



MSU CENTER FOR REGIONAL FOOD SYSTEMS

FUNDING SOURCES FOR FOOD-RELATED BUSINESSES

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MICHIGAN STATE
UNIVERSITY

Center for
Regional Food Systems

FUNDING SOURCES FOR FOOD-RELATED BUSINESSES

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FUNDING SOURCES FOR FOOD-RELATED BUSINESSES

SECTION 1: INTRODUCTION

Purpose of This Directory

The *Funding Sources for Food-Related Businesses* is a directory created to support and benefit food-related business. The directory includes sources of national and local finance opportunities that may be available to producers, distributors, food hubs, and food-related businesses. The directory is a partial listing of what may be available across the United States; some examples may not be a good match with your particular circumstances. Initially informed by a list of funding resources for food-related businesses found on the Food+Tech Connect website, a media and research company building a network for food innovators and entrepreneurs (foodtechconnect.com), it has been made available by the MSU Center for Regional Food Systems to help support local food systems.

How the Directory Works

The directory is divided into four funding sources types:

- Crowd funding
- Accelerator
- Miscellaneous (non-federal)
- Federal resources



For each funding entity included, details are provided to help guide your decisions:

- Description
- Funding focus
- Funding limit
- Qualifications
- Geographical region of focus
- Website

At the end of the list of funding entities, a selection of resources on writing grant and loan applications is provided. Writing a robust, effective grant and/or loan application can help you successfully obtain the funding you need for your business. Look to the tips provided as you determine which type funding source is right for your business.

► BEFORE YOU BEGIN, DO YOU HAVE A BUSINESS PLAN?

At any stage of a business's growth and development, an essential component of continuing success is having an updated 3- to 5-year plan that outlines how a company will grow its business and generate revenue. A good plan will outline a business's current state, resources, and abilities as well as a vision of where, when, and how the business is to grow. The business plan serves as a guiding document, allowing all employees and shareholders to have a unified vision of the business goals, a trajectory for goal achievements, and a framework for assessment and evaluation.

Having a well-thought-out business plan is especially important when seeking new lenders and investors. A plan should show the company's long-term ability to generate profit in order to meet debt obligations and become self-sufficient. Potential investors, whether large or small, will want reassurance that your business has a plan for financial stability in the future. It will also help you better assess what type and size of funding is necessary.

While this directory is not intended to serve as a business planning guide, below please find several resources for creating a business plan, business planning, and workshops:

- *How to write a business plan for a food business* http://www.bplans.com/food_production_business_plan_templates.php
- *United States Small Business Administration* <http://sba.gov/writing-business-plan>
- *State of Michigan Business Support* <http://michigan.gov/som/0,4669,7-192-29943---,00.html>
- *Michigan Small Business Development Center* <http://sbdcmichigan.org/get-started>
- *Building Successful Food Hubs: A Business Planning Guide for Aggregating and Processing Local Food in Illinois* <http://familyfarmed.org/wp-content/uploads/2012/01/IllinoisFoodHubGuide-final.pdf>

» WHAT TYPE OF FINANCING DO YOU NEED?

Before using this directory, you should have a clear idea of the type of financing that is best for your business. Use educational tools like Capital Compass, created by the New Hampshire Community Loan Fund, to help understand types of financing. These tools are not intended to be a financier or make decisions for the business owner. For more information, visit www.communityloanfund.org.

Useful Definitions for Capital Compass

Debt: Traditional method of a lender offering a certain dollar value of credit (loans)

Royalty: Growth financing structured as a revenue-sharing agreement

Equity: Selling shares of your company



SECTION 2: CROWDFUNDING



Crowdfunding is the practice of funding a project or venture by raising small amounts of money from a large number of people, typically via the Internet.¹ Crowdfunding has the added benefit of reaching a large pool of investors who typically morally support a business's agenda. The platform expands accessibility to investors with varying levels of financial resources, as it allows funders to make both large and small contributions. In addition, it increases the support base of parties with a vested interest in the success of your business.

There are several models of crowdfunding: donation, debt, equity, and reward-based. Donation-based models depend on a shared belief in the cause by investors. Debt-based models promise a return of investment to funders. Equity crowdfunding guarantees a share of the business for investors. Many business start-ups employ reward crowdfunding as well, which offers investors services or goods from their business. Most crowdfunding resources are best suited for small to medium-sized investments.

Crowdfunding is a fundraising platform that is changing rapidly, so it is recommended that those interested in using it to develop or grow their business do their own research first to make sure they have the most up-to-date information, particularly pertaining to terms of use, laws, and regulations. For further information and additional resources on crowdfunding, the Michigan Community Resources website has multiple guides on how entrepreneurs can use crowdfunding to start or grow their business.

Visit mi-community.org/tools-and-resources/economic-development-entrepreneurship.

