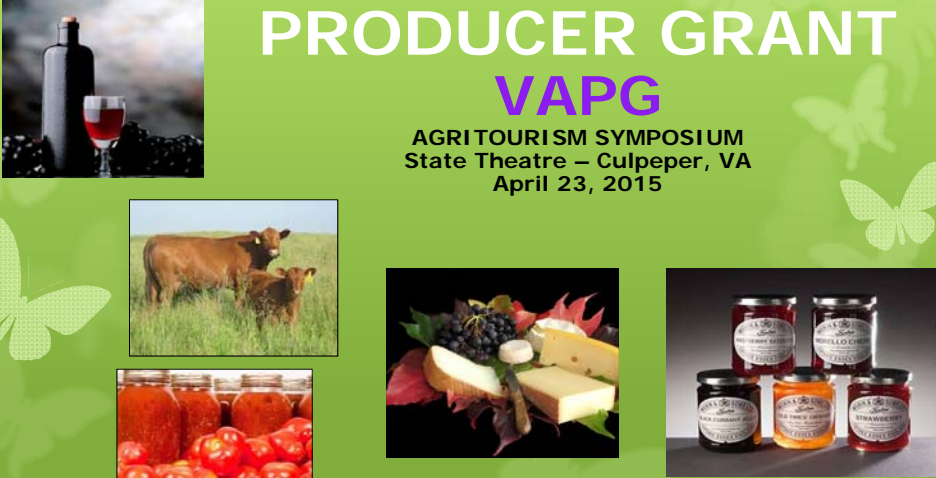

United States Department of Agriculture
Rural Development

**VALUE-ADDED
PRODUCER GRANT
VAPG**

**AGRITOURISM SYMPOSIUM
State Theatre – Culpeper, VA
April 23, 2015**



NATIONAL COMPETITION

MAXIMUM AWARD AMOUNTS
\$75,000 Planning
\$200,000 Working Capital

MATCHING REQUIREMENT
1-to-1 match (50 percent of total project costs) cash or eligible in-kind contributions to be used only for eligible project purposes.

GRANT PERIOD
Up to 36 months, depending on project complexity.

APPLICATION DEADLINE
July 31, 2015

PURPOSE

Provides funds for economic planning activities or eligible working capital expenses

- To help agricultural producers enter into value-added activities related to the processing and marketing of agricultural products
- To expand markets for, and increase financial returns to agricultural producers
- To strengthen the rural economy



Applicant Eligibility

Remember this key definition:

Agricultural Producer

An individual or entity directly engaged in the production of an agricultural commodity, or that has the legal right to harvest an agricultural commodity, that is the subject of the value-added project.

Agricultural producers may “directly engage” either through substantially participating in the labor, management, and field operations themselves or by maintaining ownership and financial control of the agricultural operation.

FOUR ELIGIBLE APPLICANT TYPES

- Independent Producers
- Agricultural Producer Groups
- Farmer or Rancher Cooperatives
- Majority-Controlled Producer-Based Businesses

INDEPENDENT PRODUCER

An individual agricultural producer or an entity that is solely owned and controlled by agricultural producers, that are directly engaged in the production of the subject agricultural commodity*. An independent producer entity may be a steering committee or an agricultural harvester

*See definition of Agricultural Producer for explanation of 'directly engaged.'

AGRICULTURAL PRODUCER GROUP

- Formal membership organization that represents Agriculture Producers that meet the VAPG program definition requirements for an Independent Producer and operates with a mission that includes working on behalf of Independent Producers.
- The majority of the applicant's membership meet the definition of Independent Producer.
- The majority of the applicant's board of directors meet the definition of Independent Producer.



FARMER OR RANCHER COOPERATIVE

A business owned and controlled by agricultural producers that is incorporated, or otherwise identified by the state in which it operates, as a cooperatively operated business. *

*Note that agricultural harvesters do not meet the definition of a farmer or rancher and therefore are not eligible to apply as Farmer or Rancher Cooperatives.



MAJORITY - CONTROLLED BUSINESS VENTURE

**The majority of the financial and
voting interest belongs to
Independent Producers.**

All Four Applicant Types Must:

- **Currently produce and own at least 51 percent of the raw commodity that will be used for the Value-Added product.**
- **Own the product from its raw commodity state through the production of the Value-Added product during the Project.**

VALUE-ADDED DEFINITIONS

1. **CHANGE IN PHYSICAL STATE**
 - An irreversible processing activity that alters the raw agricultural commodity
2. **PRODUCED IN A MANNER THAT ENHANCES THE VALUE OF THE AGRICULTURAL COMMODITY**
 - the use of a recognizably coherent set of agricultural production practices in the growing of the raw agricultural commodity, such that a differentiated market identity is created for the resulting product OR nonstandard production method that adds value per unit of production over a standard production method
3. **PRODUCT SEGREGATION**
 - physically separating (i.e. distance or structure) the agricultural commodity from other varieties of the same commodity on the same farm during production and harvesting, with continued separation during the processing and marketing of the value-added product.

VALUE-ADDED DEFINITIONS

4. FARM BASED RENEWABLE ENERGY

- An agricultural commodity that is used to generate renewable energy on a farm or ranch owned or leased by the independent producer applicant that produces the agricultural commodity.
- Examples include, but are not limited to- dairy manure into methane and electricity generated on the farm or corn into biodiesel generated on the farm.
- Generation of energy from wind, solar, geothermal or hydro sources are not eligible.



5. LOCALLY PRODUCED AGRICULTURAL FOOD PRODUCT

- Any agricultural food product that is marketed and distributed within 400 miles of the product's origin or within the State in which the product is produced.
- Examples include, but are not limited to-
 - specific local grapes with characteristics attributable to the growing area sold to a winery that will produce a local wine;
 - local sweet corn advertised and sold at a premium as a fresher locally-produced alternative to non-local produce.

PURPOSE

1. PLANNING GRANT

To pay a qualified (third-party) consultant for development of feasibility, marketing, or business plans related to the processing and/or marketing of a value-added product.

2. WORKING CAPITAL

To pay eligible project expenses related to the processing and/or marketing of a value-added product.

TYPES OF WORKING CAPITAL GRANTS

1. Requests of \$50,000 or more (market expansion)
 - Independent Producer (IP) applicants only;
 - Proposing market expansion of an existing value-added product that they have produced and successfully marketed for at least two years at time of application;
 - In lieu of an independent feasibility study for this project, must submit a business or marketing plan for the value-added project.
2. Requests of \$50,000 or more (emerging market)
 - All applicant types;
 - Must provide a third-party, project-specific feasibility study and a business plan related to the processing and/or marketing of the value-added product.
3. Simplified application requesting less than \$50,000
 - All applicant types;
 - Not required to provide a feasibility study and business plan, but must demonstrate the expected increases in customer base and revenue returns to the producer applicants supplying the majority of the agricultural commodity for the project.

USE OF FUNDS

EXAMPLES OF ELIGIBLE ACTIVITIES

- Processing costs including labor, utilities, packaging and labeling, ingredients;
- Additional raw commodity inventory from third parties (up to 49% of the total amount required for the project)
- Advertising and promotion
- Financial/accounting systems

EXAMPLES OF INELIGIBLE ACTIVITIES

- Purchase of land, buildings or equipment
- Preparation of the grant application,
- R&D, architectural or engineering design work
- Costs for the production, harvesting or delivery to a processing facility of any agricultural commodity or product

CONTACT INFORMATION

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