



United States Department of Agriculture

Rural Business-Cooperative Service

2014 Value-Added Producer Grant Program Webinar For Tribal Applicants





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Value-Added Producer Grant

Authorization

Section 231 of the Agriculture Risk Protection Act of 2000 (P. L. 106-224), as amended by section 6202 of the Food, Conservation, and Energy Act of 2008 (P. L. 110-246)

(see 7 U.S.C. 1632a)

Program Regulation

7 CFR 4284 subpart J



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National Competition

Maximum Award Amounts

\$75,000 Planning

\$200,000 Working Capital



Matching Requirement

1-to-1 match (50 percent of total project costs) cash or eligible in-kind contributions to be used only for eligible project purposes.

Grant Period

Up to 36 months, depending on project complexity.

FY2014 Application Deadline

February 24, 2014

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Purpose

Provides funds for economic planning activities or eligible working capital expenses:

- To help agricultural producers enter into value-added activities related to the processing and marketing of agricultural products
- To expand markets for, and increase financial returns to agricultural producers
- To strengthen the rural economy





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Funding & Scoring Priorities

Funding Priority

- 10 percent of funding reserved for Beginning Farmers or Ranchers or Socially-Disadvantaged Farmers or Ranchers
- 10 percent of funding reserved for projects proposing Mid-Tier Value Chains



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Funding & Scoring Priorities

Scoring Priority

10 points will be awarded to applicants who request and qualify as:

- Beginning Farmers or Ranchers
- Socially-Disadvantaged Farmers or Ranchers
- Small- or Medium-Sized Family Farms
- Farmer or Rancher Cooperatives
- Mid-Tier Value Chains



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Basic Program Requirements

- Applicant eligibility
- Project eligibility
- Purpose eligibility
- Other eligibility requirements
- Evaluation criteria



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Applicant Eligibility

- Applicant type
- Multiple grant
- Currently active grant
- Reserve fund (as applicable)



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Applicant Eligibility

Remember this key definition:

Agricultural Producer

An individual or entity directly engaged in the production of an agricultural commodity, or that has the legal right to harvest an agricultural commodity, that is the subject of the value-added project.

Agricultural producers may “directly engage” either through substantially participating in the labor, management, and field operations themselves or by maintaining ownership and financial control of the agricultural operation.



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Four Eligible Applicant Types

- Independent Producers
- Agricultural Producer Groups
- Farmer or Rancher Cooperatives
- Majority-Controlled Producer-Based Businesses



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Independent Producer

An individual agricultural producer or an entity that is solely owned and controlled by agricultural producers, that are directly engaged in the production of the subject agricultural commodity*.

*See definition of Agricultural Producer for explanation of 'directly engaged.'



Independent Producer...

- 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.
- 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.

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Agricultural Producer Group

- Formal membership organization that represents Agriculture Producers that meet the VAPG program definition requirements for an Independent Producer and operates with a mission that includes working on behalf of Independent Producers.
- The majority of the applicant's membership meet the definition of Independent Producer.
- The majority of the applicant's board of directors meet the definition of Independent Producer.



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Farmer or Rancher Cooperatives

A business owned and controlled by agricultural 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.





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Majority-Controlled Producer-Based Business*

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.



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All Four Applicant Types *Must* :

- **Currently produce** 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 (except for MTVC).



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Emerging Market

- *Agricultural Producer Groups, Farmer or Rancher Cooperatives, and Majority-Controlled Producer-Based Businesses*, must show that they are entering an emerging market as a result of the proposed project.
- Applicants cannot have supplied the proposed product, geographic or demographic market for more than two years at time of application submission.



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Are Tribal Entities Eligible?

YES! But each applicant is unique and must meet eligibility criteria...

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Historically...

Many tribal entities were not eligible because they did not meet the Independent Producer program definition:

- an individual agricultural producer or an entity solely owned and controlled by agricultural producers
- And tribal entities are essentially ‘owned’ by the Tribe, whose members are not all agricultural producers.



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Improving Access for Tribal Entities



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Back to basics...

Recognizing that because the unique and diverse cultural settings, governmental and business structures of tribes are not always identical to state-law based business entities...



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Back to basics...

Re-examining the definition of “Agricultural Producer”

An individual or entity directly engaged in the production of an agricultural commodity, or that has the legal right to harvest an agricultural commodity, that is the subject of the value-added project. Agricultural producers may “directly engage” either through substantially participating in the labor, management, and field operations themselves or by maintaining ownership and financial control of the agricultural operation.