¹ Crowdfunding. (2014). In Oxford Dictionaries (online). Retrieved from [oxforddictionaries.com/us/definition/american_english/crowdfunding](https://www.oxforddictionaries.com/us/definition/american_english/crowdfunding)

Barnraiser

barnraiser.us

How It Works

Barnraiser is a social and funding community that allows its members to influence and scale the food movement by connecting to innovators of sustainable food and farming, celebrating their stories, and collectively backing projects that shape how we farm and eat, locally and globally.

Funding Focuses On

Farms; food hubs; artisan, local, farm to table, and healthy foods; food and farming education; food media.

Funding Limit

Set by project creator but must be higher than \$2,000.

Qualifications

Not specified. Anyone who has a passion for the food movement, a U.S. bank account and credit card, is over 18 and is a U.S. citizen.

Financing Geographic Area

Mostly United States (international under certain conditions)

CircleUp

circleup.com

How It Works

CircleUp is a crowdfunding platform connecting accredited investors with innovative consumer and retail companies.



Funding Focuses On

Branded, tangible consumer products and retail companies; typically, but not limited to, food and health related products.

Qualifications

Must have at least \$500,000/year revenue; CircleUp Seed Program accepts companies with less than \$500,000 revenue.

Funding Limit

\$500,000–\$4.5 million (This range is based on previously funded companies)

Financing Geographic Area

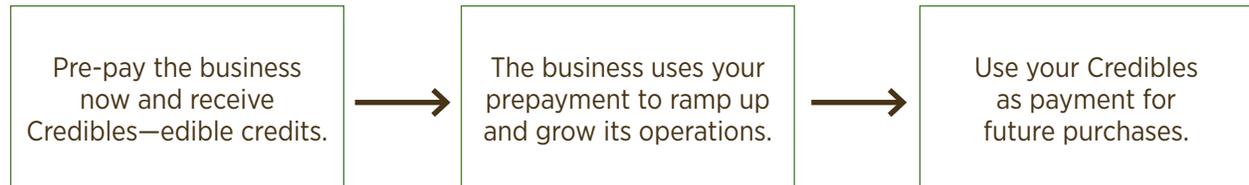
United States

Credibles

credibles.org

How It Works

Businesses receive crowdfunding in exchange for store credits to their funders (one credit = \$1).



Funding Focuses On

Small, sustainable food-related businesses.

Qualifications

Not specified

Funding Limit

Business campaign average: \$2,500-\$50,000. Upper funding limit: \$422,500

Financing Geographic Area

United States

Crowdfunder

crowdfunder.com

How It Works

Crowdfunder is an equity crowdfunding platform that allows businesses to fundraise online from accredited investors and venture capitalists. Crowdfunder is designed for early-stage startups and more mature businesses rather than inception (beginning) stage companies.

Funding Focuses On

Small, sustainable food-related businesses.

Qualifications

Must be an early start-up or mature business. Launching your campaign requires completion of documentation including term sheet, executive summary, and investor pitch deck. Getting started with Crowdfunder is free, but there is a one-time fee for advertising your project to the Crowdfunding investor network. Various fundraising packages are available, and services vary by package. For example, the self-starter package starts at \$499/month and includes services such as analytics, investor browsing, and support.

Funding Limit

Business campaign average: \$2,500-\$50,000. Upper funding limit: \$422,500

Financing Geographic Area

United States and global

Foodstart

foodstart.com

How It Works

Foodstart is a crowdfunding website that connects small restaurants and food trucks to opportunities to raise capital online instead of relying on a small group of investors. Like Kickstarter, start-up businesses post their funding campaigns on the Foodstart website and wait until the funding deadline is over to receive the funds.

Funding Focuses On

Restaurants, bakeries, breweries, and food trucks.

Funding Limit

Previous awards range from \$1,000-\$12,500.

Qualifications

New or existing food or beverage business.

Financing Geographic Area

United States, Canada, Austria, France, Germany, Japan, Spain, Italy, United Kingdom, and China.

FundRazr

fundrazr.com

How It Works

FundRazr is a crowdfunding platform for a variety of campaigns, including small businesses and entrepreneurs. Applicants create a campaign, choose a funding model, and share their story to collect funds.

Funding Focuses On

Non-profits and for-profit businesses

Funding Limit

Not specified

Qualifications

Must be 18 years old or if 13 - 17, must have the consent of an adult. Recipient must have a PayPal, WePay, or Stripe account. Must also have a personal Facebook, Google+, or LinkedIn account or a valid email address. Recipient pays service fee ranging from 2-7% (depending on the version of service offered) plus a payment provider fee of 2.9% plus 30 cents per transaction.

Financing Geographic Area

Fundrazr can be used in any country.

Indiegogo

indiegogo.com

How It Works

Indiegogo is a crowdfunding portal for creative, entrepreneurial projects. Entrepreneurs have the option of choosing flexible funding or fixed funding for their project.

Funding Focuses On

Creative projects including those related to food and beverages.

Funding Limit

Not specified

Qualifications

Ability to film a short video (1–3 minutes) for your project’s campaign.

