

# AGRI Value-Added Feasibility Study Grant

## 2019 Request for Letters of Interest

### CONTENTS

1. [Grant Overview](#)
2. [Application and Award Process](#)
3. [Evaluation Profile](#)

### Contact

Additional information about this program can be found on the [VAFSG website](#).

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# GRANT OVERVIEW

## Goal

The AGRI Value-Added Feasibility Study Grant (VAFSG) helps individuals and businesses determine the feasibility of value-added business ventures that will enhance the value of Minnesota agricultural products.

## Award Details

Grant funds are available to reimburse up to 50 percent of the costs for a third party consultant to conduct a feasibility study of agricultural value-added business ventures. The maximum award is \$35,000.

We review applications and award funds on a first-come, first-served basis.

## Eligible and Ineligible Applicants

Any Minnesota residents or businesses can apply for a feasibility study for a new business or to expand or diversify an existing business that adds value to a Minnesota agricultural product. This includes farmers and farmer networks, agricultural cooperatives and businesses, and others. Applicants and their subcontractors must be in compliance with Minnesota tax and environmental regulatory requirements to be eligible for funding.

Non-Minnesota residents and businesses and MDA employees are not eligible for this grant.

## Definitions

### Feasibility Study

A feasibility study is an analysis of a proposed project to determine if it is technically feasible, is feasible within the estimated cost, and will be profitable. A feasibility study is conducted to determine if there is at least one way a proposed project can be accomplished to generate adequate cash flow, profits, withstand risks, and allow the business to grow in the long-term. Feasibility studies are usually conducted where large investments will be needed for the proposed business venture or when a lender or investor requires one. The venture can be anything from starting a business to expansion of current operations or a new initiative for a business.

A feasibility study can also examine the implications, strengths, and weaknesses of each of the chosen scenarios in one or more areas of study. These areas of study can include: economic, market, technical/operational, organizational/management, and financial. The analysis is carried out considering the type of business, type of project, location etc. The business owner(s) determines beforehand which scenarios are to be studied, the scope of the study, and what questions they would like to be answered.

### Value-Added Agricultural Products

A value-added agricultural product, as defined by USDA Rural Development, is any agricultural commodity or product that has undergone a change in physical state or form that increases its value.

# APPLICATION AND AWARD PROCESS

1. Submit a Letter of Interest using our [online application system](#). In the letter, provide a brief summary of the proposed value-added, expansion, or diversification project. The letter should include:
  - a. A brief description of your current business or, if you plan to start a new business, your previous experience and qualifications to start an agricultural value-added business (max. 800 characters)
  - b. A description of your value-added business idea, the opportunity you've identified for starting or expanding the business, and the anticipated timeline for starting the business or beginning an expansion/diversification (max. 800 characters)
  - c. A description of what you hope to learn from this feasibility study (max. 300 characters)
  - d. The location of the project (max. 300 characters)
  - e. The market opportunity and proposed market outlets for your value-added product(s) (max. 800 characters)
  - f. The Minnesota agricultural commodities/products you will use in your value-added business (max. 800 characters)
  - g. The anticipated source of matching funds for your feasibility study (max. 400 characters)

*Note: Character limits include spaces.*
2. A review committee will evaluate your Letter of Interest using the [VAFSG Evaluation Profile](#) and staff will notify you of the results.
  - a. If your application is approved, we will send you additional information about the next steps. *Note: You are not guaranteed funding until final review of your feasibility scope of work and funding request.*
  - b. If your application is not approved, you can request reviewer comments and suggestions for improvement.
3. Once approved, you can take advantage of free consulting services from the [Agricultural Utilization Research Institute \(AURI\)](#). AURI will help you further define your goals, develop the scope of work for your study, and identify third party consultants to conduct the study.
  - a. If you choose not to work with AURI, you must identify a qualified third party consultant who will generate a quote for the study (which must include scope of work, economic viability, marketing plans, infrastructure needs, risk assessment, permitting requirement assessment, financing options, feedstock availability, etc.)
4. Submit the scope of work, quote for completion of the study, statement of consultant qualifications, and any other relevant documentation to the MDA.
5. Upon final approval, we will process the contract for the feasibility study.

# VAFSG EVALUATION PROFILE

## Value-Added (35 points)

- Clearly describes their business concept and how value will be added to an agricultural product/commodity.

## Utilization of a Commodity Source (20 points)

- Amount of Minnesota agricultural commodities or agricultural products will be utilized.

## Innovation and Market Potential (20 points)

- Opportunity for the value-added product in the marketplace.
- The value-added process is innovative or the product is unique.
- New markets can be accessed because of the project.

## Economic Impact (10 points)

- Potential economic impact for applicant.
- Potential benefit to Minnesota's agricultural economy.
- Potential impact on other producers or rural communities.

## Implementation (15 points)

- If the project is feasible, the business entity will be capable of carrying out the proposed business venture.