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The position of the Agency is:

Where agricultural activities are carried out by the tribe or tribal entities for the benefit of the entire tribe (inclusive of tribal members not performing agricultural functions), each tribal member is, in effect, an agricultural producer by virtue of their direct engagement in agricultural production through ownership and financial control of the operation.



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Administrative Notice: #4742

VAPG Program Clarification of Tribal Applicant Eligibility

- Issued November 7, 2013
- Guidance to staff on determining Tribal Applicant Eligibility
- Replaces similar guidance issued in 2012
- Includes 5 Tribal Applicant Eligibility Examples
- Includes review questions to help staff determine eligibility
- Includes new instructions regarding how Tribal applicants can provide required evidence regarding good standing
- Includes new instructions regarding how Tribal applicants can qualify, through self-certification, for reserved funding and/or priority points for socially-disadvantaged farmers or ranchers.
- **Can be downloaded from this Webinar for review**



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Results for FY 2012/2013
Awards to 3 Tribal Enterprises



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Results for FY 2012/2013
Awards to 3 Tribal Enterprises



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Lower Brule Sioux Tribe

Lower Brule Farm Corporation, SD

\$300,000 Working Capital Grant
to support the marketing strategy of
popcorn products under their Lakota
Foods label.



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Oneida Tribe of Wisconsin

\$40,000 Planning Grant
to evaluate the feasibility of processing
and marketing heirloom white corn
products.



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Ute Mountain Ute Tribe

Farm & Ranch Enterprise, CO

\$92,300 Working Capital

to develop markets for Native American
cornmeal



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Project Eligibility

- Value-added product methodology
- Expansion of customer base
- Greater portion of revenue from the process returned to the producer



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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

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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*



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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.



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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.

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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 methane 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.



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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 corn advertised and sold at a premium as a fresher locally-produced alternative to non-local produce.

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Project Eligibility, cont.

All applicants must demonstrate:

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





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Project Eligibility, cont.

Expansion of customer base

Discuss the estimated expansion of customer base that results from the value-added product, including a baseline of current customers for the commodity or value-added product, and an estimated target number of customers that will result from the project



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Project Eligibility, cont.

Greater portion of revenue returned to producer

Discuss the estimated amount of the increased revenue derived from the value-added processing/marketing that will be available to the producer applicants, including a baseline of current revenues from the sale of the agricultural commodity or value-added product, and an estimated target of increased revenues that will result from the project



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Purpose Eligibility

- 2 types of grants
- Use of funds
- Budget & work plan



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Purpose Eligibility

2 Types of VAPG Grants

1) Planning Grant

To pay a qualified (third-party) consultant for development of feasibility, marketing, business plan related to the processing and/or marketing of a value-added product.

2) Working Capital Grant

To pay eligible project expenses related to the processing and/or marketing of a value-added product.



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Purpose Eligibility, cont.

BUT WAIT!

3 Types of Working Capital Grants!



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Purpose Eligibility, cont.

3 Types of Working Capital Grants

1) Requests of \$50,000 or more (market expansion)

- Independent Producer (IP) applicants only;
- Proposing market expansion of an existing value-added product that they have produced and successfully marketed for at least two years at time of application; and
- In lieu of an independent feasibility study for this project, must submit a business or marketing plan for the value-added project .



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Purpose Eligibility, cont.

3 Types of Working Capital Grants

2) Requests of \$50,000 or more (emerging market)

- All applicant types;
- Must provide a third-party, project-specific feasibility study and a business plan related to the processing and/or marketing of the value-added product.



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Purpose Eligibility, cont.

3 Types of Working Capital Grants

3) Simplified application requesting less than \$50,000

- All applicant types;
- Not required to provide a feasibility study and business plan, but must demonstrate the expected increases in customer base and revenue returns to the producer applicants supplying the majority of the agricultural commodity for the project.



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Purpose Eligibility, cont.

Use of Funds

Examples of costs for eligible activities (see 4284.923)

include but are not limited to:

- Processing costs including labor, utilities, packaging and labeling, ingredients;
- Additional raw commodity inventory from third parties (up 49% of the total amount required for the project)
- Advertising and promotion
- Financial/accounting systems



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Purpose Eligibility, cont.

Use of Funds

Costs for ineligible activities (see 7 CFR 4284.924) include
but are not limited to:

- Purchase of land, buildings or equipment
- Preparation of the grant application,
- Research and development, architectural or engineering design work
- Expenses for the production, harvesting or delivery to a processing facility of any agricultural commodity or product



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Use of Funds, cont.