Financing Geographic Area

Mainly United States. Credit card payments are available to campaigns raising funds in U.S. dollars, Canadian dollars, euros, and British pounds. Fixed-funding campaigns can raise funds via PayPal or credit card, depending on the campaign’s currency. Fixed-funding campaigns raising funds in U.S. dollars and euros can raise funds via direct credit card only. For further payment details, visit the website.

inKind

inkind.com

How It Works

inKind is an online platform providing a vehicle through which restaurateurs can raise capital from members of their local community using a site specifically tailored to the food and beverage service industry. The restaurateurs have complete control and responsibility over their concept. Each concept has a projected funding goal and deadline. If the community likes the concept, they can invest money to help meet the goal in exchange for food and beverage credit. Once a restaurateur has shown demand for their concept by raising food and beverage credit (Phase One), they are able to take larger investments in exchange for equity, as well as continue to sell investments.

Funding Focuses On

Restaurants

Funding Limit

Not specified

Qualifications

Show a demand for business concept (Phase One) to take larger investments in exchange for equity.

Financing Geographic Area

United States

Kickstarter

kickstarter.com

How It Works

Kickstarter is a fundraising platform for creative projects, including those related to food, with clear goals and deadlines. If the project succeeds in reaching its funding goal, backers' credit cards are charged at the end of the deadline; if the project does not reach its funding goal, backers are not charged.

Funding Focuses On

Creative projects, including those related to food, farming, and food retail.

Funding Limit

No limit. Project creator must meet funding goal by deadline in order to receive funding.

Qualifications

Must honestly represent business to create an all or nothing campaign. (If campaign does not achieve fundraising goal, no money is provided to the business).

Financing Geographic Area

Worldwide

Lendio

lendio.com

How It Works

Business submits a free application and is provided with a list of lender options. Lendio funding managers work with applicant, explaining each loan option and advising which one is best for the business.

Funding Focuses On

Small business loans

Funding Limit

Varies by loan plan. Up to \$5 million for some loan programs.

Qualifications

Not specified

Financing Geographic Area

United States

Localstake

localstake.com

How It Works

Helps small businesses analyze their financing options, connect with investors, and raise funds. Localstake is for small, growing businesses that are already, or are close to, generating revenue. It does work with start-ups in some situations; however, they must be able to start generating revenue within 3-6 months of receiving funding.

Funding Focuses On

Food and beverage producers, franchises, retailers, consumer product manufacturers, restaurants, breweries, and distilleries are common businesses that successfully raise funds using Localstake. In general, businesses that form connections with consumers and their broader communities are most successful at using Localstake for fundraising.

Funding Limit

Localstake is best for businesses looking to raise between \$50,000-\$5,000,000 in funding.

Qualifications

Must be 18 or older with a US and government-issued ID and a major credit/debit card. The business must be formed and have an Employee Identification Number (EIN), been formed in a state the Localstake is currently registered in, and have a bank account and U.S. address.

Financing Geographic Area

United States

Patronicity

patronicity.com/puremichigan

How It Works

Patronicity is a civic crowdfunding platform that supports community and economic improvement projects in Michigan, Massachusetts, and Indiana.

For Michigan residents, the Michigan Economic Development Corporation (MEDC) partners with Patronicity to offer the Public Spaces Community Places grant. For this unique state government crowdgranting initiative, communities, nonprofits and other business entities use Patronicity to raise funds for their community improvement projects. Those that meet their fundraising goals can receive a matching grant from the MEDC of up to \$50,000.

Funding Focuses On

Community development and improvement projects, including food-based initiatives such as farmers markets, community kitchens, popup retail shops, and “incubator spaces.”

Funding Limit

Not specified. For Public Spaces Community Places grant, MEDC may provide matching funds of up to \$50,000.



Qualifications

Must live in Michigan, Massachusetts or Indiana and be 18 or older.

Financing Geographic Area

Michigan, Massachusetts, or Indiana

Only Michigan residents can apply for Public Spaces Community Places grant.

Seedinvest

www.seedinvest.com

How It Works

Seedinvest is a crowdfunding platform that supports equitable, capital, and angel investing.

Funding Focuses On

Building capital for high growth businesses including real estate acquisition.

Funding Limit

Up to \$20,000,000

Qualifications

Seedinvest works with high growth, professional, and early-stage businesses. When applying, you must provide financial information and a slide deck.

