



FY2022
Value-Added Producer Grant 101
Donald Mulson 12/07/2021

Value-Added Producer Grants (VAPG)

- **Program Purpose**

- Assist agricultural producers to enter into activities that add value to their commodities.

- **How does it work?**

- Applicants apply directly to Rural Development for grant funds



Value-Added Producer Grants (VAPG)

- **How can funds be used?**

- Planning Grants – Hire consultant to prepare business plan, feasibility study and/or marketing analysis on an existing or proposed value-added venture
- Working Capital Grant – Grant funds to help cover the day-to-day expenses associated with operating a value-added business
 - Post-harvest processing, marketing and selling expenses including labor, utilities, packaging, ingredients and distribution
 - Advertising and promotion
 - Office supplies
 - Financial accounting system
 - Supplementary raw commodities from 3rd party



Value-Added Producer Grants (VAPG)

What VAPG is NOT

- A job training program
- Intended to teach people how to farm
- A technical assistance program
- For R&D or commercialization of a process or tool
- A loan program
- Intended as a continuous stream of capital
- Intended to be used to purchase/improve real estate or purchase equipment



VAPG Continued

- **Population Limits**
 - None.
- **Eligible applicants**
 - Independent Producers
 - Farmer and Rancher Cooperatives
 - Agricultural Producer Groups, and
 - Majority-Controlled Producer-Based Business Ventures



Applicant Types

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...”

Applicant Types Continued

- **Independent Producer**

- Individual agricultural producers or entities that are solely owned and controlled by agricultural producers.
- An independent producer may be an **agricultural harvester** if they have the legal right to harvest a primary (not residual) commodity. Examples: commercial fishermen, loggers.
- An independent producer entity may be a **steering committee** of individual IPs who will form a legal entity that meets the requirements of one of the 4 eligible applicant types.



Applicant Types Continued

- **Agricultural Producer Group**

- A non-profit membership organization that represents Independent Producers and whose mission includes working on behalf of Independent Producers.
- The majority of the applicant's membership meets the definition of Independent Producer.
- The majority of the applicant's board of directors meet the definition of Independent Producer.



Applicant Types Continued

- **Farmer or Rancher Cooperatives**

- A business owned and controlled by independent 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.



Applicant Types Continued

- **Majority-Controlled Producer-Based Business Venture***

- An entity in which the majority of the financial and voting interest belongs to Independent Producers.

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



Emerging Market versus Market Expansion Comparison

Emerging Market

- 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

Market Expansion

- 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

Feasibility Studies

- Working Capital applications must include a feasibility study, **EXCEPT:**
- Independent Producers seeking $> \$50,000$ for Market Expansion projects.
- All applicant types seeking $< \$50,000$.
- **Must be completed by a Qualified Consultant:**
An independent, third-party, without a Conflict of Interest, possessing the knowledge, expertise, and experience to perform the specific task required in an efficient, effective, and authoritative manner.

Feasibility Study Requirements Chart

	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	

VAPG Continued

Five Value-Added Methodologies

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



Methodologies Continued

Change in Physical State

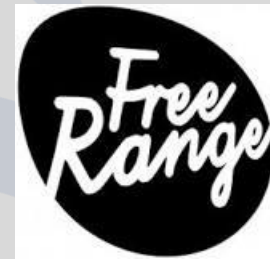
- An irreversible processing activity that alters the raw agricultural commodity and enhances its value and is something other than a post-harvest process that primarily acts to preserve the commodity for later sale.
- *Examples include, but are not limited to-*
 - *milk into cheese*
 - *wheat into flour*
 - *wool into clothing or rugs*
 - *corn into E-85 ethanol*
 - *livestock into packaged meat*



Methodologies Continued

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.
 - Examples include, but are not limited to-
 - organic carrots,
 - eggs produced from free-range chickens



Methodologies Continued

Product 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.*



Methodologies Continued

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 include, but are not limited to:*
 - *Dairy manure into a methane digester and electricity generated on the farm*
 - *Corn into biodiesel generated on the farm.*
- *Generation of energy from wind, solar, geothermal or hydro sources are not eligible.*



Methodologies Continued

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 include, but are not limited to-

- 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.



VAPG Continued

All projects must demonstrate:

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



Hemp Related Projects

VAPG applications proposing projects related to Hemp as defined in the Agriculture Improvement Act of 2018, Public Law 115-334, will be considered for funding if the projects meet all program eligibility requirements, including currently producing Hemp with a valid producer license and verifiable compliance with regulations.