- Applications with ineligible expenses of more than 10 percent of total project costs will be ineligible to compete for funds.
- Applications selected for award that contain ineligible expenses of 10 percent or less of total project costs must remove those ineligible expenses from the final project budget.



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Work Plan & Budget

Provide a detailed work plan and budget that shows:

- how the project's goals will be accomplished including a narrative description of the eligible activities and associated tasks;
- a budget breakdown of estimated costs allocated to those activities and tasks;
- identification of the key personnel responsible for overseeing and/or conducting the activities or tasks



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Work Plan & Budget, cont.

- timeframes for completion of activities and tasks;
- identification of the sources and uses of grant and matching funds for all activities and tasks; and
- a grant period that meets start and end date requirements.

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Matching Funds

must be...



- Equal to at least the grant amount (at least 50 percent of total project costs).
- Spent only on eligible expenses;
- Spent in advance of grant funding (for every dollar of grant funds disbursed, not less than an equal amount of matching funds will have been expended prior to submitting the request for reimbursement);
- From eligible sources without a real or apparent conflict of interest



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Matching Funds, cont.

Must be in the form of:

- Applicant cash, loan, or line of credit; and/or
- Applicant or family member in-kind contributions of goods or services (applicant provided services limited to 25 percent of total project costs); and/or
- Third-party cash or
- Third-party in-kind contribution, including non-federal grant sources.



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Matching Funds, cont.

Must be verified at application and confirmed at award:

- Equals at least 50% of total project cost
- Eligible source
- Eligible use
- Available during the grant period



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Other Eligibility Requirements

- Multiple Grant
- Active Grant
- Grant Period
- Completeness



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Evaluation Criteria

- Performance evaluation criteria
- Proposal evaluation criteria

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Performance Evaluation Criteria

- Applicant suggests one or more relevant criterion to be used to evaluate whether or not the primary goals and objectives of the project are being met.
- All applicants estimate how many jobs are expected to be created or saved as a result of the project?
- Working capital applicants record data on expansion of customer base and increase in revenue from the Applicant eligibility section.



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Proposal Evaluation Criteria

The Agency selects and ranks applications based on responses to 5 criteria:

1. Nature of the proposed project (0-30)
2. Qualifications of project personnel (0-20)
3. Commitments and support (0-10)
4. Work plan and budget (0-20)
5. Priority points (0 or 10)



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Tools for Applicants



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Tools

Outreach Fact sheets

- General program Info
- Locally-produced food
- Anaerobic digesters
- Harvesters
- Mid-tier value chain
- ...and more!





