

## Program Purpose/Overview

This program is designed to help eligible farmers, farmer groups, and farmer or rancher cooperatives develop feasibility studies, business plans, and marketing plans pertaining to the establishment of a value-added marketing opportunity for an agricultural product. Funds are also available to pay certain working capital expenses related to operating a viable value-added business venture, subject to conditions. The desired outcomes of this program are to expand markets for, and increase financial returns to, the producer-owners of the venture. *All applicants*, with the exception of independent producers, must propose entry into an *emerging* market.

## Grant Specifics

- Authorized annually via Farm Bill
- Up to \$200,000 working capital grants, and up to \$75,000 planning grants available on a nationally competitive basis
- Minimum 1:1 non-federal match is required
- Applicants must be currently producing the agricultural product to which they wish to add value
- Grant period cannot exceed 3 years
- Application Deadline – Annual Notice
- Reserved Funds available for Beginning Farmer or Rancher, Veterans, Socially Disadvantaged farmer or Mid-Tier Value Chain projects

## Eligible Grant Applicants

- Independent Producers
- Farmer or rancher cooperatives
- Agricultural producer groups
- Majority-controlled producer-based business ventures

## Value-added Agricultural Products

An “*agricultural product*” is defined as: Plant and animal products and their by-products, including fish, seafood, and forestry products.

### For an agricultural product to be considered “*Value-added*” it must:

- Have undergone a change in physical state (e.g. strawberries into jam); **OR**
- Result from differentiated production or marketing, as shown in a business plan (e.g. organic tomatoes); **OR**
- Be physically segregated in a manner that results in the enhancement of the value of the agricultural product (e.g. identity-preserved hormone-free beef); **OR**
- Be energy generated on-farm from agricultural commodities (manure to methane); **AND**
- As a result of any of the above, the customer base for the product will be expanded, and a greater portion of the revenue derived from the venture will be available to the producer.

### Grant Purposes – Applicants may apply for one grant type only in any single year.

#### Planning Grants:

- Conduct a feasibility analysis of the proposed venture to help determine its potential success;
- Develop a business operations plan that provides details on management, planning, and operations for the value-added venture;
- Develop strategies to create marketing opportunities for the producer; *or* develop strategies in *emerging markets* for the product if the grant is to a producer group, cooperative, or business venture.

#### Working Capital Grants:

- Establish working capital accounts for processing and marketing value-added agricultural products, including inventory, salaries, and office supplies.
- A third-party prepared feasibility analysis and business plan on the value-added venture must previously be completed in order to apply for working capital funds.
- Applicants other than independent producers applying for working capital funds must demonstrate that the value-added venture has not been in operation for more than two years at time of application.

### Funds cannot be used for the following purposes:

- Plan, repair, rehabilitate, acquire, or construct a building or facility
- Purchase, rent, or install equipment, including mobile and other processing equipment
- Purchase land
- Pay for the preparation of the grant application
- Pay expenses not directly related to the funded venture
- Fund research or development
- Fund political or lobbying activities
- Pay costs incurred prior to grant approval
- Fund any activities prohibited by 7 CFR parts 3015 and 3019
- Fund architectural or engineering design work for a specific physical facility
- Pay any expenses related to the production of any commodity or product to which value will be added
- Pay for industry-level feasibility studies & business plans without specific producers identified to benefit