VAPG Continued

All Applicants *Must*:

- Have matching funds at least equal to the grant amount
- Produce and own more than 50 percent of the raw commodity that is used for the value-added product during the grant period.
- **Currently produce** (at the time of application) 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.



Funding Priorities

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

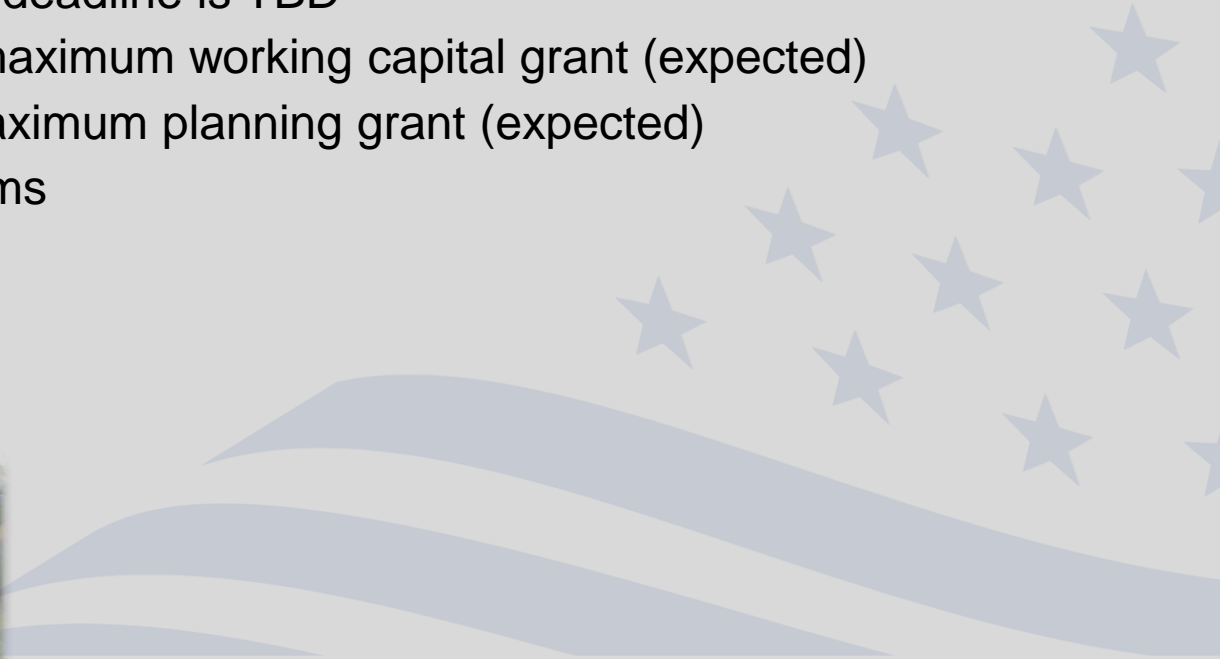
- Beginning, Veteran, & Socially Disadvantaged Farmers and Ranchers
- Mid-Tier Value Chains
- Persistent Poverty Counties



VAPG Continued

2022 Application Cycle:

- Application deadline is TBD
- \$250,000 maximum working capital grant (expected)
- \$75,000 maximum planning grant (expected)
- No minimums



VAPG Continued

- **Notes for Applicants**

- Must maintain registration in SAM.GOV for the duration of the grant
- Must obtain DUNS number
- The grant period can be up to 3 years depending on the scope of the project
- Grant expenses can only be accrued during the grant period. Start date is defined based on the Agency executing the grant agreement, not the application date.





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Program website: <https://www.rd.usda.gov/programs-services/value-added-producer-grants>

3001 Coolidge Road, Suite 200

East Lansing, MI 48823

www.rd.usda.gov/mi





FY 2022

REAP: Rural Energy for America Program

Purpose

The program is designed to promote renewable energy development and energy efficiency for Agricultural Producers and Rural Small Businesses.