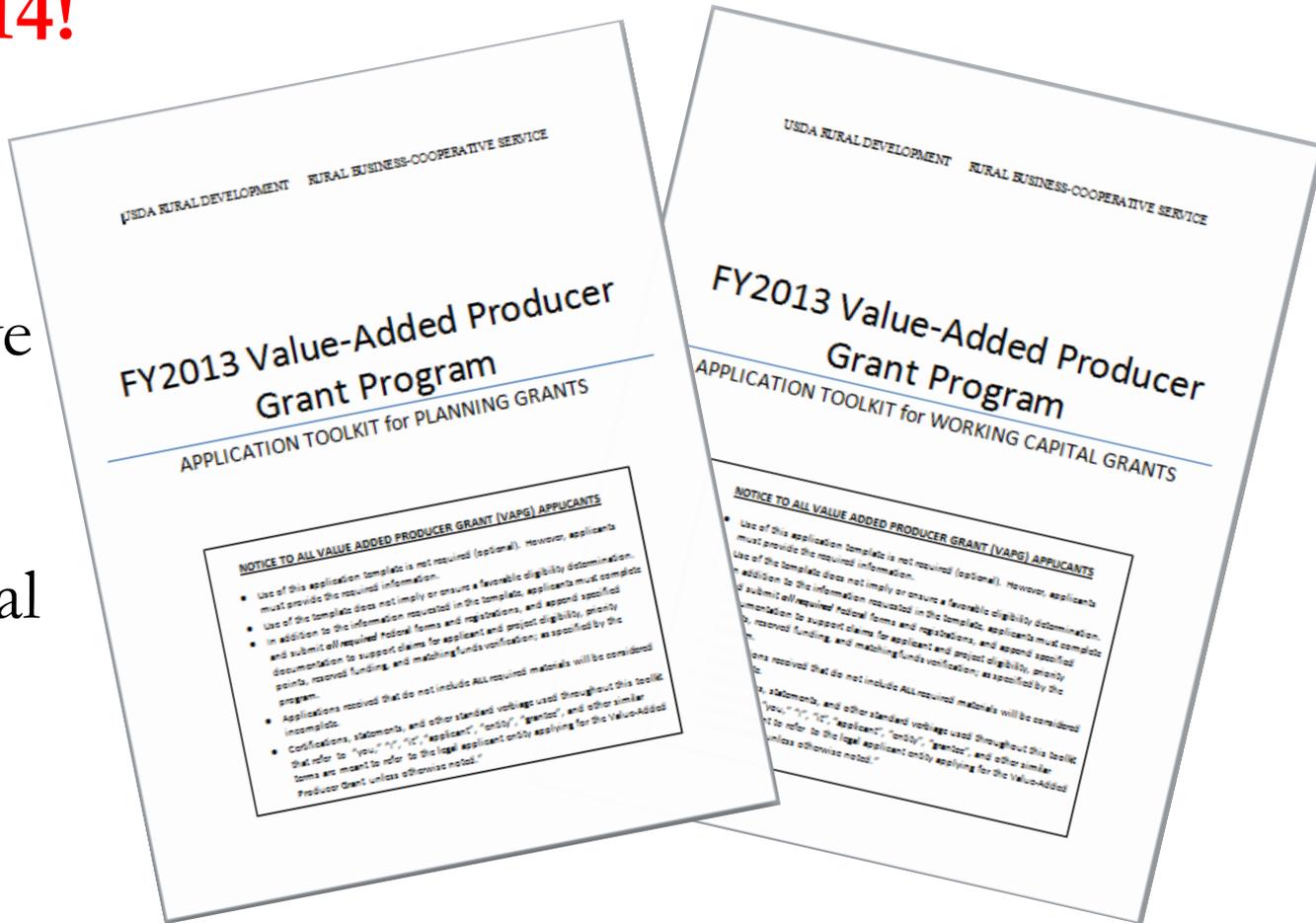
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for 2014!

Comprehensive
Toolkits for
Planning and
Working Capital





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USDA Value-Added Producer Grant
FY 2013 Application Toolkit for Working Capital

CHECKLIST

Program requirements are detailed in [7 CFR 4284, Subpart J](#), the 2013 Notice of Funds Availability contained in this toolkit. You must become familiar with these documents before applying.
Before you submit your application, please be sure you have addressed all of the following elements.

Required forms (see links below for fillable forms)

- Form SF-424, "Application for Federal Assistance"
- Form SF-424A, "Budget Information-Non-Construction Programs"
- Form SF-424B, "Assurances- Non-Construction Programs"
- Form RD 400-4, "Assurance Agreement"
- Form AD-3030, "Representations Regarding Felony Conviction and Tax Delinquency Status for Corporate Applicants" (required only for corporate applicants)

Section 1. Summary Information

- Legal Name of Applicant
- DUNS #
- SAM Registration Code and Expiration Date
- Employer Identification Number (EIN)
- Applicant Type
- Purpose
- Requested Grant Amount
- Reserve Fund Request
- Brief Summary of Proposed Project

Section 2. Executive Summary

- One page description of your proposed project.

Section 3. General Eligibility Requirements

- Citizenship
- Legal Authority and Responsibility
- Multiple Grant Eligibility
- Currently Active VAPG Grant
- Certification of Federal Judgments

Section 4. Applicant Eligibility

- Applicant Eligibility
 - Applicant Type Requirements
 - Emerging Market (as applicable)

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Section 5. Project Eligibility

- Product Eligibility
 - Value-Added Methodology
 - Expansion of Customer Base
 - Increased Revenue
- Project Eligibility
 - Use of Funds
 - Work Plan
 - Budget
 - Type of Working Capital Application

Local Evaluation Criteria

Performance Evaluation Criteria

- Applicant-suggested Performance Criteria
 - Jobs Created/Saved
 - Expansion of Customer Base
 - Increased Revenue

Proposal Evaluation/Scoring Criteria

- Nature of the Proposed Venture
- Qualifications of the Project Personnel
- Commitments and Support
- Work Plan and Budget
- Priority points (if applicable)

Reserve Funds

- Certification of Matching Funds
- Verification of Matching Funds

Appendix A - Tribes and Tribal Entities as VAPG Applicants

Appendix B - Legal Authority and Responsibility

Appendix C - Supporting Documentation

Appendix D - Matching Funds Verification

Appendix E - Priority Points and Reserve Funds Documentation

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Checklists to ensure complete applications



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Links to required forms and necessary resources, including:

- SF 424s
- AD 3030
- Program regulation
- NOFA
- And more!

