



RURAL BUSINESS-COOPERATIVE SERVICE (RBS)

VALUE ADDED PRODUCER GRANTS

Background

- ◆ The program is designed to help farmers and ranchers expand their customer base for products that will result in enhanced profitability through **value-added** activities with particular emphasis on new and **emerging agriculture markets**.
- ◆ Emerging markets are defined as markets or ventures that are new to the entity applying for funds.
- ◆ Each applicant will be **required** to document why they as an entity are eligible for the program and why their proposed product meets the definition of **value-added** and **emerging markets** as applicable.
- ◆ Since there are numerous eligible uses for a VAPG grant, applicants must carefully list each activity they will undertake and the order each activity will be completed. This list must assign a dollar value to all major tasks as part of the budget proposal. This is critical since payments for subsequent activities will be made based on the successful completion of prerequisite activities. The Agency reserves the right to terminate the grant award if a prerequisite activity was not successful or that it showed the venture has a low probability of success. For example, business operations plan development will not be funded until a feasibility study has been completed and the results of the study show the venture has a strong chance of success.

There are four types of eligible applicants:

Independent Producer	Farmer or Rancher Co-op	Agricultural Producer Groups	Majority-Controlled Producer Based Business Ventures
1. An independent producer of agriculture commodities or products; an association of producers as LLC or LLP; a steering committee composed of agricultural producers in the process of organizing an association to operate a value added venture. 2. Does NOT have to be in an emerging market . 3. Must be 100% producers. 4. Producers can NOT produce under contract with any organization other than their own.	1. A business incorporated under state cooperative or corporation statutes that is farmer or rancher owned, controlled and the benefits are returned to the farmers or ranchers on the basis of their patronage of the cooperative. 2. The proposal must be in an emerging market .	1. Any organization that represents independent producers such as a producer trade organization or a state or national commodity group. 2. The proposal must be in an emerging market . 3. Can NOT be a publicly owned corporation. 4. Can NOT be a local division of government. 5. The proposal MUST be a specific proposal for a specific group or activity.	1. A corporation, LLC, LLP or other type of business structures where producers have 51% or more of the ownership and control of the entity. 2. The proposal must be in an emerging market . 3. This group is ONLY eligible for 10% of the total funds per fiscal year available for the Value Added Grant Program.

Grant Funds may be used for up to 50% of the costs for carrying out each project.

All applications must have a one to one match, which can include “in kind” services as a portion of the match. Match funds **MUST** be drawn down at the same rate as grant funds.

The Notice of Solicitation of Applications and an Application Guideline may be accessed at <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>

What, Where and When To Submit

- ◆ An original and one copy of the proposal with all required forms and documentation must be submitted in one package to the address noted in the Notice for Solicitation of Applications or the application may be sent electronically.
- ◆ Electronic submission is encouraged and faxed submissions will not be accepted.
- ◆ Filing deadline for Fiscal Year 2009 funding is November 30, 2009. All information in the NOSA will supersede what can be found on this fact sheet. The Agency will not consider any application received after the deadline.

Eligibility Requirements

Potential grant recipients must be one of the eligible entities as cited in the chart above. The project proposed must add value to an agricultural product or a product of an agricultural product. Adding value to an agriculture product should expand the customer base and result in a greater proportion of the product's revenue being recaptured by the producer. The agricultural producer must currently own and produce more than 50% of the raw commodity.

Value Added Activities MUST:

1. Change the physical state or form of the product, such as, slaughtering livestock or slicing tomatoes.

OR

2. Market the product produced in a manner that enhances its value as demonstrated through a business plan, as marketing organic products.

OR

3. Physically segregate, during production, an agricultural commodity in a manner that results in the enhancement of the value of the commodity, such as, GMO and non-GMO corn grown on the same farm.

OR

4. Renewable energy generated on a farm or ranch owned or leased by the applicant. Examples include wind farms, solar energy and anaerobic digesters.

OR

5. Aggregation and marketing of locally produced agricultural food products.

Funds will be available for two purposes. Each purpose will have separate evaluation criteria as noted below. An Applicant can NOT receive funds for both purposes within the same fiscal year.