Financing Geographic Area

United States

SECTION 3: START-UP ACCELERATOR RESOURCES



Start-up, or seed, accelerators provide support through small amounts of seed capital, and offer services like mentoring, training, and events for a finite period—usually 3 to 4 months—in exchange for single-digit chunks of equity.² Unlike most funding sources, accelerators have the added benefit of creating mentor partnerships with business experts willing to share their knowledge. Funding is not necessarily guaranteed, though businesses are exposed to already established networks of investors. Accelerators thus often give businesses access to larger potential funders.³

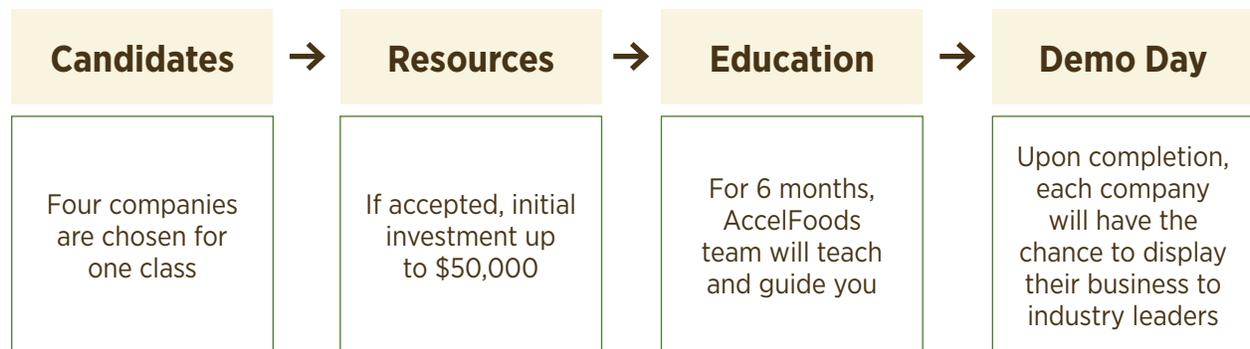
³ Get2Growth. (2013, October 12). *Defining Startup Accelerator, Business Incubator...?* Retrieved from get2growth.com/startup-program-definitions

AccelFoods

accelfoods.com

How It Works

AccelFoods is an accelerator for packaged food and beverage start-ups. They provide functional and financial support to help you accelerate your growth.



Funding Focuses On

Packaged food & beverage entrepreneurs

Funding Limit

If accepted, initial investment of \$18,000-\$50,000 depending on annual revenue upon entry. Upon completion of the program, most companies will be eligible to receive additional investment of \$100,000-\$200,000.

Qualifications

Must be positioned to sell your product through retail or foodservice channels and have an annual income of \$100,000-\$500,000. Generally, the investment and technical assistance provided is in return for equity in a prospective entrepreneur's business.

Financing Geographic Area

United States

Food Hatch

foodhatch.co

How It Works

Food Hatch is a food-focused accelerator, which provides seed and early stage funding to food-related businesses. Companies apply through their website and, if accepted, a Food Hatch team will guide and mentor the company to become a successful business (five companies will be accepted at any given time within the program).

Food hatch offers:

- Funding
- Guidance & execution
- Marketing
- Branding strategy
- Product design & development
- Sales strategy
- Operational efficiencies
- Corporate law & legal

- Technology
- Corporate finance

Funding Focuses On

Food-related businesses

Funding Limit

\$18,000-\$35,000 with a 6-8% equity in each business accepted into the program.

Qualifications

Must be food-related businesses.

Financing Geographic Area

United States and international

food-x

food-x.com

How It Works

Food-x is an accelerator program that helps new businesses get off the ground and scale up quickly.

Funding Focuses On

All food-related businesses, focused on businesses providing and/or selling health food products or practicing sustainable farming and production methods.

Funding Limit

Up to \$65,000 plus follow-on funding

Qualifications

Prefer companies with at least two founders with a spread of capabilities and experience. Company must be incorporated in the United States. Entrepreneurs must be able to relocate to New York City to participate.

Financing Geographic Area

United States

This section includes funding sources like competitive loans and grants. For assistance writing a loan application or grant application, refer to SECTION 6: GRANT AND LOAN APPLICATION WRITING TIPS at the end of this document.

Ben and Jerry's Foundation, Grassroots Organizing for Social Change Program

benandjerrysfoundation.org/the-grassroots-organizing-for-social-change-program

How It Works

The Grassroots Organizing for Social Change Program offers project support to nonprofit organizations that strive to commit to the broader goals of social and environmental justice, and sustainable and just food systems.

Funding Focuses On

The Grassroots Organizing for Social Change Program states that the project priority strategies must include:

- Community and ally outreach
- Leadership development
- Constituent empowerment and decision-making
- Popular education
- Root cause analysis
- Power analysis
- Campaign development
- Mobilizing constituents & allies
- Coalition building
- Direct action

Funding Limit

One-year grants max out at \$20,000 for organizations that have a budget under \$500,000.

Qualifications

Organizations must have 501(c)3 status or have a fiscal agent with this status.

Financing Geographic Area

United States

The Conservation Fund

conservationfund.org

How It Works

The Conservation Fund provides loans across America to small businesses that conserve land and water resources. In particular, the fund works with underserved communities.



Funding Focuses On

Entrepreneurs who work in sustainable forestry and forest products, small-scale agriculture, ecotourism, natural food and medicines, biomass, renewable energy and energy efficiency, value-added and sustainable agriculture, water conservation and treatment, recycling and composting, and essential community services.

