**Value-Added Producer Grant**

**Issue Summary:** *United States Department of Agriculture (USDA) Rural Development's (RD) Value-Added Producer Grant (VAPG) program assists agricultural producers who are entering into value-added activities. The main goals of the VAPG program are to generate new products, create and expand market opportunities, and increase producer income. There are two types of grants offered: planning grants and working capital grants.*

- Individual producers, as well as producer groups, cooperative and producer-owned businesses are eligible for a VAPG; this could be a joint undertaking with other farmers in the area.

- Types of value-added activities that eligible for grants include: commodity processing, market differentiation, commodity segregation, on-farm renewable energy, local food, and mid-tier value chain.

- Applications are ranked on a 100-point scale, with the minimum eligibility requirement set at 50 points. Once all applications are scored, they are arranged from highest-to-lowest scores, with funding given in rank order until the funds are expended.

- Priority scoring points are allotted to beginning farmers, veterans, socially disadvantaged, beginning or socially disadvantaged producer groups, mid-tier value chain, small or medium-sized farm structures, and cooperatives.

- All funds are matched on a 1:1 basis; Up to 25 percent of the total project cost (50 percent of the match) may come from the farmers' own time and effort. The other half must be in cash.

- The program funding is set at $30 million; capped at $75,000 for planning grants (hiring a consultant) and $250,000 for working capital investments. These numbers were gathered from: http://www.rd.usda.gov/programs-services/value-added-producer-grants

- Examples of working capital investments include: processing costs, marketing and advertising expenses, some inventory and salary expenses.

- For additional information about how to apply, please visit: http://www.rd.usda.gov/programs-services/value-added-producer-grants