PLANNING PURPOSES		WORKING CAPITAL PURPOSES	
<p>Eligible purposes are economic activities to determine the viability of a potential value-added venture, including feasibility studies, marketing plans, business plans and legal evaluation. Funds can not be used for planning or studies associated with building as construction or building plans.,</p> <p>Feasibility studies, business plans, and possibly, other studies will be required before grant funds can be used as working capital.</p> <p>Maximum Grant: \$100,000</p>		<p>Grants can also be used to establish working capital accounts to fund operations prior to obtaining sufficient cash flow from operations. These funds can be used to pay salaries, utilities and other operating costs; to finance inventories; to purchase office equipment, computers, and supplies; and to finance other related activities necessary to establish alliances or business ventures that allow producers to better compete in domestic or international markets for value-added products. Funds are for working capital used to operate the marketing portion of the venture or the working capital expenses associated with expanding into the value added market.</p> <p>Maximum Grant: \$300,000</p>	
SCORING CRITERIA		SCORING CRITERIA	
Nature of Proposed Venture	Max. 8pts.	Business Viability	Max. 8 pts.
Qualification of Those Doing The Studies	Max. 8 pts.	Customer Base/ Increased Returns	Max. 8 pts.
Commitment/support	Max. 5 pts.	Commitment	Max. 5 pts.
Leadership	Max. 8 pts.	Management Team/ Work Force	Max. 8 pts.
Work Plan/ Budget	Max. 8 pts.	Work Plan/ Budget	Max. 8 pts.
Amount requested		Amount requested	
\$50,000 or less	Max. 2 pts.	\$150,000 or less	Max. 2 pt.
Project cost per Producer		Project cost per Producer	
\$1-\$35,000	3 pts.	\$1-\$100,000	3 pts.
35,001 to 70,000	2 pts.	\$100,001- \$200,000	2 pts.
70,001 to 100,000	1 pts.	\$201,001- \$300,000	1 pts.
Business Management	Max. 10 pts.	Business Management	Max. 10 pts.
Sustainability/Economic Impact	Max. 15 pts.	Sustainability/Economic Impact	Max. 15 pts.
Type of Applicant	Max. 8pts.	Type of Applicant	Max. 8 pts.
Administrator's points	Max. 5 pts.	Administrator's points	Max. 5 pts.

Evaluation Criteria and Weights

RD will initially determine whether the submitting entity is eligible and whether the application contains the information required by the Notice of Solicitation of Applications (NOSA) printed in the Federal Register. Prior to technical examination, each proposal will be reviewed for responsiveness to the funding solicitation. Submissions that do not fall within the guidelines as stated in the NOSA will be eliminated from the competition and will be returned to the applicant.

Applications will be evaluated by a panel of agricultural economists and other technical experts appointed by RD. Applications will be evaluated competitively and points awarded as specified in the NOSA. After assigning points upon those criteria, applications will be listed in initial rank order and presented, along with funding level recommendations, to the Administrator of RBS, who will award the grants.

The Administrator may assign up to 5 priority points to either scoring criteria outline for such things as: recognized innovative technologies, geographical distribution of funds, or to encourage value added activities in underserved areas or among underserved populations. Applications will then be funded in final rank order until all available funds have been expended.

In addition, applications are encouraged from beginning farmers and ranchers, socially disadvantaged farmers and ranchers, small and medium sized farms and ranches structured as a family farm and mid tier value chain applicants.

Grantee Requirements

Once a group has been awarded a grant, they will be required to do the following:

- ◆ Sign a Value-Added Producer Grant Agreement.
- ◆ Sign all required Federal grant-processing forms.
- ◆ Use Standard Form 270, "Request for Advance or Reimbursement" to request advances and reimbursements. Requests to be submitted on a quarterly or less frequent basis.
- ◆ Submit a Standard Form 269, "Financial Status Report" and list expenditures according to agreed upon budget categories on a semi-annual basis.
- ◆ Submit semi-annual performance reports.
- ◆ Upon completion of each task outlined in the proposal, grant recipients will deliver the results of the study or activity to RBS, accompanied by all applicable supporting data.
- ◆ Maintain a financial management system that is acceptable to the Agency.
- ◆ Collect and maintain data on race, sex, and national origin provided by producers receiving grant benefits and comply with all Federal Civil Rights Statutes.
- ◆ Comply with all Federal Environmental Regulations.
- ◆ Submit a final project performance report.

Please direct inquiries regarding Rural Development programs to:

USDA Rural Development - B&CP
1221 College Park Drive, Suite 200
Dover, DE 19904
Signe Hippert or Bruce Weaver
Tel: 302-857-3628 or 3629
Fax: 302-857-3635
TDD: 302-857-3585

You may copy the NOSA from www.rurdev.usda.gov/rbs

**Rural Housing
Service**

**Rural Business-Cooperative
Service**

**Rural Utilities
Service**

USDA Rural Development is an Equal Opportunity Lender, Provider, and Employer.
Complaints of discrimination should be sent to:
USDA, Office of Civil Rights, Washington, DC 20250-9410.

USDA is an equal opportunity provider, employer and lender.
To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410,
or call (800) 795-3272 (voice), or (202) 720-6382 (TDD)