Funding Limit

\$5,000-\$50,000

Qualifications

- Both the applicant and the business must be located in the United States
- Access to Internet
- Registered in a commercial or credit union account to process payments
- There is an origination fee of \$200 for loans up to \$20,000, then 1% of the loan amount above that

Financing Geographic Area

United States with a focus on Natural Capital Investment Fund's core geography (WV, NC, VA, KY, OH, TN, GA, and SC)

Note: Outside of this service area, the fund works to leverage capital support from banks and community-based lenders prior to exclusively moving forward with a project.

Detroit Development Fund

detroitdevelopmentfund.com

How It Works

Detroit Development Fund's mission is to improve the quality of life in underserved Detroit neighborhoods and for Detroit residents.

Funding Focuses On

Focused on supporting Detroit-based businesses, especially those owned by entrepreneurs of color and by women. DDF is an intermediary lender for loans less than \$250,000 for the Michigan Good Food Fund.

Funding Limit

\$2,500 - \$150,000

Qualifications

Businesses must be located in the city of Detroit, have annual sales of >\$100,000, less than 50 employees, and have been operating for at least 12 months.

Financing Geographic Area

City of Detroit

Farm Aid Grant Program

farmaid.org/our-work/grants

How It Works

The Farm Aid Grant Program aims to aid "on-the-ground partners" in the movement to keep farmers producing good food for all.

Funding Focuses On

The grant program has three areas:

- Helping farmers thrive
- Taking action to change the system
- Growing the good food movement

A prospective food-related organization or business has the potential to fall under any of these three project areas.

Funding Limit

Typically, grants range between \$500-\$20,000.

Qualifications

Only IRS 501(c)(3) tax-exempt nonprofit organizations may apply. An applicant must submit a full proposal by the dates included on the website.

Financing Geographic Area

United States

Grand Rapids Opportunities for Women (GROW)

growbusiness.org

How It Works

Grand Rapids Opportunities for Women is a non-profit organization focused on entrepreneurs at various stages of business ownership. GROW empowers women (and men) entrepreneurs to launch, advance, and sustain their businesses.

Funding Focuses On

Microloans are available to support business equipment, inventory, working capital, and leasehold improvements. Rates are determined by loan size. GROW is an intermediary lender for loans less than \$250,000 for the Michigan Good Food Fund.

Funding Limit

\$1,000 to \$50,000

Qualifications

Must provide credit history and personal guarantee in the form of personal and/or business assets as well as evidence the loan can be repaid.

Financing Geographic Area

West Michigan



Greenstone Farm Credit Services

www.greenstonefcs.com

How It Works

Greenstone Farm Credit Services provides loan programs and financial services to the agricultural industry.

LOANS AND FINANCIAL SERVICES GREENSTONE OFFERS

Loan Programs

Operating
 Real estate
 Equipment
 AgDirect (agricultural equipment)
 AgriBusiness
 Leasing
 Young, beginning, and small farmer

Financial Services

Crop insurance
 Life insurance
 Disability insurance
 Tax services
 Accounting services & software
 Commercial credit card
 Farm cash management
 Funds held
 Customer IT services

Funding Focuses On

Agriculture industry for rural communities.
 Greenstone has a new program for loans
 for small farmers.

Funding Limit

Varies by programs and eligibility

Qualifications

Varies by programs and services

Financing Geographic Area

Michigan and Northeast Wisconsin

Kiva

kiva.org

How It Works

The Kiva community provides access to 0% interest loans and a community passionate about helping entrepreneurs in the United States and the world. Kiva is a nonprofit organization that allows people to finance loans individually or in teams. The loans are offered at affordable interest rates to low-income or underserved populations in the United States and over 80 other countries around the world.

Funding Focuses On

A variety of categories including food and food-related businesses.

Funding Limit

\$25-\$10,000

Qualifications

Varies by programs and services.

For Kiva U.S. loans, you must

- Live in the U.S
- Be older than 18
- Use the loan for business purposes
- Not currently be in foreclosure, bankruptcy or under any liens
- Be willing to demonstrate social capital by making a loan to another fundraising entrepreneur and by having a number of your friends and family make a loan to you

Financing Geographic Area

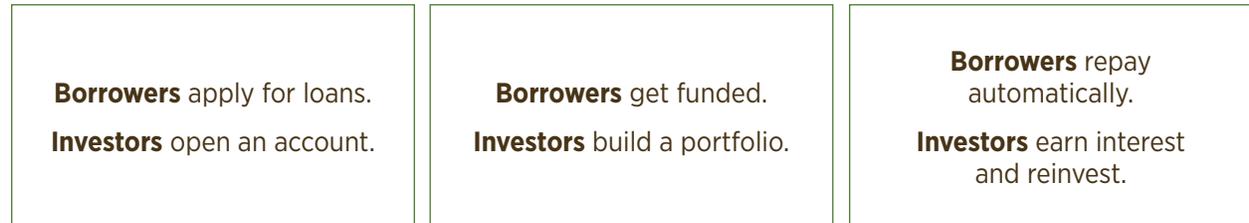
Worldwide

Lending Club

lendingclub.com

How It Works

Lending Club is a large online marketplace connecting borrowers and investors, where consumers and small business owners lower the cost of their credit and have a better experience than with traditional banking.



