



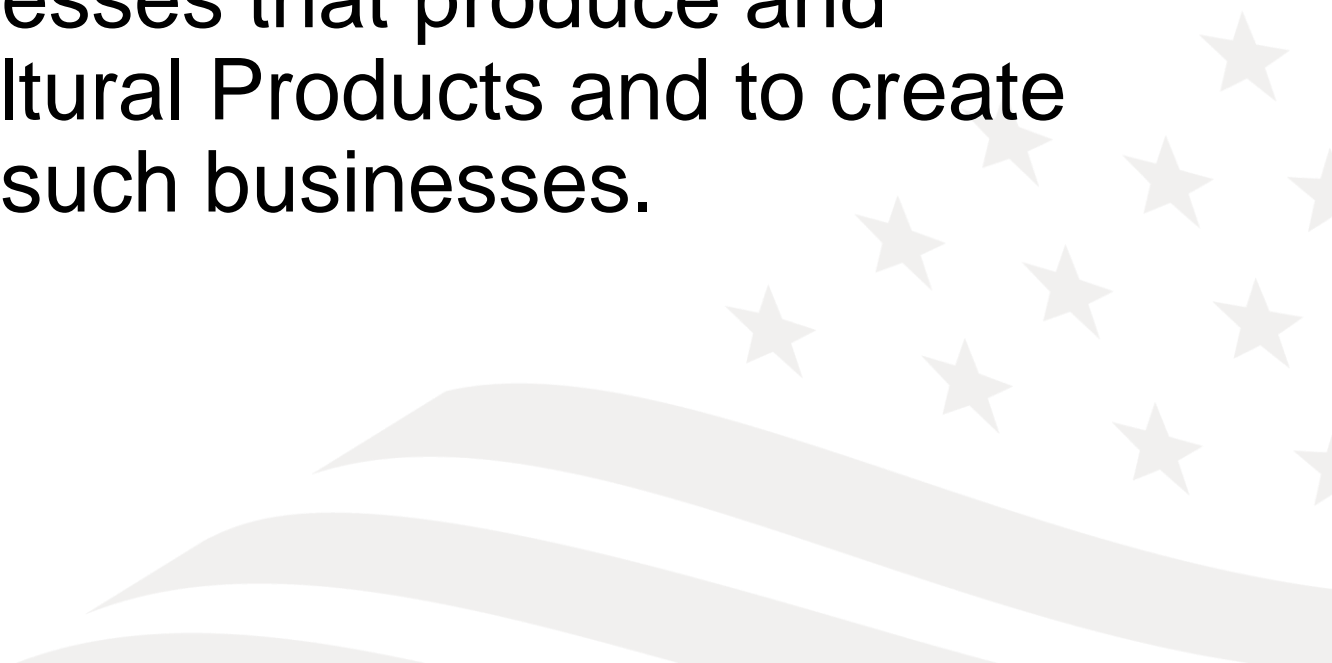
USDA - Value-Added Producer Grant National Sustainable Agriculture Coalition Training



Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Purpose of the Value-Added Producer Grant Program

Provides funds for economic planning activities or eligible working capital expenses to enable viable Agricultural Producers to develop businesses that produce and market Value-Added Agricultural Products and to create marketing opportunities for such businesses.

The bottom right corner of the slide features a decorative graphic consisting of several light gray, stylized waves or hills at the base, and a cluster of light gray stars of varying sizes floating above them, reminiscent of the American flag.

Purpose

What VAPG is NOT:

- A job training program
- Intended to teach people how to farm
- A technical assistance program
- For Research & Development
- A loan program
- Intended as a continuous stream of capital

Funding Cycle Basics – National Competition

FY 2023 Available Funding: Estimated \$31 Million

Application Deadlines:

TBD - for Electronic Applications

TBD - for Paper Applications

Maximum Award Amounts

\$75,000 Planning or \$250,000 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.

Funding Priorities

Reserved Funds ensure that a minimum of 10 percent of total funds are available for awards to applicants from these categories.

- Beginning & Socially Disadvantaged Farmers and Ranchers
- Mid-Tier Value Chains
- Persistent Poverty Counties

Basic Program Requirements

- Applicant eligibility
- Project eligibility
- Purpose eligibility
- Other eligibility requirements
- Evaluation criteria

Applicant Eligibility 4284.920(a)



Applicant Type

Applicants must meet the definition for one of these types:

- Independent Producer

- Agricultural Producer Group

- Farmer or Rancher Cooperative

- Majority-Controlled Producer-Based Business

Independent Producers

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.

*Entity= partnership, LLC, corporation.



Independent Producers can also be...

steering committees of individual IPs who will form a legal entity that meets the requirements of one of the 4 eligible applicant types.

agricultural harvesters that have the legal right to harvest a primary (not residual) commodity. Examples: commercial fishermen, loggers.

Agricultural Producer Group

Formal **nonprofit** membership organization that represents eligible Agriculture Producers and operates with a mission that includes working on behalf of their members.

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 Cooperatives

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 Producer-Based Business

Majority Controlled Producer-Based Business venture means a venture greater than 50 percent of the ownership and control of which is held by-

- (i) 1 or more producers; or
- (ii) 1 or more entities, 100 percent of the ownership and control of which is held by 1 or more producers.

The term 'entity' means-

- (i) A partnership;
- (ii) A limited liability corporation;
- (iii) A limited liability partnership; and
- (iv) A corporation

*Only 10 percent of available funds will be awarded to eligible applicants in this category.

	Independent Producer	Agricultural Producer Group	Farmer or Rancher Cooperative	Majority Controlled Producer-Based
Individual	Sole proprietor ag producer			
Entity	Solely owned & controlled by independent producers (partnership, LLC, LLP, corporation)	Non-profit. Member-based. Mission is member advocacy. Majority of members & BOD are Independent Producers	Owned & controlled by Independent Producers. Operated on a cooperative basis.	Majority of ownership & control by Independent Producers (entity=partnership, LLC, LLP, corporation).
Other	Steering Com or Harvester per above			

All applicant types must meet the definition of Agricultural Producers

“An individual or entity that produces an Agricultural Commodity **through participation in the day-to-day labor, management, and field operations...**”

All four applicant types must...

Currently produce and own more than 50 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.

Applicant Eligibility 4284.920 (c) & (d)



(c) Citizenship

(d) Legal Authority and Responsibility

Multiple Grant Eligibility 4284.920(e)

- Applicants (including separate, but related entities with greater than 75% common ownership) may not submit more than one application in response to a solicitation.
- WC Applicants for grants may not submit applications for the same project that has previously received WC funds (Proposals from previous recipients should be substantially different in terms of products and/or markets and not merely be extensions of previously funded projects)...

Multiple Applications 4284.920 (e)

Documentation to verify includes detailed work plan, budget, and scoring criteria discussion to sufficiently demonstrate that the project is substantially different.

