

## VALUE-ADDED PRODUCER GRANT

### Mid-Tier Value Chain Proposals

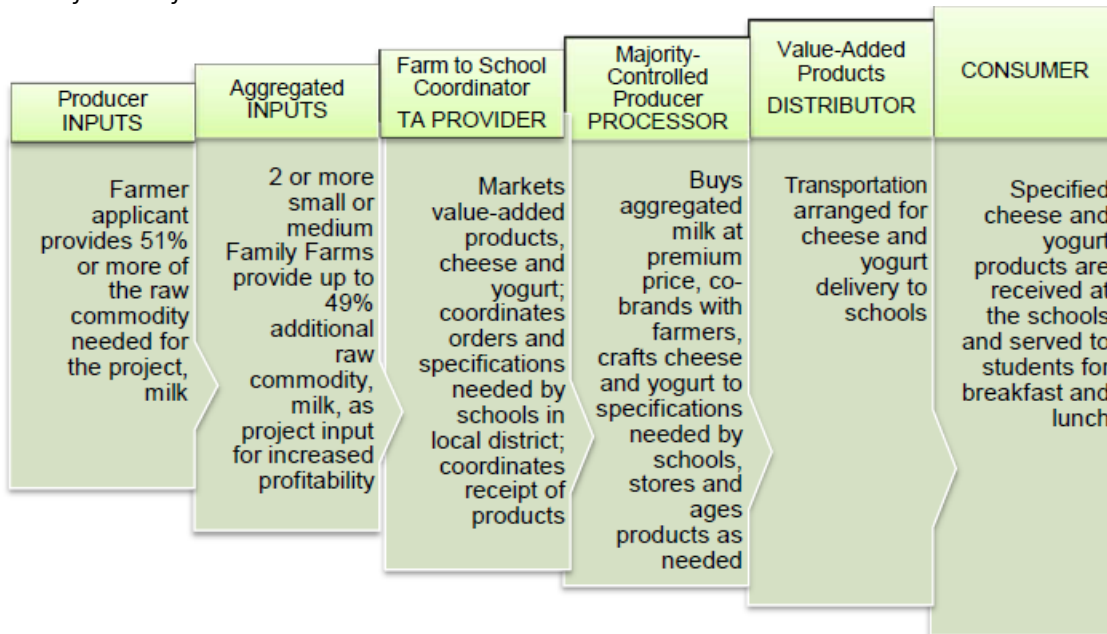
#### What is a Mid-Tier Value Chain (MTVC)?

- A supply network in which agricultural products move from production through consumption in a local or regional market due to the cooperation and aggregation of small or mid-scale producer inputs; strategic business relationships that emphasize organizational interdependence (different competencies), trust, and transparency; and equitable distribution of responsibilities and rewards across the chain.
- The supply network must link Agricultural Producers with businesses and cooperatives that market value-added agricultural products in a local or regional geographic area in a manner that:
  - a) Targets and strengthens the profitability and competitiveness of small- and medium-sized farms and ranches that are structured as a Family Farm; and
  - b) Demonstrates agreement with an eligible Agricultural Producer Group, Farmer or Rancher Cooperative, or Majority-Controlled Producer-based Business engaged in the value-chain on a marketing strategy.
- Typical links in the chain:

Producer Inputs → Aggregated Inputs → TA Provider/Marketer → Processor → Distributor → Consumer

#### Example of MTVC: Farm-to-School, Dairy

*In this example, milk is aggregated from multiple farmers in order to supply the volume required by the identified schools. The milk is sold to a cheese processor at a premium price for producers, and is co-branded and manufactured into cheese and yogurt products in accord with school specifications identified by the TA provider. A distributor is contracted to deliver the cheese and yogurt products to the identified schools, which is served to students for breakfast and lunch.*



- Applicant must currently produce and own more than 50 percent of the subject agricultural commodity.

#### Value-Added Producer Grant Program

January 2024

This document is for informational purposes only. Applicants must follow the instructions contained in the program regulation and annual Notice of Funding Availability

USDA is an equal opportunity provider, employer and lender

This document is for informational purposes only. If interested in applying for a VAPG grant, an applicant shall follow

## **VALUE-ADDED PRODUCER GRANT**

### **Mid-Tier Value Chain Proposals**

**Transfer arrangements within the Value-Chain:** Applicant ownership of the agricultural commodity and value-added product from raw through value-added is not necessarily required in a MTVC project, as long as the proposal demonstrates an increase in customer base and an increase in value-added derived revenue returning to the applicant producers supplying the majority of the agricultural commodity for the project.

#### **MTVC Participants**

- Grant Applicant: Agricultural Producer, Agricultural Producer Group, Farmer or Rancher Cooperative, or a Majority-Controlled Producer-based Business
- Supply Chain Network: agricultural producers (including small- or medium-sized Family Farms), processors, marketers, warehouse owners, distributors, wholesalers, retailers, consumers, and businesses that provide technical assistance to create or support network operations (i.e. farm-to-school coordinator, CEDO consultants)
- National entities as part of the supply network are allowed ONLY IF they serve a limited and well-defined local or regional USA market for the project (i.e. Wal-Mart participates in a local farmer produce market)

#### **MTVC Farmers and Ranchers**

- Treated as strategic partners, not as interchangeable input suppliers
- Participate fully in value-chain decisions: risk-taking, governance
- Negotiate prices based on production and transaction costs, plus a reasonable margin
- May control brand identity up the supply chain or co-brand with strategic partners

#### **Resources: Applications must meet ALL program requirements**

- VAPG website: <http://www.rd.usda.gov/programs-services/value-added-producer-grants>
- Application Toolkits
- [Program Regulation 7 CFR 4284-J published September 16, 2024](#)
- Program Information Sheets
- Rural Development State Offices: 1-800-670-6553, then press “1” or <http://www.rd.usda.gov/contact-us/state-offices>.
- Agricultural Marketing Resource Center website: <http://www.agmrc.org>