Funding Focuses On

Business loans can be used for a variety of purposes including purchasing equipment or expanding your location.

Funding Limit

Up to \$300,000

Qualifications

- 12 months in business
- At least \$50,000 in annual sales
- No recent bankruptcies or tax liens
- You own at least 20% of the business and have a least fair or better personal credit

Financing Geographic Area

United States

Metro Community Development (Flint Area)

metro-community.org

How It Works

Metro Community Development helps create partnerships for businesses in Flint and Genesee County to help underserved people in their communities. MCD has two overarching goals: maintaining community stability and stimulating community economic development.

Funding Focuses On

Market niches that are underserved by traditional lenders. They have partnered with Michigan Corps to do Kiva loans.

Funding Limit

Loans in the range of \$5,000-\$200,000

Qualifications

Must be a small business in the Flint or Saginaw areas of Michigan. Business should focus on community development.

Financing Geographic Area

Flint or Saginaw, Michigan

Michigan Good Food Fund

migoodfoodfund.org

How It Works

The Michigan Good Food Fund (MGFF) is a \$30 million public-private partnership loan fund that provides financing and business assistance to good food enterprises that benefit underserved communities across Michigan. MGFF supports projects that advance healthy food access, job creation, racial and social equity, local sourcing, and environmental sustainability. Core partners include Capital Impact Partners,* Fair Food Network, MSU Center for Regional Food Systems, and the W.K. Kellogg Foundation with intermediary lending support from Northern Initiatives, Detroit Development Fund, Grand Rapids Women's Organization, and Michigan Women Forward.

Funding Focuses On

MGFF supports the range of Michigan-based businesses that grow, process, distribute, and sell healthy food that reaches those who need it most. The fund is for single or multi-site grocery operators, cooperative grocers, corner stores, mobile markets, processing facilities, food incubators, food hubs or aggregators, producers, growers, processors, food distributors, and farmers markets. MGFF loans can be used for:

- Permanent working capital
- Inventory
- Equipment purchase
- Construction and property upgrades
- Facility expansion or upgrades
- Business process upgrades

Business Assistance Focuses On

MGFF also provides a range of business assistance including one-on-one consulting and workshops aimed at growing the business success of good food enterprises. MGFF also connects entrepreneurs with external consulting resources through its statewide referral network.

Funding Limit

MGFF offers capital structured to meet the needs of the enterprises it serves. Funding is available to qualified businesses from \$2,500 - \$6,000,000.

Qualifications

Vary by financing option. See migoodfoodfund.org/eligibility for further qualifications.

Financing Geographic Area

Michigan

* In addition to the Michigan Good Food Fund, Capital Impact Partners delivers strategic financing, social innovation programs, and capacity building nationwide. For more information, visit capitalimpact.org

Michigan Women Forward

miwf.org/michigan-womens-microloan-fund

How It Works

The Michigan Women's Microloan Fund is a financing program available to women entrepreneurs and small business owners.

Funding Focuses On

Purchase inventory, working capital, start-up costs, purchase of equipment, loan subordination, business acquisition (with expectation of 50% financing by applicant), contract financing.

Funding Limit

Microloans range from \$2,500-\$50,000

Qualifications

- Some investment of your own funds in the business
- Evidence that you can repay the loan
- Business must be 51% owned or led by a woman in the moderate to low income range
- Owner must be a Michigan resident
- Locating business in an underserved community

Financing Geographic Area

Michigan

Northern Initiatives

northerninitiatives.org

How It Works

Northern Initiatives is a Community Development Financial Institution (CDFI), a private financial institution that provides loans and business services to small business owners, entrepreneurs, and community organizations that might not qualify for loans from traditional banks for a variety of reasons. Many times, lending is focused on communities often underserved and considered low-income. CDFIs are certified by the Community Development Financial Institution Fund (CDFI Fund) and the U.S. Department of the Treasury, which provides funds to CDFIs through a variety of programs. There is at least one CDFI in each state.⁴

⁴ Community Development Financial Institution Fund. (2011, October 11). *Overview of What We Do*. Retrieved from cdfifund.gov/Pages/default.aspx

BUSINESS SERVICES	LOAN PROGRAMS
Capital to expand and launch businesses	Microloans: \$50,000 or less
Market expansion guidance	
Counseling for financial and operational aspects of businesses	Small Business Administration Loans (SBA): Less than \$250,000
Online marketing services	Other small business loans: \$50,000–\$500,000
eCommerce solutions	USDA Business and Industry Loans
Training	CDC/504 Loan: Equipment and real estate
Process support for manufacturers	

Funding Focuses On

Small business owners, entrepreneurs, and community organizations that enable the people and communities to thrive. Northern Initiatives is an intermediary lender for loans less than \$250,000 for the Michigan Good Food Fund.