Active VAPG grant 4284.920 (f)

Applicants with an active value-added grant must close out that grant within 90 days of the application deadline to be eligible for the subsequent competition

Project Eligibility §4284.923



Product Eligibility 4284.923 (a)

Applicants must use one of the following methodologies, as defined in the definition of Value-Added Product:

- Change in physical state
- Produced in a manner that enhances the value of the agricultural commodity
- Physical segregation
- Farm- or ranch-based renewable energy
- Locally-produced agricultural food product

Change in Physical State

An irreversible processing activity that alters the raw agricultural commodity and enhances its value and is something other than a post-harvest process that primarily acts to preserve the commodity for later sale.

Examples

- milk into cheese
- wheat into flour
- wool into clothing or rugs
- corn into ethanol
- livestock into packaged meat



Produced in a Manner that Enhances the Value of the Agricultural Commodity

The value-added product results from 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.

Nonstandard production method that adds value per unit of production over a standard production method and demonstrates this by a quantifiable comparison with products produced in the standard manner.

Produced in a Manner that Enhances the Value of the Agricultural Commodity... Continued

Examples:

- Organic carrots,
- Eggs produced from free-range chickens.



Physical Segregation

Value-added product results from 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.

Example: GMO corn separated from non-GMO corn on the farm during production and harvesting, with continued separation through marketing.

Farm or Ranch-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:

- dairy manure into methane and electricity generated on the farm
- corn into biodiesel generated on the farm.

Note: Generation of energy from wind, solar, geothermal or hydro sources are not eligible.



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:

- 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.



Hemp Related Projects

VAPG applications proposing projects related to Hemp as defined in the Agriculture Improvement Act of 2018, will be considered for funding if the project meets all program eligibility requirements, including currently producing Hemp with a valid producer license and verifiable compliance with regulations.

Please see AMS website for listing of states with approved plans:

[Status of State and Tribal Hemp Production Plans](#)

All projects must demonstrate:

- Increase in customer base
- Greater portion of revenue derived from the value-added process returned to the producer.



Expansion of Customer Base

Per definition of Value-Added Product

- Include baseline of number of current customers for the commodity or value-added product;
- Include estimated target number of customers that will result from the project

Increased Revenue Returned to Producers

Per definition of Value-Added Product

- Include a baseline of current revenues from the sale of the agricultural commodity or value-added product;
- Include an estimated target of increased revenues that will result from the project.

Purpose Eligibility 4284.923 (b)



Two Types of Grants

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

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

Variations on Working Capital Grants

- 1. Requests of \$50,000 or more (emerging market proposals)**
- 2. Requests of \$50,000 or more (market expansion)**
- 3. Applications requesting less than \$50,000 (Simplified)**

Variations on Working Capital Grants

1. **Requests of \$50,000 or more (emerging market proposals)**

Produced and marketed subject product less than two years at the time of application

- All applicant types; but required for cooperatives, agricultural producer groups, and majority-controlled.
- Must provide a project-specific feasibility study and a business plan related to the processing and/or marketing of the value-added product. The feasibility study must be prepared by a Qualified Consultant.

Variations on Working Capital Grants

2. Requests of \$50,000 or more (market expansion)

- Independent Producer (IP) applicants only;
- Must be for an existing value-added product that they have produced and successfully marketed for at least two years at time of application; and
- In lieu of an independent feasibility study for this project, the applicant may submit a business or marketing plan.

Variations on Working Capital Grants

3. Applications requesting less than \$50,000 (Simplified)

- 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.

Types of Working Capital Applications

	Applicant Type	Documentation	All Applicants must demonstrate expansion of customer base and increased returns to producers.
Emerging Market >\$50,000	Non-IPs (required) IPs	Feasibility study, plus business or marketing plan	
Market Expansion >\$50,000	IPs only	Business or marketing plan only	
All applications <\$50,000	All	None of the above	

Emerging Market versus Market Expansion Comparison

Emerging Market	Market Expansion
<ul style="list-style-type: none">• Mandatory for Agricultural Producer Groups, Farmer or Rancher Cooperatives, and Majority Controlled.• Optional for Independent Producers.• Produced and marketed subject product less than two years.• New products, or• Existing products entering new demographic or geographic markets	<ul style="list-style-type: none">• Optional for Independent Producers, only.• Marketing existing product at least two years.• Existing products to new markets• Existing products to existing markets for new customers only

Working Capital Applications (New to 2018 Farm Bill)

Working capital applications must include a description of the direct or indirect producer or food business benefits intended by the eligible entity to result from the proposed project within a reasonable period of time after the receipt of a grant.

Work Plan and Budget 4284.923 (b)(5)

Provide a detailed narrative work plan and budget that shows:

- how the project's goals will be accomplished including a narrative description of the eligible activities and associated tasks;
- a budget breakdown of estimated costs allocated to those activities and tasks;
- identification of the key personnel responsible for overseeing and/or conducting the activities or tasks

Work Plan and Budget

- timeframes for completion of activities and tasks;
- identification of the sources and uses of grant and matching funds for all activities and tasks; and
- a grant period that meets start and end date requirements.

Program Income

- If **Program Income** is earned during the grant period as a result of the project activities, it must be managed and reported accordingly.
- Program Income means gross income earned by the grantee that is directly generated by a supported activity or earned as a result of the grant, including, but not limited to income from the sale of commodities or products produced under the grant.

See 2 CFR 200.80 for more information

Matching Funds



Matching Funds must be in the form of...

- Applicant cash, loan, or line of credit; and/or
- Applicant or family member in-kind labor contributions (applicant provided services limited to 25 percent of total project costs); and/or
- Applicant-produced raw commodity may be used as in-kind match as long as it is appropriately valued.
- Third-party cash or
- Third-party in-kind contribution, including non-federal grant sources.

Matching Funds must be...

- Equal to at least the grant amount (at least 50 percent of total project costs).
- Spent only on eligible expenses;
- Spent in advance of grant funding (for every dollar of grant funds disbursed, not less than an equal amount of matching funds will have been expended prior to submitting the request for reimbursement);
- From eligible sources without a real or apparent conflict of interest

Eligible and Ineligible Uses of Funds

4284.925 & 4284.926



Eligible uses of Planning Grant Funds

Pay for a Qualified Consultant to conduct and develop a Feasibility Study, Business Plan, and/or Marketing Plan associated with the processing and/or marketing of a Value-added Agricultural Product.

Common Examples of Eligible uses of Working Capital Funds

- Pay costs of processing the raw commodity into the value-added product.
- Product packaging & labeling
- Ingredients
- Promotional materials
- Advertising

Examples of Ineligible Uses of Funds (Most Common)

- Expenses related to agricultural production
- Planning, building, or repairing facilities
- Use of grant funds to pay self or associated parties for subject raw commodity.
- Ineligible equipment expenses (2 CFR 200.33)

Ineligible Expenses

- Applications with ineligible expenses of more than 10 percent of total project costs will be ineligible to compete for funds.
- Applications selected for award that contain ineligible expenses of 10 percent or less of total project costs must remove those ineligible expenses from the final project budget.

Limits on Eligible Uses 4284.925

- Applicant or family-member in-kind labor limited to 25 percent of total project costs for both Planning and Working Capital grants.
- Applicant-produced raw commodity may be used as in-kind match as long as it is appropriately valued.
- Planning funds may not be used to evaluate production of the raw agricultural commodity.

Grant Period Eligibility

Maximum timeframe of 36 months in length from the date of award (date of grant agreement execution).