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REQUIRED STANDARD FORMS

Form SF-424, "Application for Federal Assistance"
<http://www.grants.gov>
http://apply07.grants.gov/apply/forms/sample/SF424_2_3-012_1.pdf

Form SF-424A, "Budget Information-Non-Construction Programs"
<http://apply07.grants.gov/apply/forms/sample/SF424A-V1.0.pdf>

Form SF-424B, "Assurances - Non-Construction Programs"
<http://apply07.grants.gov/apply/forms/sample/SF424B-V1.1.pdf>

Form RD 400-4, "Assurance Agreement"
<http://forms.sc.gov.usda.gov/eCommon/eFileServices/eForms/RD400-4.PDF>

Form AD-3030, "Representations Regarding Felony Conviction and Tax Delinquency Status for Corporate Applicants"
<http://www.ecdc.usda.gov/document/403030>

OPTIONAL FORM
[INSERT INSTRUCTIONS]

Form AD-2126, "Form to Assist in Assessment of USDA Compliance with Civil Rights Laws"
<http://forms.sc.gov.usda.gov/eCommon/eFileServices/eForms/AD2126.PDF>

IMPORTANT APPLICATION RESOURCES

VAPG Program Regulation 7 CFR 4284 subpart J
or
<http://www.rurdev.usda.gov/Support/Documents/4284.pdf>

VAPG Notice of Funding Availability (NOFA)

Administrative Notice on Tribal Applicant Eligibility

DUNS #
Obtain a free DUNS number by calling 1-800-254-0887 or go to:
www.dunsmatrix.com/US/duns_update/index.html

SAM Registration Code
Register at no charge at: <http://www.sam.gov/beta1/beta/SAM/>

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The image shows two overlapping web pages. The background page is the SAM (System for Award Management) website, featuring a login form with fields for 'USER NAME' and 'PASSWORD', a 'LOG IN' button, and links for 'Forgot Username?' and 'Forgot Password?'. Below the login form is a navigation menu with 'HOME', 'SEARCH RECORDS', 'DATA ACCESS', 'GENERAL INFO', and 'HELP'. A 'CREATE USER ACCOUNT' section is visible on the left, with a 'Create User Account' button. The foreground page is the DUNS (Data Universal Numbering System) website, displaying the title 'The D-U-N-S® Number' and a 'View Infographic' button. The DUNS page also includes a navigation menu with 'BUSINESS CREDIT', 'SALES & MARKETING', 'SUPPLY MANAGEMENT', and 'VIEW ALL PRO'. A 'United States' dropdown menu is located in the top right corner of the DUNS page.

Links to DUNS and SAM



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Individual **OPTIONAL** templates for Planning and Working Capital applications.

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FY2013 Application Toolkit for Working Capital

APPLICATION TEMPLATE

SECTION 1: SUMMARY INFORMATION

Legal Name of Applicant Entity: _____

DUNS # _____ Employer Identification Number (EIN) _____

SAM/CCR Registration Code: _____ Expiration Date: _____

Applicant Type - Please Check One:

Independent Producer Agricultural Producer Group
 Farm or Rancher Cooperative Majority-Controlled Producer Based Business

New Agricultural Commodity: _____

Value-Added Product: _____

Purpose: Working Capital Grant

Requested Grant Amount (\$100,000 or less): \$ _____

Proposed Grant Period Start Date: _____ Proposed Grant Period End Date: _____
Proposed dates should correspond with grant period dates included in SF424 and Section 1.4(2)(g) of the template.

Check one if you are competing for Reserved Funds (See 4284.902 and Appendix E for Definitions):

Reserve Funds for Beginning Farmer or Rancher
 Reserve Funds for Socially Disadvantaged Farm or or Rancher
 Reserve Funds for a Mid-Tier Value Chain project

Brief Summary of Proposed Project (limit 100 words)
Example: VAPG working capital funds will be used to pay labor costs to produce artisan cheeses from organic milk and for packaging, labeling, and promotional expenses.