Funding Limit

Loans range from \$1,000–\$1 million with varying terms

Qualifications

Varies by programs and regions

Financing Geographic Area

Northern Michigan and Northeast Wisconsin

Northwest Michigan Farm and Food 20/20 Fund

nwm.org/business/skills-alliances/agriculture-and-food-system-sector-alliance/farm-and-food-20-20-fund.html

How It Works

The Northwest Michigan Farm and Food 20/20 Fund is a regional financing collaborative offering a continuum of investment and loan products tailored to small and mid-scale farms and food businesses.

FINANCING OPTIONS	DESCRIPTION
Agriculture Individual Development Accounts	Matched savings program for capital-building assets that results in farm and food business assets
TC Area Chamber Micro-Loan Fund	Gap financing
Northern Initiatives	Community-based economic development financing
Honor Bank	Community bank
American Farmland Trust Fund	Capital access available for purchase of farmland through easement agreements

Funding Focuses On

Beginning small and mid-scale farm/producer businesses; triple-bottom-line agriculture and food entrepreneurs; innovative production practices and diversified operations; land transfer options; typically, annual sales under \$500,000.

Funding Limit

Varies by lender and social investment options

Qualifications

Varies by lender; Agriculture Individual Development Account, a matched savings program, requires eligible business proprietor to be loan eligible when meeting savings goal.

Financing Geographic Area

Northwest Michigan

Opportunity Resource Fund (OppFund)

oppfund.org/small-business-loans

How It Works

OppFund provides loans for the start-up or expansion of small businesses, including food businesses in Michigan. This will include pre-development costs, acquisition of land and renovation of buildings, inventory, and working capital.

Funding Focuses On

Market niches that are underserved by traditional lenders. They have partnered with Michigan Corps to do Kiva loans.

Funding Limit

Loans from \$10,000–\$250,000, require 10% equity investment

Qualifications

- Exhibit community control or local self-determination
- Demonstrate alternative business practices
- Loans available for nonprofit 501(c)(3) or 501(c)(4) organizations, for-profit entities, individuals, and current OppFunds borrowers

Financing Geographic Area

Michigan

Patagonia

patagonia.ca/environmental-grants.html

How It Works

Patagonia supports small, grassroots, activist organizations working to address the root causes of concerning environmental issues.

Funding Focuses On

Environmental-related work in alternative energy, biodiversity, forests, media/publications, resource extractions, social activism, sustainable agriculture, toxics/nuclear, water/marine.

More information on each focus: <https://www.patagonia.com/environmental-grants-and-support.html>

Funding Limit

\$5,000–\$120,000

Qualifications

Must be a 501(c)(3) organization. Patagonia funds work that is action-oriented, builds public involvement and support, is strategic, focuses on root causes, and accomplishes specific goals and objectives. Annual deadlines vary by program.

Financing Geographic Area

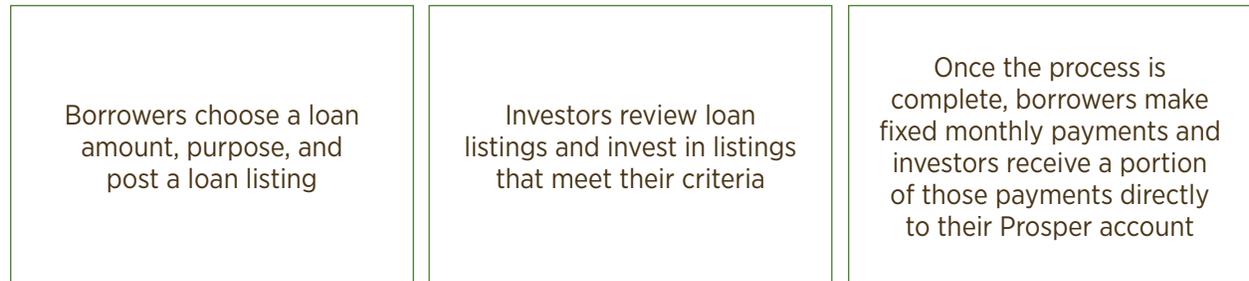
United States and international

Prosper

prosper.com

How It Works

Prosper is a peer-to-peer lending entity—an alternative to traditional loans and investing options.



Funding Focuses On

Loan types: debt consolidation, home improvement, personal or business use, auto & vehicle, short term & bridge, energy efficiency initiative loans, and more.

Funding Limit

\$2,000–\$40,000

Qualifications

Not specified

Financing Geographic Area

United States

Robert Wood Johnson Foundation, Culture of Health Prize

countyhealthrankings.org/roadmaps/prize

How It Works

The Culture of Health Prize awards community-based programs raise awareness and advocate for locally driven change across the nation. A food-health related business or organization working in partnership with a community to create positive change in community health would be an appropriate co-applicant for this funding.