Note: this is not open-ended. Each project's grant period will be based on the project's complexity, as indicated in the application work plan.

Completeness Eligibility

- Applications must contain all required elements to be eligible to compete for funds.
- Information submitted after the application deadline will not be accepted.

Evaluation Criteria



Proposal Evaluation Criteria Scoring

Agency selects and ranks applications based on responses to 5 criteria:

- Nature of the proposed project (0-30)
- Qualifications of project personnel (0-20)
- Commitments and support (0-10)
- Work plan and budget (0-20)
- Priority points (0 or 5/up to 5 additional)

Nature of the Proposed Project (0-30pts)

Applicants must discuss:

- technological feasibility
- operational efficiency
- profitability,
- economic sustainability.

Demonstrate the potential for expanding the customer base and the expected increase in revenue returned to the producer-owners.

Applicants must reference third-party data and other information that specifically supports the value-added project.

Applicants must also discuss jobs expected to be created or saved as a result of the project.

Qualifications of Project Personnel (0-20pts)

Applicant must identify and discuss:

- All individuals who will be responsible for completing work plan tasks
- Show that all individuals have the necessary qualifications and expertise for all tasks.
- Commitment and the availability of any consultants or other professionals to be hired for the project.
- Specific qualifications required for any positions unfilled at time of application.

Commitments & Support (0-10pts)

Producer commitments to the project are evaluated based on:

- The number of Independent Producers involved in the project;
and
- the nature, level and quality of their contributions.

End-user commitments are evaluated based on:

- the potential amount of output to be purchased, as evidenced by letters of intent or contracts from potential buyers referenced within the application.

Third-party commitments are evaluated based on:

- the nature of their contribution to the project: necessary technical assistance, storage, processing, marketing, or distribution arrangements.

Commitment and Support

Applications with multiple producers (named) involved in the production will receive more points than a single producer.

Cash matching contributions will receive more points than in-kind contributions.

Work Plan and Budget (0-20pts)

Use same Work plan and Budget developed for eligibility.

- Emphasis on detailed narrative discussion of each task

AND

- Emphasis on detailed breakdown of costs for each task and basis for valuation of those costs.

Priority Points



Priority Categories 4284.950

5 priority points will be awarded to applicants that request the priority points and demonstrate eligibility for one of the following priority categories:

- Beginning Farmer or Rancher
- Veteran Farmer or Rancher
- Socially Disadvantaged Farmer or Rancher
- Mid-Tier Value Chain Project
- Small- or Medium-sized Farm structured as a Family Farm
- Farmer or Rancher Cooperative

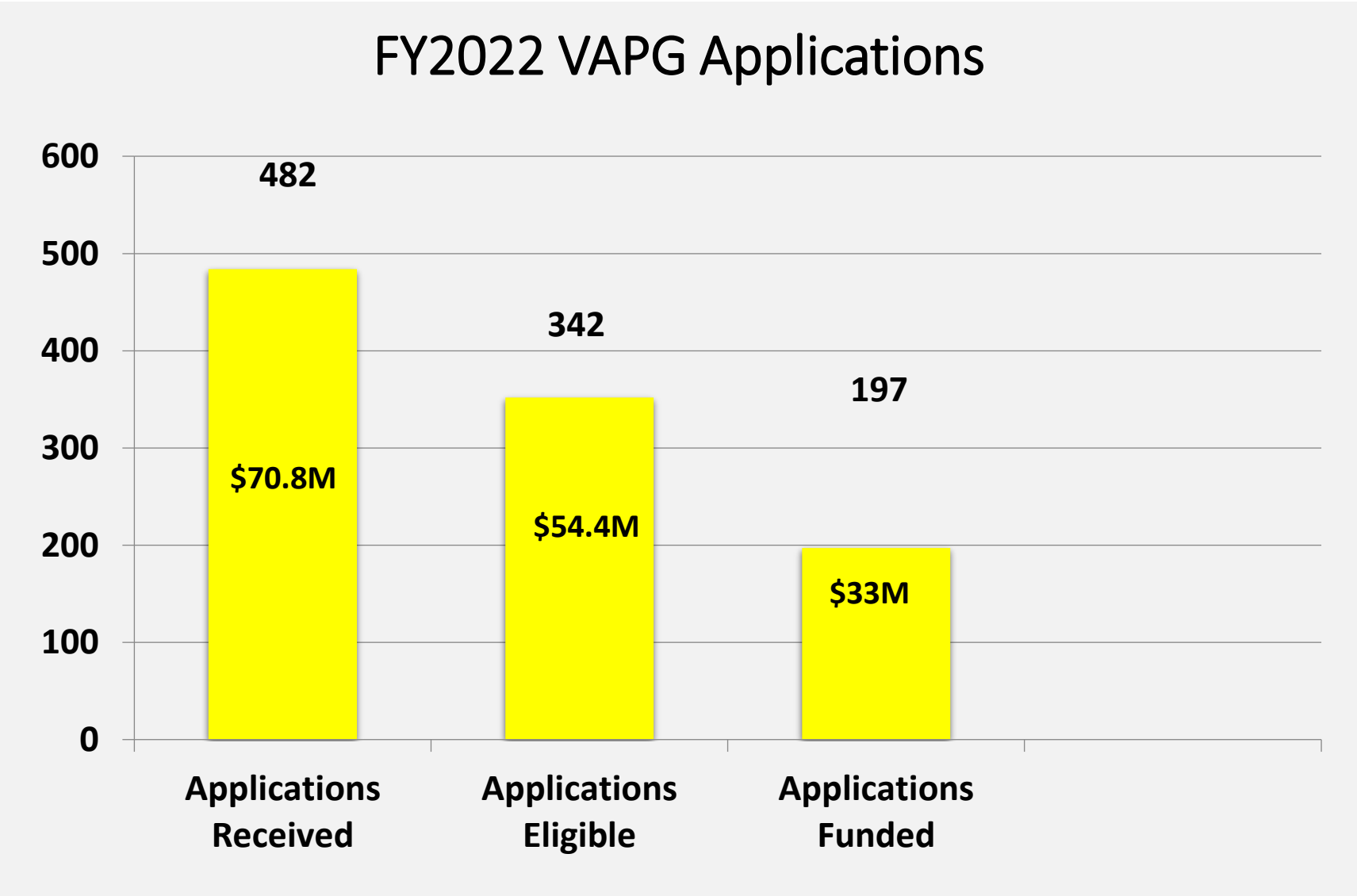
Additional Priority Points

Up to 5 points additional points will be awarded to **Agricultural Producer Groups, Farmer or Rancher Cooperatives, and Majority Controlled Producer-Based Businesses** that propose projects that best contribute to new or expanded marketing opportunities for:

- Beginning Farmers or Ranchers
- Veteran Farmers or Ranchers*
- Socially-Disadvantaged Farmers or Ranchers
- Small- or Medium-Sized Family Farms