Eligible Applicants

Agricultural Producer



- **Individual or entity that receives 50 percent or more of their gross income from agricultural production** – crops, livestock, aquaculture, forestry operations, nurseries, dairies

Rural Small Business



- **For-profit small business** - as defined by the Small Business Administration (SBA)
- **Rural area or non-metro community of $\leq 50,000$**

- Must have a registered (DUNS) number and a registered (SAMS) number prior to submitting an application













Project Eligibility

- Must be for the purchase of a renewable energy system
- Must be to purchase energy efficiency improvements
- Must be for commercially available and replicable technology
- Must have technical merit
- Rural Small Business Projects must be located in a rural area.
To check, go to:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

**Agricultural Producer Projects have no rural limitations

Improve Profits for Your Rural Small Business, Farm, or Ranch with REAP

Energy Efficiency		Renewable Energy	
	Lighting		Solar
	Heating / Cooling		Wave/Ocean Power
	Insulation		Small Hydroelectric
	Ventilation		Anaerobic Digesters
	Fans		Biomass
	Automated Controls		Geothermal

- The technology must be Commercially Available. Research and Development projects do not qualify.

Project Costs



Eligible Project Costs

- **Equipment:**
 - Purchase & installation
 - New or refurbished
- **Post-application construction & facility improvements**
- **Retrofitting**
- **Professional service fees**
- **Permits & license fees**

- **Working capital, land acquisition (Guaranteed loan ONLY with restrictions)**



Ineligible Project Costs

- **Residential energy projects**
- **Equipment:**
 - Farm tillage equipment
 - Used equipment
 - Vehicles
- **Pre-application construction & facility improvements**
- **Application preparation or grant writer fees**
- **Line of credit**
- **Lease payments**
- **Payment to the applicant/business owner, beneficiary, or relative**

REAP Grant Assistance

Up to 25% of Eligible Project Costs



Multiple Competitions

\$20,000 or less

Unrestricted (>\$20,000)

Will compete 5 times in FY

Will compete 2 times in FY

 Renewable Energy Systems		 Energy Efficiency Improvements	
Minimum Grant Request	\$2,500 Total eligible project costs \geq \$10,000	Minimum Grant Request	\$1,500 Total eligible project costs \geq \$6,000
Maximum Grant Request	\$500,000 Total eligible project costs \geq \$2 million	Maximum Grant Request	\$250,000 Total eligible project costs \geq \$1 million

- Applicants must provide at least 75% of the project costs if applying for only a grant.

REAP Guaranteed Loan Assistance

Up to 75% of Eligible Project Costs

Minimum Loan Amount	\$5,000 Total eligible project costs \geq \$6,667
Maximum Loan Amount	\$25 million Total eligible project costs \geq \$33.4 million
Details	<ul style="list-style-type: none">• USDA guarantees a commercial loan; applicant must have a willing lender.• Terms are negotiated between the lender and borrower (must be within USDA maximum allowed terms).• Fees, appraisals, equity & collateral requirements apply.

Eligible Applicants

- **Grants**

Est. \$1,200,000

- **Guaranteed Loans**

**Funds to be held
National Office**

REAP Application Window Closing Deadlines

**March 31,
2022**

- Set Aside Fund Competition-Grant Request \$20,000 or less
- Grant Request > \$20,000
- Combination Grant/Loan Request

➤ Grant Request \$20,000 or less not competing for set aside

**Continuous
Application
Cycle**

➤ Guaranteed Loans

*Loan must score a minimum of 50 to compete monthly

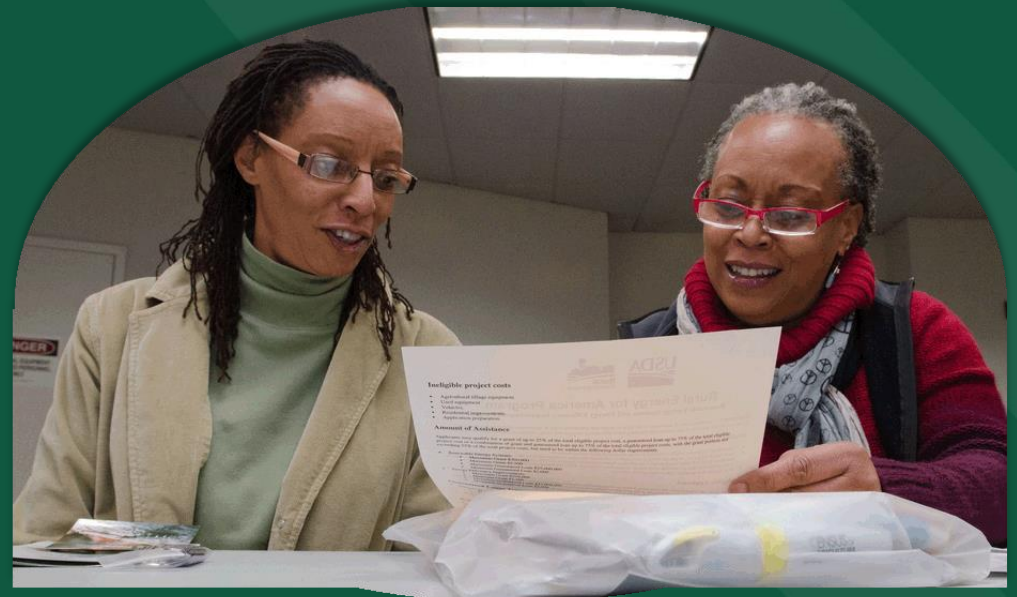
*First monthly competition held once 8 applications on file

