

The Value-Added Producer Grant Program / 2007

2007 Notice of Solicitation of Applications is Available!

On Monday, May 16th, USDA's Rural Cooperative Business Service published the 2007 VAPG Notice of Solicitation of Applications (NOSA.) Currently available on the USDA website at <http://www.rurdev.usda.gov/rbs/coops/VAPG%202007%20NOSA.pdf>. This year's announcement provides for \$19.3 million in grant funds. Unfortunately, due to delays in the FY 07 appropriations process, publication of the NOSA occurred much later than usual, and the turnaround time for applications has been limited to 30 days. This means final grant applications must be postmarked or submitted electronically no later than May 16th. If you've gotten a head start on the application, we urge you to submit it to your USDA Rural Development State Office by May 7th for a preliminary review and feedback.

Background

The Value Added Producer's Grant Program is one of the few USDA programs offering direct assistance to farmers seeking to adopt sustainable production and diversified marketing practices that ensure greater farmer retention of the food dollar, and stronger rural economies. Administered by USDA's Rural Cooperative Business Service, the VAPG program has provided matching grants for more than 900 projects across the country, helping to launch many innovative farmer-owned businesses that bring local economic development and environmentally sustainable farming practices to our rural communities. SAC has remained actively engaged in the development and implementation of this popular and successful program, and the reauthorization of VAPG in the upcoming Farm Bill is one of our top priorities. (See the summary of SAC's agenda for VAPG, new markets, and local foods in the upcoming Farm Bill at <http://www.sustainableagriculturecoalition.org/farmbill/Synopsis2007.pdf>)

Success Stories

Here are just a few examples of farm-based value-added businesses established or expanded with the help of a VAPG grant:

- **Pinn-Oak Ridge Farm, Delavan, WI** (<http://www.wisconsinlamb.com/>)
In 2005, Steve and Darlene Pinnow received a \$150,000 grant from the Value Added Producer Grant Program to brand and direct market their pasture-raised lamb. The VAPG grant allowed them to expand their market from 40 restaurants and grocery stores to 60 retailers in both Wisconsin and Illinois. In addition to their own direct marketing, the Pinnows are now working with a distributor in Chicago who learned about their pastured lamb from the USDA announcement of their VAPG grant. According to Steve, "The grant we received took some of the risk away and allowed us to make new contacts."
- **Ives Cream, Norwich, NY** (<http://www.ivescream.biz/ivesstory.htm>)
The Ives family operates a sustainable dairy farm that has been handed down through six generations. With the help of a \$47,550 VAPG grant in 2004, they planned and executed a successful marketing campaign for their super premium ice cream (which by all accounts is amazing.) Today, they operate a seasonal retail ice cream parlor in downtown Norwich, NY where great locally produced ice cream, customer service, and a community focus have proven to be a winning business combination.

- **Weatherbury Farm, Avella, PA** (<http://www.weatherburyfarm.com>)
Located in Southwest, PA, not too far from Pittsburgh, the Weatherbury Farm is both a successful bed and breakfast and working farm. Owned and operated by the Tudor family, who incorporate sustainable practices into every aspect of their business and farm practices, the Weatherbury farm received a \$14,750 VAPG grant in 2006 to initiate a grassfed beef project. Currently, the Tudors are implementing a rotational grazing plan, and are hard at work installing a new watering system and additional fencing. With plans to market their grassfed beef directly from the farm, the Tudors are expanding an already diverse family-run farm business that incorporates agritourism, livestock production, and sound resource management into a nationally recognized entrepreneurial venture.

Applying for a Grant

Getting Started: The NOSA contains specific definitions of eligible applicants, a detailed description of the products and activities that meet the definition of “value added,” and specific instructions concerning the content of the application. To make an initial determination about whether your project and organization qualifies for a VAPG grant, visit the [eligibility self-assessment tool](#) (I want this to be a link) USDA has posted on its website. Please note that completion of a VAPG application is time consuming and will require a significant level of documentation. Prior to beginning the application process, we strongly recommend you consult your state Rural Development Office for guidance and a list of available local resources (a complete list of state Rural Development offices is also available in the NOSA.)

Additional resources concerning value-added enterprises and the VAPG program are offered by:

- The Agricultural Marketing Resource Center (<http://www.agmrc.org/agmrc/default.html>). This comprehensive website features extensive information about value-added businesses and products, as well as links to state resources and directories.
- The University of Nebraska (<http://fpc.unl.edu/Business/grant.shtml#template>). The Food processing Center at the University of Nebraska features a complete template for those interested in applying for a VAPG grant.

Eligible Applicants and Products: Independent farmers, agriculture producer groups, farmer and rancher cooperatives, and majority-controlled producer-based business ventures can obtain grants to initiate value-added enterprises. Products considered value-added include those with incremental value resulting from changes in the physical state or form of the product (i.e. making grapes into wine,) the physical segregation of products or commodities (i.e. to preserve geographic identity,) or a differentiated means of production (i.e. vegetables produced organically.) The creation of farm-based renewable energy is also considered a value-added activity eligible for grants.

Types of Grants: Applicants may apply for either a *feasibility study grant* (which often entails the development of a business or marketing plan) *or* a *working capital grant* to operate a business. Feasibility studies are eligible for grants of no more than \$100,000, and working capital grants may receive a maximum of \$300,000. Only one type of grant can be applied for during a grant cycle.

Matching Funds: The program requires a match of funds or in-kind services at least equal to the grant amount requested. A cash match is defined as actual funds dedicated to the project, and may include third party donations or a loan or credit line. The availability of a cash match must be documented in the application with either a bank statement dated within one month of application submission or a letter from a bank or lending institution verifying a loan or line of credit. If a third-party donation will comprise all or some of the cash match, a letter from the individual or entity verifying the donation must be included in the application.

In-kind matches can include time, equipment, supplies, office space, and services. Although USDA does not require the method of valuation of in-kind matches to be included in the application (especially if it is lengthy,) applicants will be asked to demonstrate how valuation was achieved if selected to receive a grant. Also note that if an applicant is planning to purchase goods or services for the project, the contribution is considered cash and must be documented as such in the application.

An important final caveat concerning matching funds: In order to receive grant fund reimbursement for project expenses, USDA requires recipients to spend matching funds first. This means that for every dollar of grant funds advanced, not less than an equal amount of matching funds will have been expended prior to submitting a request for reimbursement. If you're selected to receive a grant, plan to carefully document your expenses and be sure to save all of your receipts.