VAPG by the Numbers

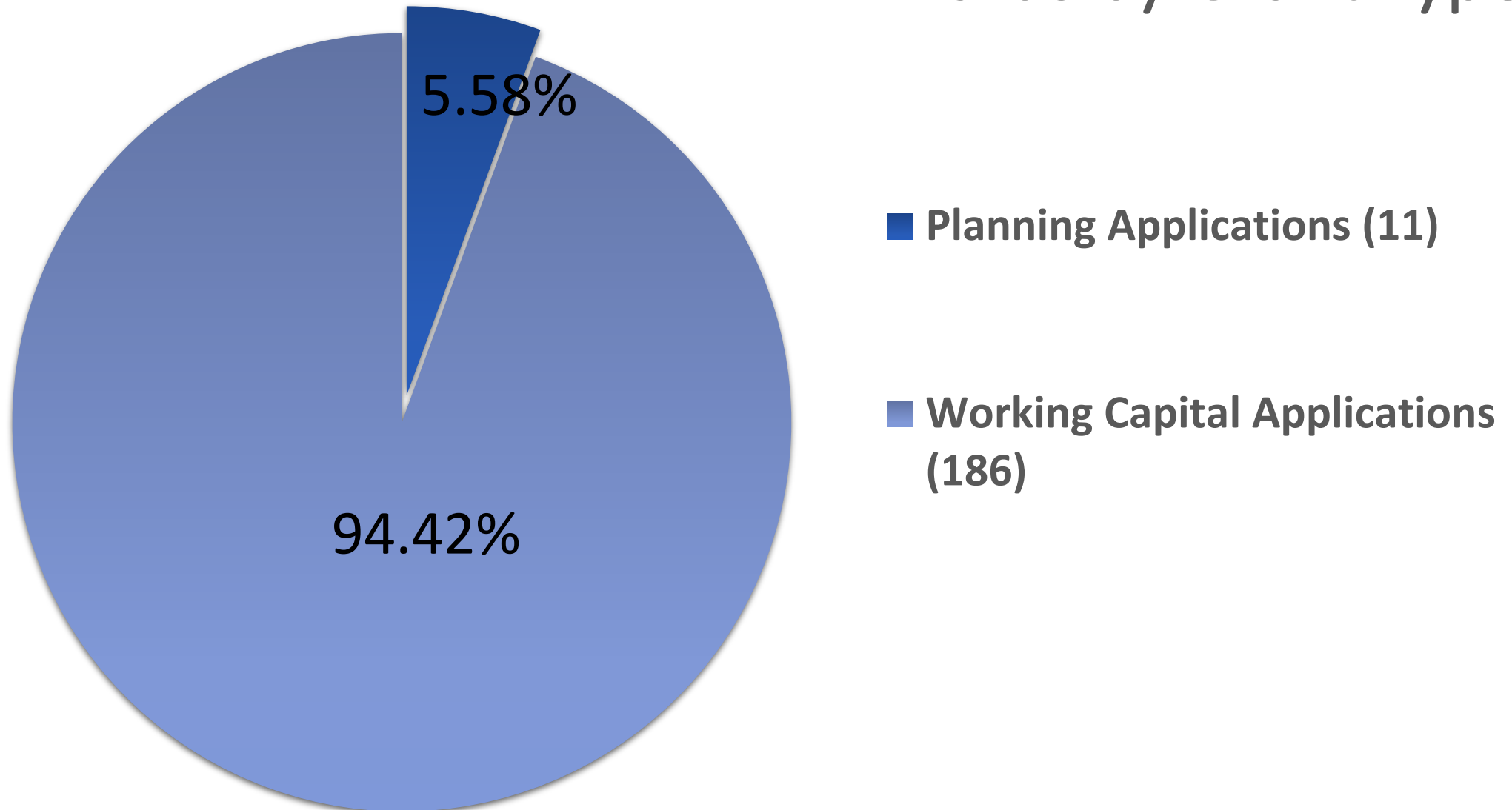






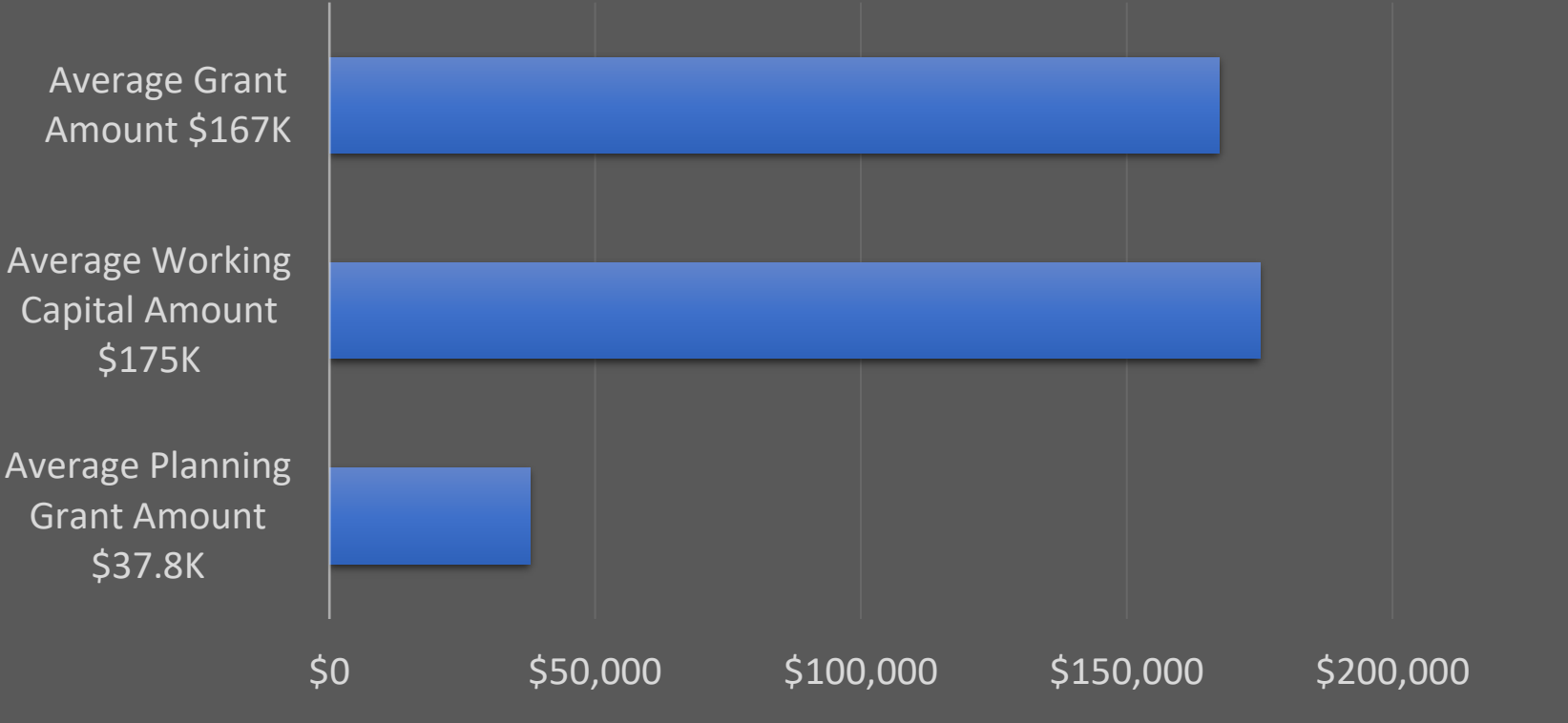
United States Department of Agriculture

FY22 - Awards by Grant Type



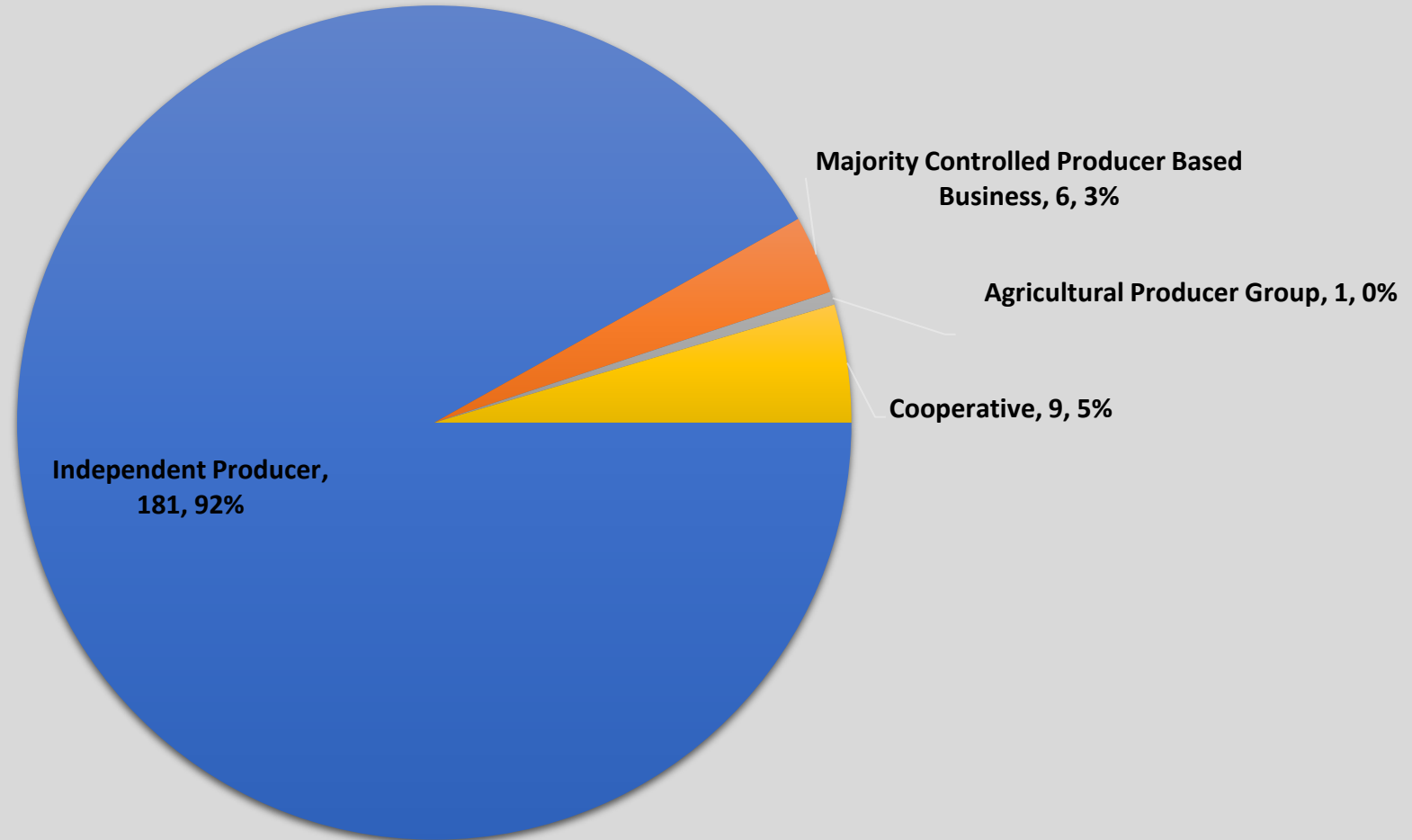


FY2022 - Average Award Amounts



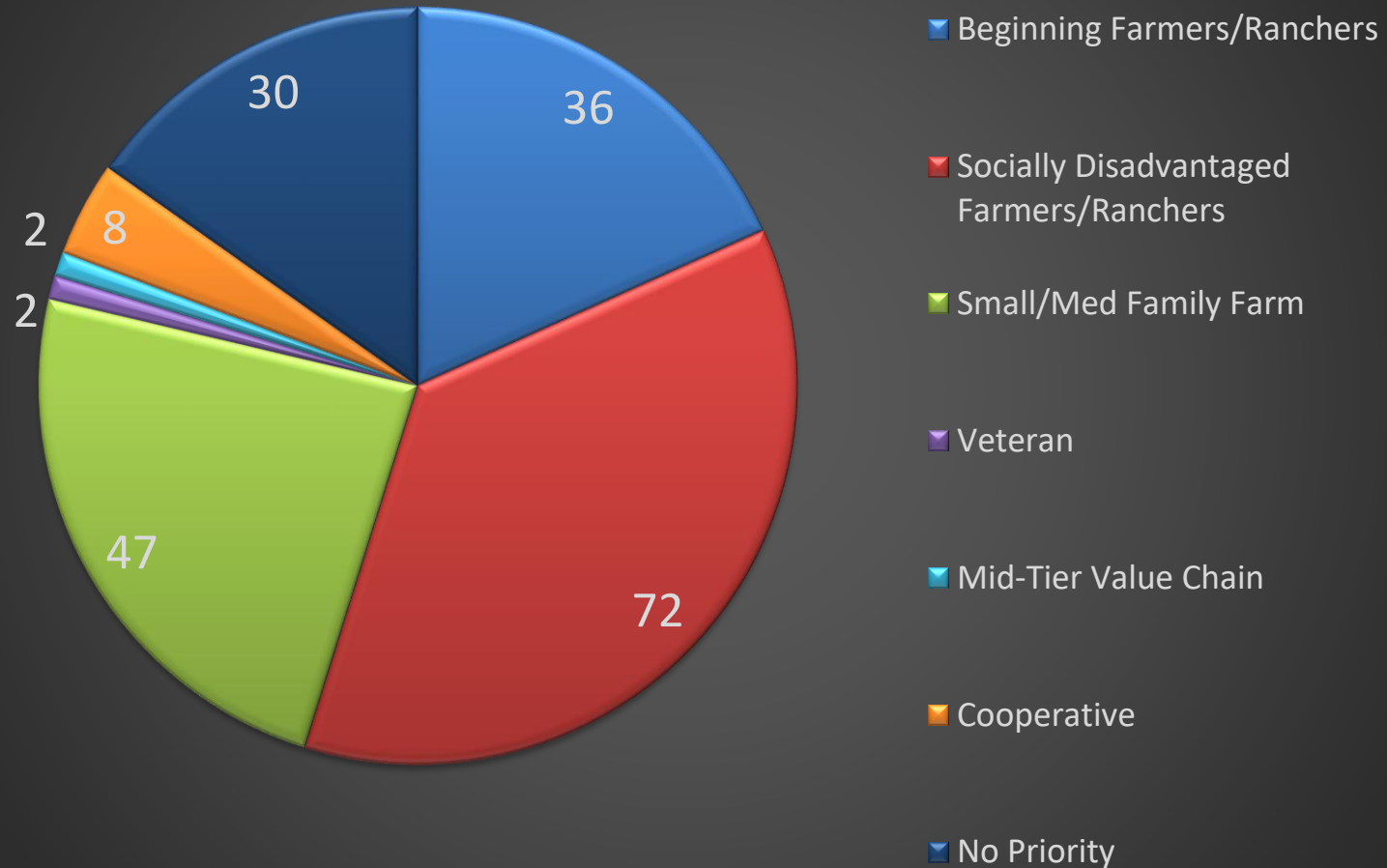


