



Together, America Prospers

Rural Development Funding Overview for Agricultural Producers

Southern New England jurisdiction (CT/MA/RI)

Introduction to USDA Rural Development

Rural Development at a glance

Lead federal agency in helping rural communities grow.

Our mission is to increase economic development & opportunities within rural areas.

How does RD do this?

We offer a broad range of programs, where we provide loans, grants, & technical assistance to build critical infrastructure projects.

Our programs expand from housing, community facilities, water & Environmental programs –all the way to business & cooperative programs.



VALUE ADDED PRODUCER GRANT (VAPG)



VAPG Purpose

Provides grant funds for economic planning activities or eligible working capital expenses to enable viable Agricultural Producers to develop businesses that produce and market Value-Added Agricultural Products and to create marketing opportunities for such businesses.

Annually Funding Competitive Program

What is Value Added? 5 Methodologies

1. Change in physical state (*i.e. Milk into Cheese*)
2. Produced in a manner that enhances the value of the agricultural commodity. (*i.e. organic Carrots or eggs produced from free range chickens*)
3. Physical segregation. (*i.e. GMO corn separated from Non-GMO corn on the farm during production & harvesting with continued separation through marketing.*)
4. Farm- or ranch-based renewable energy. (*i.e. Dairy Manure into methane and electricity on the farm*)
5. 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. (*i.e. local sweet corn advertised and sold at a premium as a fresher locally-produced alternative to non-local produce*)

Eligible Entities

- 1.) **Independent producers**- 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. An agricultural harvester would be eligible if they have the legal right to harvest a primary (not residual) commodity. For ex: a commercial fisherman
- 2.) **Agricultural producer groups**- A **nonprofit** 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.
- 3.) **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.
- 4.) **Majority-controlled producer-based business ventures**- The majority of the financial and voting interest belongs to Independent Producers. ***Pertains to multiple producers who have formed a legal entity for the purposes of a mid tier value chain.**

Applicant Eligibility

- Must Currently produce and own more than 50% of the raw commodity that will be used.
- Own the product from its raw commodity state through the production of the Value-Added product during the Project.* *exception for Mid Tier Value Chain
- **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.

Two 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.

VAPG Summary

- **Maximum Award Amounts**

\$75,000 Planning

\$250,000 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.



VAPG Purpose Eligibility – Use of Funds

Costs for eligible activities 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

Costs for ineligible activities 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

Previous VAPG Awards

- \$250,000 working capital to an oyster farm to market and distribute their oysters locally directly to consumers.
- \$48,170 working capital to an oyster farm to market and develop oyster and wine pairings and oyster shucking demonstrations and preparations at restaurants.
- \$15,315 working capital to support product development, process development, and business planning to bring an underutilized Rhode Island shellfish to market.
- \$200,000 working capital to dairy farmer to help with grocery slotting fees to offset introduction costs of new brand of cream cheese.
- \$9,280 for feasibility study to determine if pecan shelling and processing facility would be profitable.

Comprehensive Toolkits for Planning and Working Capital

The application toolkit, regulation, and official program notification for this funding opportunity can be obtained online at:

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

VAPG-POC Questions? How to Apply:

Deadline: TBD (Spring-ish)

Expecting Notice to be published in February

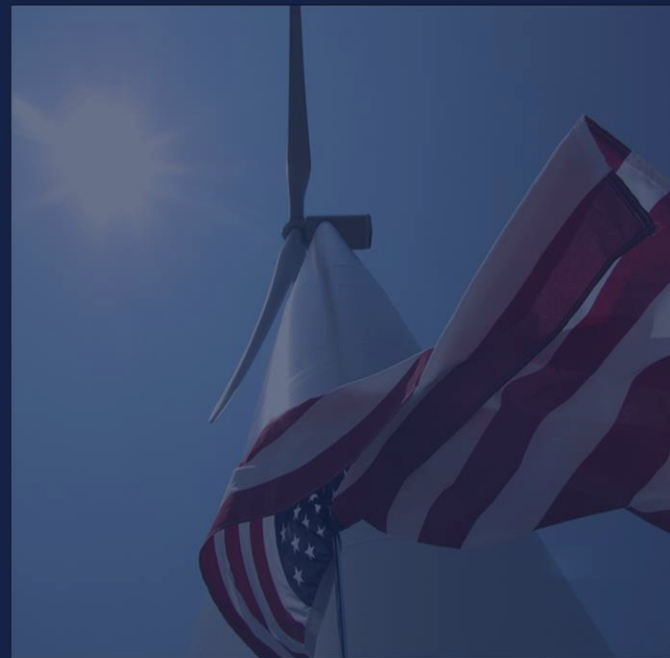
Application Webinar Coming in
February/March.

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RURAL ENERGY AMERICA PROGRAM (REAP)



What Does REAP do?

Grant assistance – up to 25% of the total project costs

Energy Efficiency Improvements

Renewable Energy Systems















ELIGIBLE APPLICANTS UNDER REAP:

- **Agricultural Producer**
 - **Individual or entity that receives 51 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 $\leq 50,000$**
 - **Website: www.rd.usda.gov/reap (use rural area link)**

Rural areas

- Small businesses must be located in a rural area.
- (<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>)
- Agricultural producers are exempt.



Eligible Technologies

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

The technology must be commercially available. Research and development projects do not qualify.

Funding

Up to 25%
of Eligible Project Costs

 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

MAX = 750K (1 EE & 1 RES in any 1 year)
May be combined w/ other State & local incentives.



MA -Renewable Energy

COOK Forest Products Inc.

Biomass Micro -Wood Chipper

- \$450,000 Total Cost
- \$85,473 REAP Grant
- \$250,000 DOER Grant
- \$114,227 Financing

Alternative Fuel Source Created equivalent to 130,045 gallons of home heating oil.



Next REAP Deadlines 03/31/2022 & (10/31/2022 -small only)
POC – How to Apply

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<https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-renewable-energy-systems-energy-efficiency-improvement-guaranteed-loans>

OneRD Guarantee Loan Initiative: Business & Industry Loan Guarantees

What does this program do?

This program offers loan guarantees to lenders for their loans to rural businesses.

What lenders may apply for this program?

Lenders need the legal authority, financial strength and sufficient experience to operate a successful lending program. This includes lenders that are subject to supervision and credit examination by the applicable agency of the United States or a State including:

Website:

[Business & Industry Loan Guarantees | Rural Development \(usda.gov\)](https://www.usda.gov/ruraldevelopment/business-industry-loan-guarantees)



Rural Development

U.S. DEPARTMENT OF AGRICULTURE