**General Information**

**Program Objective**
- To help agricultural producers enter into value-added activities related to the processing and/or marketing of bio-based value-added products.
- To expand markets and increase financial returns to agricultural producers.

**Nationally Competitive Grants Available**
- **Planning Grant**: To facilitate economic planning activities to determine the viability of a value-added venture, and may include costs for an independent feasibility study and development of a marketing and business plan.
- **Working Capital Grant**: For operational costs directly related to the processing and/or marketing of the value-added product. Requires a third party feasibility study (FS) and business plan (BP) to implement the project, with two exceptions: (1) FS and BP requirement waived for ANY applicant requesting less than $50k; or (2) FS requirement waived for an Independent Producer applicant requesting any amount who proposes to expand the market for an existing value-added product they have produced and marketed successfully for two years or more.
- **Example Ineligible Costs**: Land, buildings, equipment, vehicles, R&D, engineering design, agricultural production, crop harvesting, delivery of raw commodity to a processing facility, conflict of interest transactions, and industry-wide feasibility studies.
- **Matching Funds Required**: Must be equal to or greater than the grant amount, without conflicts of interest, and must contribute to eligible value-added project purposes.

**Agricultural Producers May Apply**
- Independent Producer (IP)
- Farmer or Rancher Cooperative (COOP)
- Agricultural Producer Group (APG)
- Majority-Controlled Producer Business (MAJ)

► must produce and own more than 50% of the subject agricultural commodity
► may not produce under contract for another entity that owns the commodity
► may not contract out production of the agricultural commodity
► must maintain ownership through sale of the value-added product (MTVC projects exempt)
► projects must demonstrate entry into an "emerging market" for applicants (does not apply to IP)

**Priority Status**
- Beginning Farmer or Rancher
- Small or Medium Family Farm
- Socially-Disadvantaged Farmer or Rancher

► Discretionary priority by Rural Business-Cooperative Service Administrator - geographic diversity

**Value-Added Methods**
- Change in Physical State
- Non-Standard Agriculture Production
- Farm- or Ranch-based Renewable Energy

- Product Physical Segregation
- Local Foods Marketing & Distribution

**Resources: Applications must meet ALL program requirements**
- North Carolina RD State Office: 919-873-2029, Lyn Millhiser - Specialist
- Agricultural Marketing Resource Center website: [http://www.agmrc.org](http://www.agmrc.org)

This document is for informational purposes only. If interested in applying for a VAPG grant, an applicant shall follow the official instructions provided in the annual Notice of Funding Availability. LM11062013

Target Attachments: Anaerobic Digesters, Biobased, Harvesters, Innovation, Local Foods, Mid-Tier Value Chain, Swine
Supporting Next Step Innovation

Why do Value-Added?

- Explore options to create or expand markets for your agricultural products
- Extend your marketing season by innovating value-added products
- Compete in niche or specialty markets with traditionally higher profit margins
- Expand your customer base
- Increase financial returns to agricultural producers
- Solve processing, aggregation, marketing, and distribution challenges
- Conduct feasibility and business operations planning for new ventures
- Implement viable value-added projects across agricultural sectors

What is Value-Added?

- Using one of five methodologies to produce a value-added product that results in an expansion of customer base for the agricultural commodity and a greater portion of the revenue derived from the processing and marketing of the value-added product returning to the agricultural producers of the commodity.
- Applicants must be agricultural producers or qualifying harvesters.
- Grant funds support either economic planning activities or working capital operations directly related to the processing and marketing of the value-added product.

Value-Added Methods and Products

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<tr>
<th>Method</th>
<th>Example of Value-Added Products</th>
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| **Change in Physical State:** An irreversible processing activity that transforms the raw agricultural commodity into a marketable value-added product, and is something other than a post-harvest process that primarily acts to preserve the commodity for later sale. | • fish fillets  
• diced tomatoes  
• flour  
• wool rugs  
• furniture  
• packaged meat  
• pork pies  
• cheese  
• jam  
• furniture  
• lumber  
• ethanol off-farm |
| **Product Physical Segregation:** Separating an agricultural commodity on the same farm from other varieties of that same commodity on the same farm during production and harvesting, with continued separation from similar commodities during processing and marketing, in a manner that demonstrates increased value. | • separating genetically modified corn from non-genetically modified corn  
• separating gluten-free products from products that contain gluten |
| **Non-Standard Agriculture Production:** Using a recognizably coherent set of agricultural production practices, such that a differentiated market identity is created for the resulting product. | • eggs produced from free-range chickens  
• organically grown carrots  
• grass-fed beef |
| **Local Foods Marketing and Distribution:** An agricultural food product distributed in the State in which the product is grown, or within 400 miles from the origin of the product. A raw, cooked, or processed edible substance, beverage or ingredient intended for human consumption. Products cannot be animal feed, live animals, non-harvested plants, fiber, medicinal products, cosmetics, tobacco products, or narcotics. | • local grapes with characteristics attributable to the growing area that increases their value  
• local corn sold at a premium as a fresher alternative to non-local corn |
| **Farm- or Ranch-based Renewable Energy:** An agricultural commodity used to generate renewable energy ON a farm or ranch owned or leased by the Independent Producer that produces the agricultural commodity. | • manure transformed into methane or electricity generation on-farm  
• corn into biodiesel generation on-farm |

Resources: Applications must meet ALL program requirements

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