FY2022 - Awards by Applicant Type





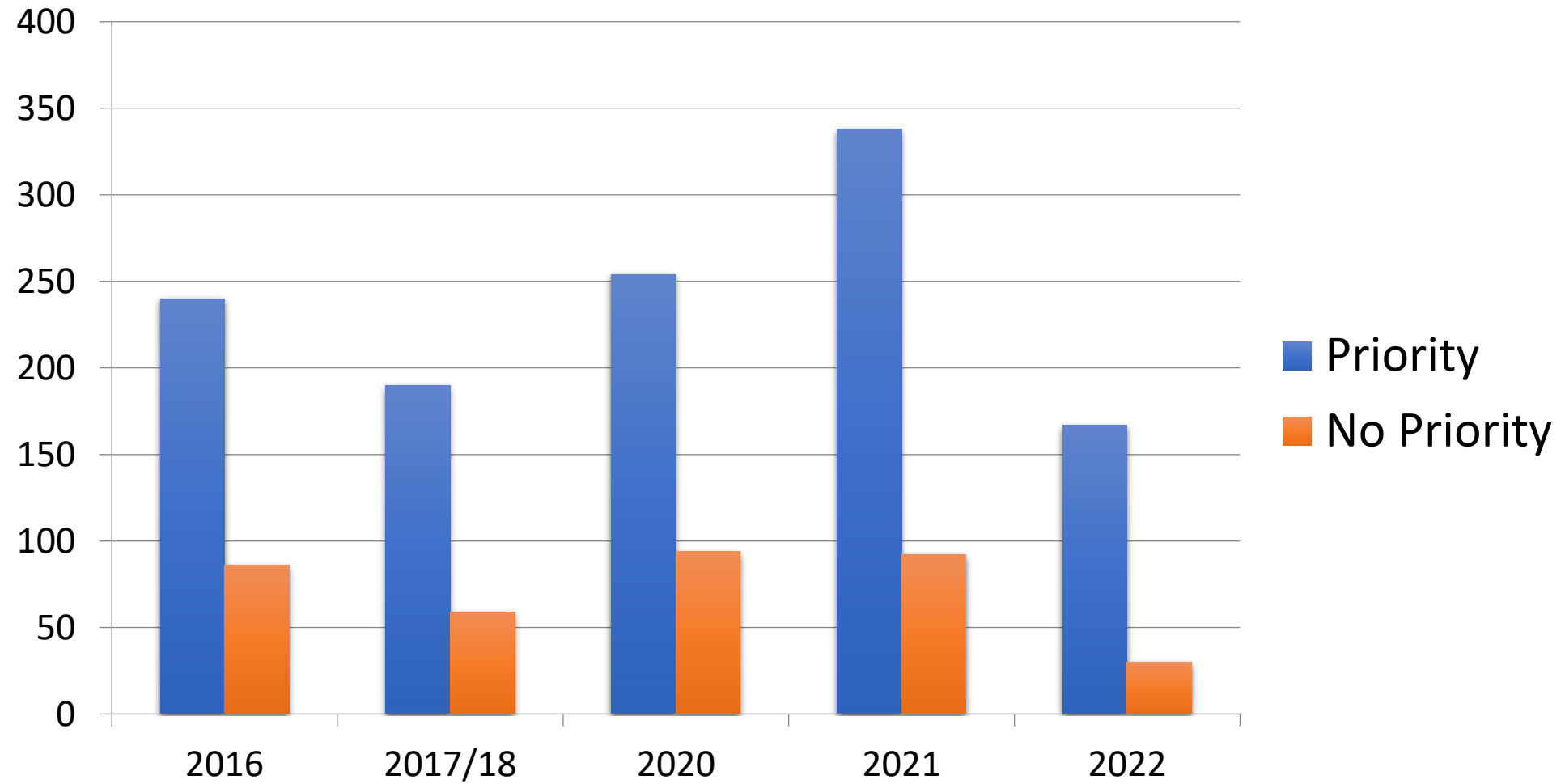
FY2022 - Awards by Priority Category





United States Department of Agriculture

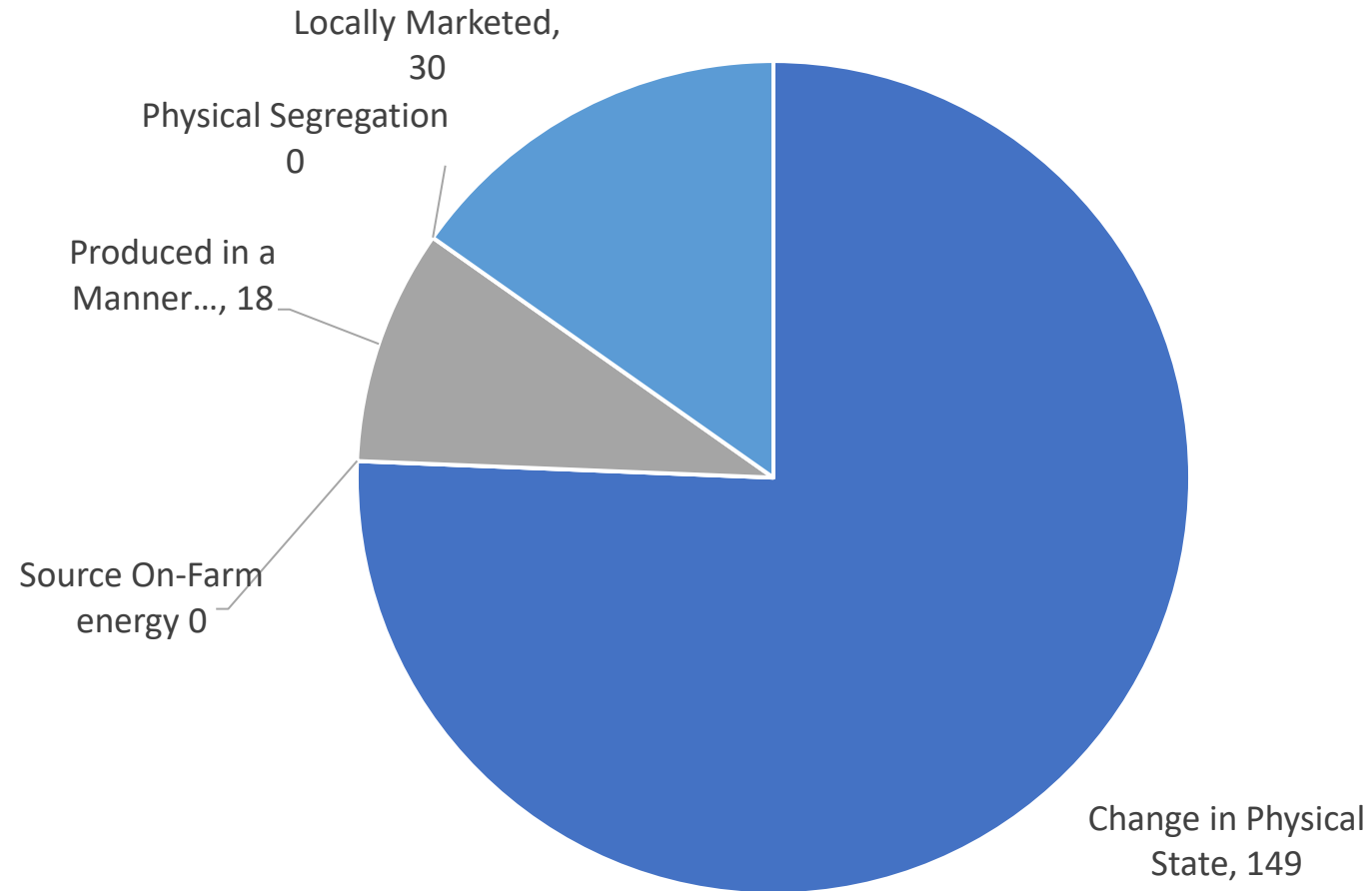
Awards with Priority Points FY22





