

"I'm not from the federal government...

*...but I am here to help you understand more
about USDA's VAPG Program."*

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Value-Added Producer Grant Goals

- Provide grant funds for planning and working capital expenses to help agricultural producers enter into value-added activities related to the processing and marketing of bio-based products
- Expand markets for, and increases financial returns to, the agricultural producer-owners of the venture
- Strengthen the rural economy

VAPG Program Summary

- VAPG now part of the Local Agriculture Market Program (LAMP), which includes 5 line items
 - Value Added Producer Grants
 - Farmers' Market & Local Food Promotion Grants
 - Regional Partnerships
 - Unobligated Funds (that can carry over)
 - Administrative Expenses
- Priority remains for:
 - Beginning Farmer/Rancher, Socially Disadvantaged Farmer/Rancher, Veteran Farmer/Rancher
 - Mid-Tier Value Chain Projects

VAPG Program Summary

- Historically ~ \$18M Nationally Competitive Grant Funds per “notice of funds availability”
- Currently looks like \$50M has been allocated annually for LAMP through Farm Bill period
- No current application cycle
- Details of program will be determined based on implementation of new Farm Bill after the furlough! Stay tuned...

What follows is information based on historical experience with VAPG

2 Types of VAPG Funding

- Planning – Maximum of \$75K
 - Feasibility studies
 - Marketing strategies
 - Business Plans
 - Legal Evaluations/advice
- Working Capital – Maximum of \$250K
 - Funds for operating the value-added venture and for paying normal expenses (salaries, utilities, inventory, marketing, accounting, etc.)
 - Limited amount available for food safety equipment/updates and/or office equipment

Matching Funds

- Matching funds from applicant must equal or exceed the amount of grant funds requested, be contributed during grant period and be spent in advance of grant funds at a proportional rate
- Applicant matching funds: cash, loan, or in-kind
- Third-Party matching funds: cash or in-kind
- Expected program income is not eligible
- Matching funds are subject to the same use restrictions as grant funds for eligible activities

What qualifies as “Value-Added”?

- Change in physical state
- Nonstandard production method
 - For WC grants only, must be demonstrated
- Physical segregation
- Renewable energy generated on farm with farm by-product
- Aggregation & marketing of locally produced agricultural food commodities or products
 - Origin of raw commodity to location of final product marketing within NC or within 400 miles

Who can apply?

- Independent producer(s)
- Agricultural producer group
- Farmer or Rancher Cooperatives
- Majority-Controlled Producer Based Business Ventures
 - Applicant must currently produce and own >50% of the raw agricultural commodity that will be used in the value-added product
 - Applicant must retain ownership from the raw commodity state through the marketing of the value-added product (*one partial exception for Mid-Tier Value Chain projects)

Other VAPG Details

- Streamlined application process and requirements for grant requests less than \$50K
- Maximum Budget and Project Period Length up to 36 months, scaled to complexity
- Projects may receive Planning and Working Capital grants in different cycles, provided they do not overlap
 - Projects may only receive one of each type of grant
 - Applicants are limited to one project per funding cycle

Ineligible Uses of VAPG Funds

- Equipment
- Buildings
- Vehicles
- Grant Preparation
- Architectural/Engineering for a specific facility
- Production costs for raw commodity
- Costs incurred prior to grant approval
- Non majority-US owned entities

NC Contact for VAPG:

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