

NNFP Funding Opportunity Briefing

USDA Value Added Producer Grant Program

Prepared for NNFP Business Members

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The Value-Added Producer Grant program from USDA Rural Development is one of the most effective grant programs for assisting forest cooperatives in their development. A VAPG can support either planning or operations:

Planning Grants

To fund feasibility studies, business planning activities, operations plans, financial analysis or legal support for formation. Planning Grants have a \$100,000 maximum.

Working Capital Grants

To fund operating expenses for a value-added venture, including staffing, rent, utilities and inventory purchases. Working Capital grants have a \$300,000 maximum, and require submission of a working business plan with three years of financial projections to receive the award.

If you are thinking of applying for the VAPG, here are some key characteristics of the program:

- **Matching Funds** — a 50/50 match is required. This match, from non-federal sources, can be either in the form of cash or in-kind. Cash match can be documented through bank statements, non-federal grant agreements or lines-of-credit. In-kind must come from third-party sources that directly and clearly quantify the value of services to be provided for the project for free.
- **Demonstrating Commitment** — documenting the market opportunity for the value-added concept is critical to receiving funding. This can come in the form of a wholesale customer, broker or end-user letter documenting demand for the product to be created.
- **Timing** — Grants are due November 30, 2009. Grant projects start March 1, 2010, and can be for 1-3 years in length from the start date.
- **Submission Information** — Grant Applications can be submitted either on paper or through the grants.gov electronic submission system.

- **Demonstration of Value-added Concept** — successful applications must demonstrate how the project and corresponding value-added process enhance income for farmers or forest landowners. This can be accomplished by converting a raw commodity to something with more value further up the value chain, or by segregating the product from mainstream commodities and selling as a natural or local product that commands a premium.

If you are interested in applying for a VAPG, NNFP can provide you with conceptual assistance, as well as helping to review and comment on your application draft. For more information, please contact NNFP at 740-593-8733.