United States Department of Agriculture

Awards by Methodology 2022



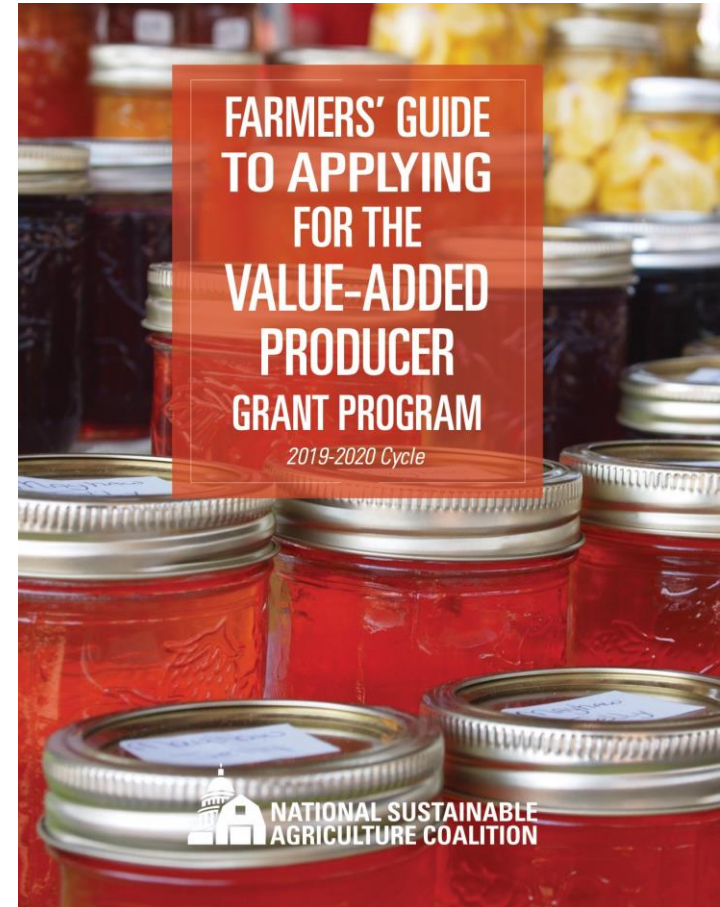
Tools for Applying



Is VAPG Right for Me? Resources

Farmers' Guide to Applying for VAPG

- Program Basics
- Eligible Projects Examples
- Program Priorities & Set-asides
- Application Scoring Guide
- Timeline & Check list



Updated version coming soon!

Is VAPG Right for Me? Resources continued

The Food Finance Institute - VAPG Resources

- Blog series on application process
- USDA VAPG Applicant Toolkit “Read Through”
- <https://www.edible-alpha.org/vapg/>