How to Apply

- Contact the local USDA Rural Development office in your area or state office for application materials and resources:

www.rd.usda.gov/program-services/rural-energy-America-program

- Submit applications any time of year.
- Applications compete for funding based on score throughout the year.



USDA Non Discrimination Statement

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the [USDA Program Discrimination Complaint Form](#), AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

U.S. Mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410

Fax: (202) 690-7442

Email: program.intake@usda.gov

Business Programs

Business and Industry Guaranteed Loans
Rural Energy for America Program Grants & Loans
Rural Business Enterprise Grants
Value Added Producer Grants
Intermediary Re-lending Program Loans
Rural Economic Development Loans and Grants
Cooperative Development Assistance

USDA – Rural Development

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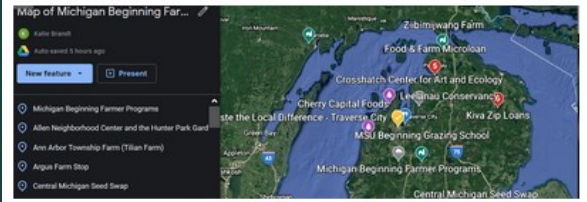
Map of Michigan Beginning Farmer Resources



Go to www.msuorganicfarm.org/map to click on the map link or watch the video

Over 75 listings, including:

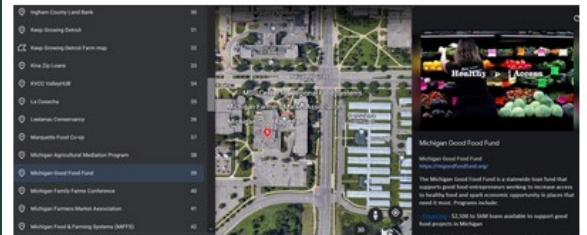
- Funding! Loans, grants & financials
- Land! Incubator farms & land assistance
- Hands-on farmer training opportunities
- Marketing options and food hubs
- Conferences
- Advocacy Organizations
- Online Resources



Click the Present button to begin!



A typical listing includes a map of the location, a video, website link, resource description and a listing of programs that may be useful for beginning farmers.



The table of contents allows you to find programs alphabetically. Or you can click on the icons on the map to view listings by location.

Check out the listings!

The Map of Michigan Beginning Farmer Resources is an interactive tool showing over 75 programs for beginning and aspiring farmers in Michigan. Listings feature short videos, a website link, a program description, contact information and a list of programs offered for beginning and aspiring farmers.

