

RD AN No. 4802 (4284-J)
May 17, 2016

TO: State Directors, Rural Development
ATTN: Business Programs Directors
SUBJECT: Value Added Producer Grant Program
Multiple Applications for the Same Project

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to clarify multiple application eligibility language in the program regulation at § 4284.920(e).

COMPARISON WITH PREVIOUS AN:

There are no previous ANs issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Section 231 of the Agriculture Risk Protection Act of 2000 (Pub. L. 106–224) as amended by section 6203 of the Agricultural Act of 2014 (Pub. L. 113-79) (*see* 7 U.S.C. 1632a (b)) authorizes the establishment of the Value-Added Agricultural Product Market Development grants, also known as the Value Added Producer Grant (VAPG) program. The program is designed to help eligible producers of agricultural commodities enter into or expand value-added activities, including the development of feasibility studies, business plans, and marketing strategies. The program also provides working capital opportunities to assist in the processing of value added products or implementation of marketing strategies. However, while the VAPG program is meant to provide assistance to viable businesses, its intent is not to serve as an on-going source of capital.

EXPIRATION DATE:
May 31, 2017

FILING INSTRUCTIONS:
Preceding RD Instructions 4284-J

Multiple grant activity refers to the prohibition of submission of multiple applications by a single or multiple-related applicant in a single fiscal year, as well as submission of multiple applications for the same project in successive years in accordance with 7 CFR 4284.920(e). Regarding multiple applications for the same project, this section reads: *“Applicants who have already received a Planning Grant for the proposed project cannot receive another Planning Grant for the same project. Applicants who have already received a Working Capital Grant for the proposed project cannot receive any additional grants for that project.”*

While the term “project” is defined in 4284.902 as *“All of the eligible activities to be funded by the grant under this subpart and Matching Funds,”* it became clear from prospective applicant and field staff inquiries that what constitutes a ‘continued’ or ‘repeat’ project is not straightforward. Therefore, the Agency added the following instructional language to RD Instruction 4284, § 4284.920(e): *“Proposals from previous award recipients should be substantially different in terms of products and/or markets and should not merely be extensions of previously funded projects.”*

However, the added language still needs some clarification to ensure that we are not funding duplicative projects from prior recipients. To achieve this, we must identify whether (1) an applicant meets the requirements for Emerging Market or market expansion and (2) has a ‘new’ or ‘existing’ product or market that is the subject of the proposal.

Emerging Markets

The only way that an Agricultural Producer Group, Farmer or Rancher Cooperative or Majority-Controlled Producer-Based Business Venture applicant can qualify for a VAPG grant is to meet the requirements for an Emerging Market. Emerging Market is defined as *“A new or developing, geographic or demographic market that is new to the Applicant or the Applicant's product. To qualify as new, the Applicant cannot have supplied this product, geographic, or demographic market for more than two years at time of application submission.”*

Previously funded recipients that fall under one of the three applicant types mentioned above may **only** submit subsequent applications for the following:

- **New** products
- **Existing** products that will be entering **new** demographic or geographic markets

Market Expansion

Although market expansion is not defined in the VAPG regulation, market expansion projects are discussed in 4284.922(b)(6)(i). Market expansion projects are limited to Independent Producers who have produced and marketed a product for at least 2 years at the time of

application, provided that the applicant can demonstrate that expanding the market will result in an increase to customer base and revenues returned to the Independent Producers.

Independent Producer applicants can propose market expansion or Emerging Market projects and may submit subsequent applications for the following:

Market expansion:

- Existing products to existing markets for **new customers only**
- Existing products to **new markets**

Emerging market:

- **New** products to existing markets
- **New** products that will be entering **new** demographic or geographic markets

Please also keep in mind that grant and matching funds cannot be used to supply more product to existing customers (under either emerging market or market expansion scenarios) and/or to duplicate current services or replace or substitute support previously provided (per 4284.926(o)). Documentation needed from the applicant to verify that the proposed project is not duplicative includes:

- Demonstration that the project will result in an expanded customer base and increased revenues returned to participating producers.
- Detailed work plan, budget, and scoring criteria discussion to sufficiently demonstrate that the project is substantially different, per RD Instruction 4284, § 4284.920(e).
- Supporting documents for working capital applications (feasibility studies, business or marketing plans, as applicable) per 4284.922(b)(6).

If you have any questions regarding this AN, please contact Shantelle Gordon at 202-720-1394, shantelle.gordon@wdc.usda.gov or Tracey Kennedy at 202-568-9943, tracey.kennedy@wdc.usda.gov.

/s/ SAMUEL H. RIKKERS

SAMUEL H. RIKKERS
Administrator
Rural Business-Cooperative Service