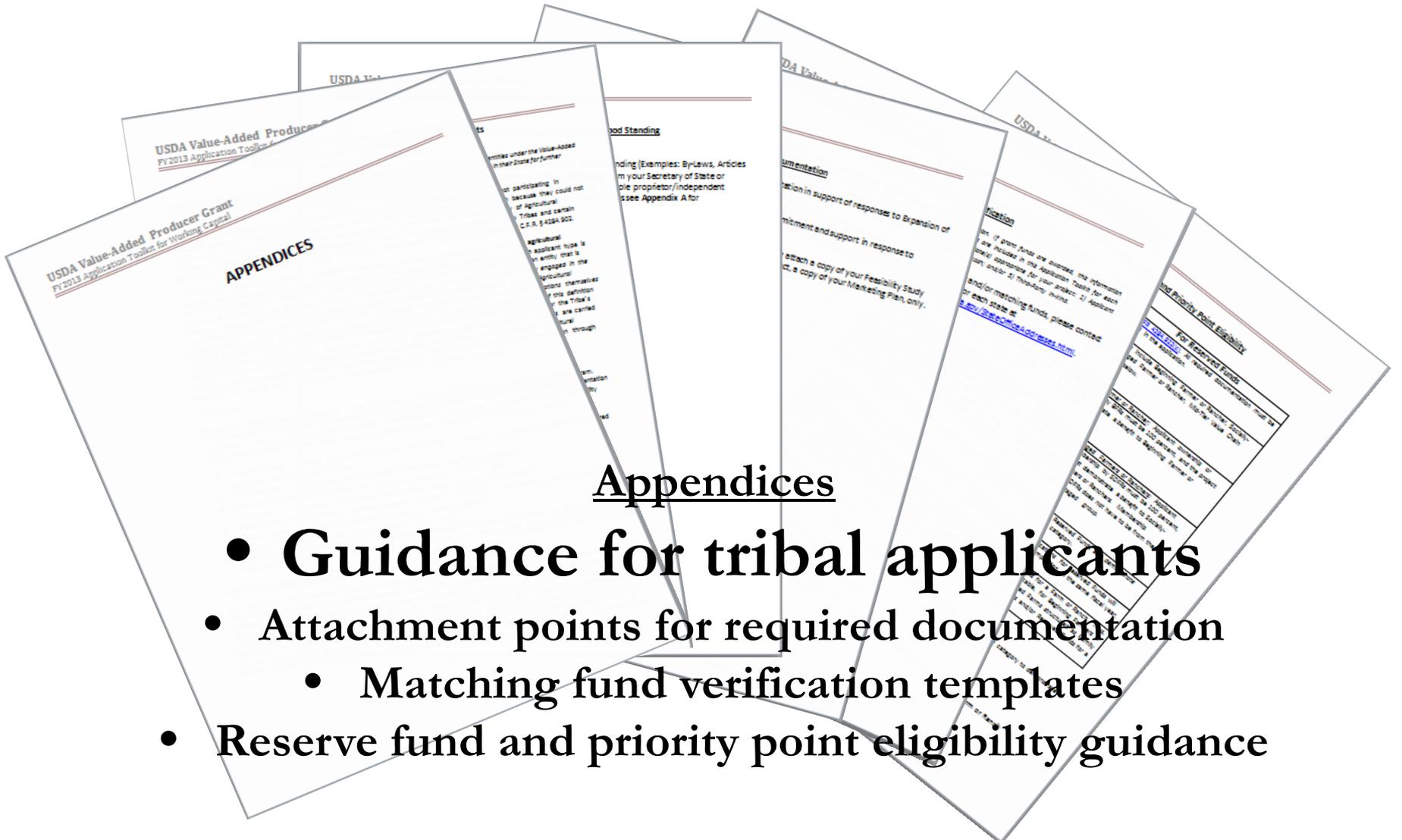
(Insert brief summary of proposed project)

SECTION 2: EXECUTIVE SUMMARY OF PROJECT

(Insert a more detailed description of your project containing the following information: 1) legal name of applicant entity, 2) applicant type (planning or working capital), 3) applicant type, 4) amount of grant request, 5) a summary of your project, 6) project goals and 7) how you intend to use the grant funds. Limit one page.)

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Appendices

- **Guidance for tribal applicants**
- **Attachment points for required documentation**
 - **Matching fund verification templates**
- **Reserve fund and priority point eligibility guidance**



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Program Information & Materials

www.rurdev.usda.gov/BCP_VAPG.html



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QUESTIONS?



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