Contact: brandtk7@msu.edu

Visit: www.msuorganicfarm.org/map



<h1>Map of Michigan Beginning Farmer Resources</h1>	Land	Credit, Loans & Grants	Farms & Hands-on Training	Business & Financial Training	Advocacy Organizations	Marketing & Food Hubs	Conferences	Workshops	Online Resources	<p>The Map of Beginning Farmer Resources in Michigan is an interactive tool showing over 90 programs for beginning and aspiring farmers in Michigan. Listings feature short videos, a website link, a program description, a list of programs offered for beginning and aspiring farmers seeking land, funding, farm skills, marketing opportunities, conferences, advocacy organizations or other resources. The map, website and video guide to the map were created with funding from NC SARE.</p>
Map of Michigan Beginning Farmer Resources	x	x	x	x	x	x	x	x	x	http://www.msuorganicfarm.org/map.html
Acorn Farmers' Market and Cafe			x			x				http://www.acornfarmersmarketcafe.org/
Agricole Farmstop			x			x				https://www.agricolefarmstop.com/
Park GardenHouse			x			x		x		http://allenneighborhoodcenter.org/gardenhouse/
Ann Arbor Township Farm	x		x							https://aatwp.org/ann-arbor-township-farm-tilian-request-for-proposals/
Argus Farm Stop				x		x		x	x	https://www.argusfarmstop.com/
Central Michigan Seed Swap							x			https://www.smallhousefarm.com/seedswap/
Cherry Capital Foods						x				https://cherrycapitalfoods.com/
Crosshatch Center for Art & Ecology		x			x		x	x		https://www.crosshatch.org/
D-Town Farms & Detroit Black Community Food Security Network		x	x		x			x	x	https://www.d-townfarm.com/ https://www.dbcfsn.org/
Dairy Grazing Apprenticeship Program			x							https://www.dga-national.org/participate
Drew Farm & Detroit School Gardening Collective			x							https://www.detroitk12.org/Page/7168
Detroit Black Farmer Land Fund	x	x								https://www.facebook.com/detroitblackfarmerlandfund/
Detroit Community Wealth Fund		x								https://www.detroitcommunitywealth.org/
Detroit Land Bank Authority	x									https://www.canr.msu.edu/detroitpartnership/
Earthworks Farm			x					x		https://www.cskdetroit.org/earthworks/
Eastern Market		x		x		x		x		https://easternmarket.org/
Edible Flint Educational Garden			x		x			x		http://www.edibleflint.org/
Enviroweather									x	https://enviroweather.msu.edu/
Fair Food Network					x					https://fairfoodnetwork.org/
Flint Fresh						x				https://flintfresh.org/
Food and Farm Microloans		x								https://graintrain.coop/pages/food-and-farm-mirco-loan
FoodCorps Michigan			x							https://foodcorps.org/apply/where-youll-serve/michigan/
Genesee County Land Bank	x									http://www.thelandbank.org/greening.asp
GLEXPO							x		x	https://glexpo.com/
Grand Traverse Regional Land Conservancy	x									https://www.gtrlc.org/
Greater Lansing Food Bank - Garden Project	x		x		x			x		https://greaterlansingfoodbank.org/programs/programs/garden-project
Greenstone FCS		x		x	x					https://www.greenstonefcs.com/resources/young-beginning-and-small-farmers
Groundswell Farm			x							https://www.groundswell.farm/
Grow Benzie	x			x		x		x		https://www.growbenzie.org/
G.R.O.W. Grand Rapids Opportunities for Women		x		x						https://www.growbusiness.org/
Growing Hope			x	x		x		x		https://growinghope.net/
GVSU Sustainable Agriculture Project			x							https://www.gvsu.edu/sustainableagproject/
Heroes to Hives			x					x	x	https://www.canr.msu.edu/veterans/Veterans-Programming/Heroes-to-Hives/index
Ingham County Land Bank	x									https://inghamlandbank.org/properties/garden
Keep Growing Detroit			x	x	x	x		x	x	http://detroitagriculture.net/
Kiva Zip Loans		x							x	https://www.kiva.org/borrow
KVCC Valley HUB			x	x		x	x	x		https://www.kvcc.edu/valleyhub/education+training+jobs/
La Cosecha				x	x			x		https://mss.msu.edu/la-cosecha/index.html
Leelenau Conservancy	x									https://www.leelanauconservancy.org/
MADE Institute			x							https://madeinstitute.org/urban-farming
Marquette Food Co-op						x		x		https://marquettefood.coop/
Michigan Agricultural Mediation Program									x	https://www.micommunitymediation.org/michigan-agricultural-mediation/
Michigan Good Food Fund		x		x				x		https://migoodfoodfund.org/
Michigan Family Farms Conference							x		x	https://www.miffs.org/mffinfo
Michigan Farm Bureau					x		x			https://www.michfb.com/MI/Farm_Business_Resources/
Michigan Farmers Market Association					x	x		x		https://mifma.org/
Michigan Food and Farming Systems	x		x	x	x		x	x	x	https://www.miffs.org/
Michigan Women Forward		x		x						https://miwf.org/we/

