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FOR FURTHER INFORMATION CONTACT: For further information contact your USDA State Rural Development Office. You may also obtain information from the RBS Web site at: <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>.

SUPPLEMENTARY INFORMATION:**Background**

This solicitation is issued pursuant to section 231 of the Agriculture Risk Protection Act of 2000 (Pub. L. 106-224) as amended by section 6401 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) authorizing the establishment of the Value-Added Agricultural Product Market Development grants. The Secretary of Agriculture has delegated the program's administration to USDA's Rural Business-Cooperative Service.

The primary objective of this grant program is to help eligible independent producers of agricultural commodities, agricultural producer groups, farmer and rancher cooperatives, and majority-owned producer-based business ventures develop business plans for viable marketing opportunities and

develop strategies to create marketing opportunities. Eligible agricultural producer groups, farmer and rancher cooperatives, and majority-controlled producer-based business ventures must limit their proposals to emerging markets. These grants will facilitate greater participation in emerging markets and new markets for value-added products. Grants will only be awarded if projects or ventures are determined to be economically viable and sustainable.

This grant program has a matching funds requirement. Applicants must provide matching funds at least equal to the grant. Other Federal grants cannot be used as matching funds. Grant funds and matching funds must be spent proportionately during the timeframe stated in the grant application. Grant funds will be disbursed pursuant to applicable provisions of 7 CFR parts 3015 and 3019. Matching funds must be used to support the overall purpose of the VADG program.

Definitions

Agency—The Rural Business-Cooperative Service (RBS) or its successor.

Agricultural Producer Group—Any organization that represents independent producers such as a producer trade association or a state or national commodity group. Agricultural producer groups must propose ventures that are entering into emerging markets.

Agricultural Product—Plant and animal products and their by-products to include fish and seafood products and forestry products.

Emerging Markets—A new or developing market for the applicant. That is, a market the applicant has not traditionally supplied. The venture must be focused on this new or developing market.

Farmer or Rancher Cooperative—A duly recognized farmer or rancher cooperative in good standing under State law. Farmer or rancher owned cooperatives must propose ventures that are entering into emerging markets.

Independent Producer—A producer of agricultural commodities or products including those products from aquaculture, fish harvesting, and wood lot enterprises. This can be an individual producer; or a producer owned corporation, LLC, or LLP solely owned by producers. An independent producer can also be a steering committee composed of independent agricultural producers in the process of organizing an association to operate a value-added venture. The venture must be owned and controlled by the independent producers who are

supplying agricultural product to the market. An independent producer cannot produce under contract or joint ownership with any organization other than their own.

Majority-Controlled Producer-Based Business Ventures—A corporation, LLC, LLP, or other type of business structure where producers have more than 50 percent of the ownership and control of the entity. No more than 10 percent of the grant funds will be awarded to these ventures. Majority-controlled producer-based business ventures must propose ventures that are entering into emerging markets.

Matching Funds—Cash or confirmed funding commitments. Matching funds cannot be from another Federal grant. Matching funds must be at least equal to the grant amount. In-kind contributions as defined at 7 CFR part 3015, subpart G can be used as matching funds. Examples of in-kind contributions include volunteer services furnished by professional and technical personnel, donated supplies and equipment, and donated office space.

National Office—The Rural Business-Cooperative Service (RBS) office at USDA headquarters in Washington, DC.

Planning—A defined program of economic activities to determine the viability of a potential value-added venture including feasibility studies, marketing plans, business plans, and legal evaluations.

State Office—USDA Rural Development offices located in most states.

Value-Added—(1) Any agricultural commodity or product that has undergone a change in the physical state or form of the product (such as milling wheat into flour, slaughtering livestock or poultry, or making strawberries into jam). (2) The production of an agricultural commodity or product in a manner that enhances its value, as demonstrated through a business plan (such as organically produced products). (3) The physical segregation of an agricultural commodity or product in a manner that results in the enhancement of the value of that commodity or product (such as an identity preserved marketing system). As a result of the change in physical state or the manner in which the agricultural commodity or product is produced or segregated, the customer base for the commodity or product is expanded and a greater portion of revenue derived from the marketing, processing, or physical segregation is made available to the producer of the commodity or product. Value-added also includes using any agricultural