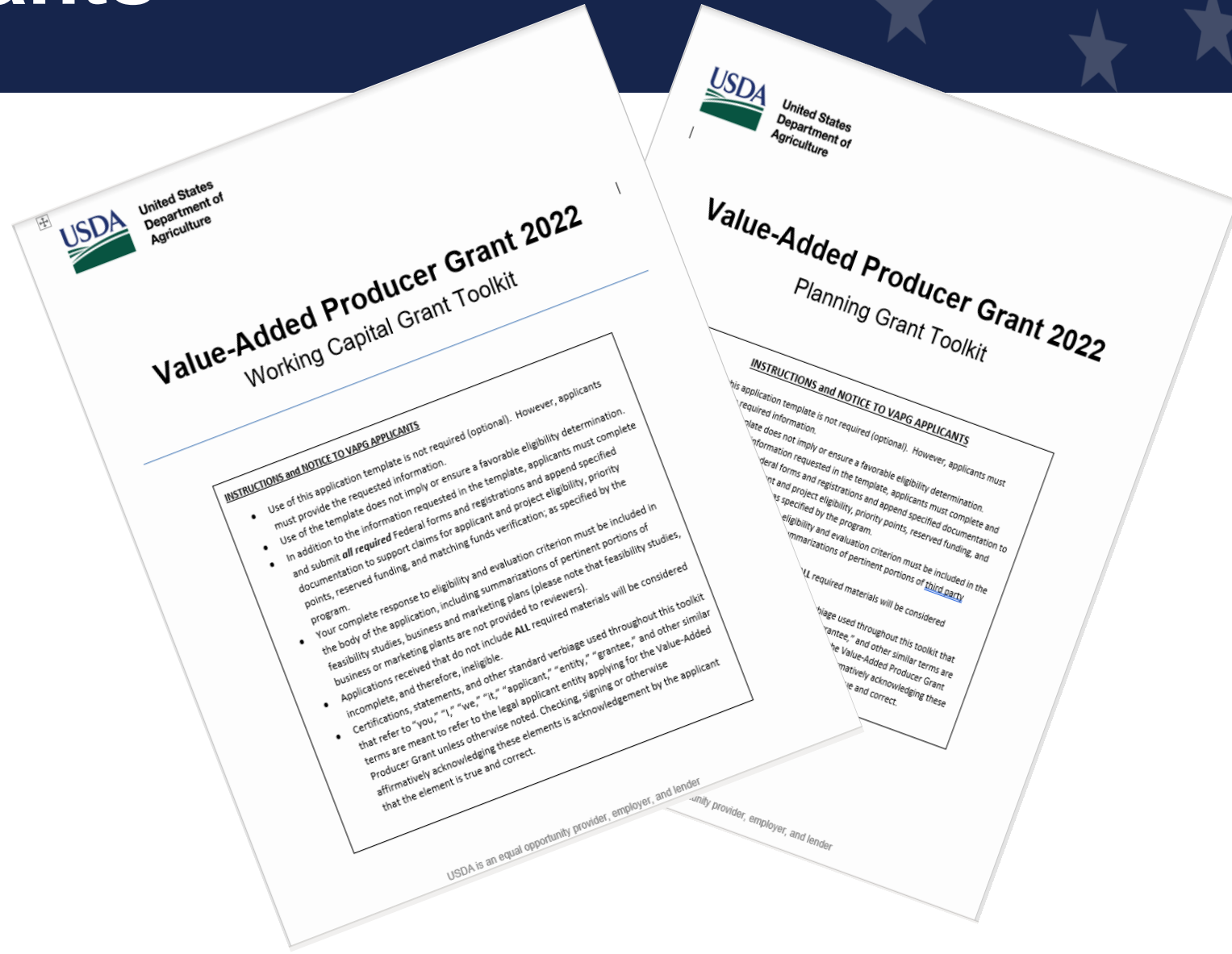
VAPG Awardee Profiles & Stories

- Awardee video profiles and more
- <https://www.agmrc.org/>



Tools for Applicants

Comprehensive Toolkits for Planning and Working Capital



Tools for Applicants

Individual OPTIONAL
templates for Planning
and Working Capital
applications.

APPLICATION TEMPLATE

SECTION 1: SUMMARY INFORMATION

Legal Name of Applicant Entity: _____

DUNS # _____ Employer identification Number (EIN) _____

SAM/CCR Registration Cage Code: _____ Expiration Date: _____

If have not yet received your code and expiration date, you must provide evidence from SAM of having begun the registration process (please include documentation in Appendix B).

Applicant Type – Please Check One:

- ☐ Independent Producer
- ☐ Agricultural Producer Group
- ☐ Farmer or Rancher Cooperative
- ☐ Majority-Controlled Producer Based Business

Raw Agricultural Commodity: _____

Value-Added Product: _____

Purpose ☐ Working Capital Grant Requested Grant Amount (\$250,000 or less): \$ _____

Proposed Grant Period Start Date: _____ Proposed Grant Period End Date: _____

Proposed dates should correspond with grant period date included in SF-424 and Section 5.4(2) (a) of the template.

Check if you are eligible for Reserved Funds in one of the following categories, per 7 CFR 4284.923.

(Information from Appendices E.1, E.3, or E.4 will be used to rank applications awarded from Reserved Funds).

- ☐ Beginning Farmer or Rancher
- ☐ Socially-Disadvantaged Farmer or Rancher
- ☐ Mid-Tier Value Chain Project
- ☐ NOT APPLICABLE – I am not requesting Reserved Funds

Check one if you are competing for Priority Points (See 4284.902 and Appendix F for Definitions) in one of the priority categories below:

- ☐ Beginning Farmer or Rancher
- ☐ Veteran Farmer or Rancher
- ☐ Socially Disadvantaged Farmer or Rancher
- ☐ Operator of a Small- or Medium-Sized Family Farm
- ☐ Farmer or Rancher Cooperative
- ☐ Mid-Tier Value Chain Project
- ☐ NOT APPLICABLE – I am not requesting Priority Points

☐ **Priority Points for Group Applicants:** Check the box if you are an Agricultural Producer Group, Farmer or Rancher Cooperative, or Majority Controlled Producer-Based Business AND you are applying for Priority Points as an applicant

Tools for Applicants

Links to required forms and necessary resources, including:

- SF 424s
- Program regulation
- NOFA

VALUE-ADDED PRODUCER GRANT WORKING CAPITAL APPLICATION

PROGRAM OVERVIEW

The purpose of the Value-Added Producer Grant (VAPG) Program is to help U.S. agricultural producers enter into value-added activities. Awards may be made for either economic planning or working capital activities related to the processing and/or marketing of valued-added agricultural products. The maximum grant amount for a planning grant is \$75,000 and the maximum grant amount for a working capital grant is \$250,000. Please see the **Notice** [published](#) on March 1, 2022 in the Federal Register.

DOCUMENT PURPOSE

The purpose of this **Application Toolkit** is to assist eligible applicants in navigating through the program requirements as detailed in the Notice and the **Final Rule 7 CFR part 4284 subpart J, published May 8, 2015** and ensure a complete application submission of all required details and documents for **WORKING CAPITAL** grant proposals. While this Application Toolkit is not required, applicants are highly encouraged to utilize this as a tool.

REQUIRED STANDARD FORMS

Please visit Grants.gov for the family of Standard SF forms and instructions [here](#).

List of required forms:
SF-424 Application for Federal Assistance
SF-424A Budget Information for Non-Construction Programs

OPTIONAL FORM

[Form AD-2106, "Form to Assist in Assessment of USDA Compliance with Civil Rights Laws"](#)

IMPORTANT APPLICATION RESOURCES


[VAPG Program Regulation 7 CFR 4284 subpart J](#) or [PDF Version](#)

[VAPG Notice Published on March 1, 2022](#)

[SAM Registration](#) Cage code or evidence of having begun registration process. Register at no charge

[Alcohol and Tobacco Tax and Trade Bureau \(TTB\)](#) For projects related to alcoholic beverages

Tools for Applicants



USER NAME

PASSWORD

LOG IN

[Forgot Username?](#)

[Forgot Password?](#)

[Create an Account](#)

HOME

SEARCH RECORDS

DATA ACCESS

GENERAL INFO

HELP

CREATE USER ACCOUNT

Your CCR username will not work in SAM. You will need a new SAM User Account to register or update your entity records. You will also need to create a SAM User Account if you are a government official and need to create Exclusions or search for FOUO information.

Create User Account

REGISTER/UPDATE ENTITY

You can register your Entity (business, individual, or government agency) to do business with the Federal Government. If you are interested in registering or updating your Entity, you must first create a user account.

Register/Update Entity

SEARCH RECORDS

All entity records from CCR/FedReg and ORCA and exclusion records from EPLS, active or expired, were moved to SAM. You can search these records and new ones created in SAM. If you are a government user logged in with your SAM user account, you will automatically have access to FOUO information.

Search Records

WHAT IS SAM?

Need Help?

The **System for Award Management (SAM)** is the Official U.S. Government system that consolidated the capabilities of CCR/FedReg, ORCA, and EPLS. There is NO fee to register for this site. Entities may register at no cost directly from this page. User guides and webinars are available under the Help tab.

NEWS AND ANNOUNCEMENTS

USER GUIDES/HELPFUL HINTS

FORMER CCR REGISTRANTS

If you had an active record in CCR, you have an active record in SAM. You do

Tools for Applicants



Tools for Applicants

Outreach Fact sheets

- General program Info
- Locally-produced food
- Anaerobic digesters
- Harvesters
- Mid-tier value chains

Available on the VAPG website



Contact Information:

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Mike Daniels, Management and Program Analyst, mike.Daniels@usda.gov or 715-345-7637

Hannah Quigley, National Sustainable Agriculture Coalition, hquigley@sustainableagriculture.net





Rural Development

U.S. DEPARTMENT OF AGRICULTURE