Map of Michigan Beginning Farmer Resources	Land	Credit, Loans & Grants	Farms & Hands-on Training	Business & Financial Training	Advocacy Organizations	Marketing & Food Hubs	Conferences	Workshops	Online Resources	The Map of Beginning Farmer Resources in Michigan is an interactive tool showing over 90 programs for beginning and aspiring farmers in Michigan. Listings feature short videos, a website link, a program description, a list of programs offered for beginning and aspiring farmers seeking land, funding, farm skills, marketing opportunities, conferences, advocacy organizations or other resources. The map, website and video guide to the map were created with funding from NC SARE.
MiFarmLink	x								x	https://www.mifarmlink.org/
Migrant Legal Aid					x					https://migrantlegalaid.org/
MOFFA Organic Intensives					x		x		x	https://www.moffa.net/index.html
MSU Bailey GREENHouse & Urban Farm			x							https://rise.natsci.msu.edu/bailey-greenhouse/
MSU Beginning Grazing School			x				x	x		https://forage.msu.edu/events/
MSU Center for Regional Food Systems		x		x	x	x	x	x	x	https://foodsystems.msu.edu
MSUE Beginning Farmer Programs		x		x	x			x	x	https://www.canr.msu.edu/beginning-farmer/index
MSU Extension Agents		x	x	x			x	x	x	https://www.canr.msu.edu/outreach/experts/experts-by-topic-area
MSU Institute for Agricultural Technology			x	x						https://www.canr.msu.edu/iat/
MSU Organic Farmer Training Program			x	x						www.msuorganicfarm.org/organic-farmer-training-program.html
MSU Product Centers and Food Processing Innovation Center				x		x		x	x	https://www.canr.msu.edu/fpic/index
MSU Student Organic Farm			x		x				x	http://www.msuorganicfarm.org/
MSU Tollgate Farm & Education Center	x		x					x		https://www.canr.msu.edu/tollgate/sustainable-ag/
MSU Upper Peninsula Forestry Innovation Center								x		https://www.canr.msu.edu/fbic/
MSU Upper Peninsula Research and Education Center	x	x	x	x	x	x		x	x	https://www.canr.msu.edu/uprc/farm-business-incubator
National Young Farmers Coalition					x					https://www.youngfarmers.org/chapter/mi-west-michigan-young-farmers-coalition/
New City Urban Farm			x					x		https://newcityneighbors.org/farm/
North Kent Connect						x				https://nkconnect.org/shoppers/farm-stand/
Northern Initiatives		x		x						https://northerninitiatives.org/
Northern Michigan Small Farms Conference							x		x	http://www.smallfarmconference.com/
NRCS		x							x	https://www.nrcs.usda.gov/wps/portal/nrcs/mi/home/
Online Resources - Out of State (Farm Commons)									x	https://farmcommons.org/
Organic Certifiers						x			x	OEFFA, OCIA, CCOF, GOA, Certified Naturally Grown, MAEAP, GAP, Animal Welfare Approved, etc.
Peckham Farms			x							https://www.peckham.org/our-businesses/peckham-farms/
SARE		x			x		x	x	x	https://northcentral.sare.org/grants/
SBA - Small Business Association		x		x	x			x	x	https://www.sba.gov/
SBDC - Small Business Development Center		x		x					x	https://michigansbdc.org/
Sprout						x				https://sproutbc.org/
Taste the Local Difference						x		x	x	https://www.localdifference.org
Tiller's International			x					x		https://www.tillersinternational.org/
UM Campus Farm			x							https://mbgna.umich.edu/matthaei-botanical-gardens/campus-farm/
UP Food Exchange						x		x		https://upfoodexchange.com/about/
Urbandale Farm and Lansing Urban Farm Project	x		x		x					https://www.lufp.org/
USDA Farm Service Agency (FSA) Service Centers		x		x						https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/
Waishkey Bay Farm			x					x		https://www.bmcc.edu/about-bmcc/community-services/waishkey-bay-farm
Washtenaw County Black Farmer Fund	x	x								https://www.wcblackfarmers.fund/
We the People Opportunity Center			x							https://www.wtpof.org/
West Michigan Growers' Group								x		https://www.wmgrowersgroup.org/
West Michigan FarmLink						x				https://www.wmfarmlink.com/
Women in Agriculture Farm Development Center	x									https://www.miffs.org/wia
Ziibimijwang Farm			x			x				https://www.ziibimijwang.com/