Funding Focuses On

Projects that:

- Define health in the broadest possible terms
- Commit to sustainable system changes and policy oriented long-term solutions
- Cultivate the importance of equal opportunity for health
- Harness the collective power of leaders, partners, and community members
- Secure and make the most of available resources
- Measure and share progress and results

Funding Limit

\$25,000 grants will be awarded to 10 separate projects.

Qualifications

Must be a community such as a town, city, county, tribe or tribal community, or a region (such as contiguous towns, cities, or counties). Additionally, the community must have a local U.S. government or tax-exempt public charity accept the grant on the community's behalf. Application deadline November 1.

Financing Geographic Area

United States

RSF Social Finance

rfsocialfinance.org

How It Works

The [Social Enterprise Lending](#) program provides mortgage loans, construction loans, equipment loans, and working capital lines of credit to qualified for-profits and nonprofits.

Grants

The [Seed Fund](#) provides small grants to seed new initiatives that further the field of social finance or address issues in the areas of food and agriculture, education and the arts, or ecological stewardship.

Funding Focuses On

Food and agriculture, education and the arts, ecological stewardship

Funding Limit

Loans range from \$200,000–\$5,000,000

Seed grants are between \$500–\$3,500

Qualifications

- Alignment with RSF mission and focus area
- 501(c)(3) status for grants
- Three or more years of operating history
- Strong collateral
- Profitable, or can demonstrate a path to profitability in 12 months
- Excellent history of repayment on debt

Financing Geographic Area

United States and Canada

SPARK (Ann Arbor)

annarborusa.org

How It Works

Ann Arbor SPARK is an economic development organization

Funding Focuses On

Scaling product manufacturing, marketing and sales, customer attraction

Funding Limit

Microloans up to \$25,000. Two-year loan, repaid at end of term, with 12% interest.

Qualifications

For businesses in the Ann Arbor region committed to growing Ann Arbor area businesses.

Financing Geographic Area

Ann Arbor, Michigan

Whole Foods Market, Local Producer Loan Program

wholefoodsmarket.com/mission-values/caring-communities/local-producer-loan-program

How It Works

Whole Foods Market lends money through the Local Producer Loan Program to small, local, independent producers to help them expand their businesses. Applications are accepted online and at any time.

Funding Focuses On

Capital expansion or expenditures (e.g. buy more animals, expand crops, or invest in new equipment or infrastructure)

Funding Limit

\$1,000-\$100,000

Qualifications

- Must meet Whole Foods Market's quality standards and standards for animal welfare

- Have a viable business plan and adequate cash flow to service debt
- Loan amount must not exceed 80% of the total project cost
- Collateral required
- Be a local producer of a high-quality product

Desired qualifications

- Be expanding or broadening production, as opposed to starting a new venture or simply covering existing operating expenses
- Be located within a few hours' drive time of a Whole Foods Market store
- Be an organic or animal compassionate producer
- Have an existing, positive relationship with Whole Foods Market

Financing Geographic Area

United States

SECTION 5: ADDITIONAL SOURCES OF FUNDING INFORMATION



Beginning Farmers

A compilation of information resources on farm financing, finding land, business planning, agricultural production, marketing, and more for farmers, researchers, and policy makers. Farm financing includes the following grants and loans resources:

- USDA loan programs
- Other federal financial options
- Public and private organizations funding
- State loan programs
- Farm Credit Cooperative system
- Commercial lenders

beginningfarmers.org/funding-resources

Sustainable Agriculture & Food System Funders

Hosts a website with links to several resources intended to help NGOs navigate the philanthropic world, including:

- **Grantsdirect:** Directories profiling foundations that work in various issue areas
- **Guidestar:** A national database of nonprofit organizations
- **Chronicle of Philanthropy:** Highlights nonprofit news and list of grants nationwide
- **Foundation Center:** Its mission is to strengthen the nonprofit sector by advancing knowledge about U.S. philanthropy
- **SAFSF:** Offers couple of hours a month for grant search assistance to NGOs that complete a form on their website safsf.org/resources/ngo-grant-resources

Food+Tech Connect

A resource center for innovators and entrepreneurs in food, agriculture, health, and technology. The website provides information of the latest news, analysis, potential new funding sources, and research as well as listing training and networking events for food entrepreneurs

foodtechconnect.com

Michigan Small Business Development Center, Business Accelerator Fund

<https://sbdcmichigan.org/business-accelerator-fund>

How It Works

The Michigan SBDC provides a variety of services including business plan development, market research, raising capital, business workshops, technology commercialization, financial management, export strategy, and strategic planning. A food hub or other food-related business in the early stages of business development using advanced technologies would be a good candidate for this grant.

Funding Focuses On

The Michigan SBDC provides counseling, training, and research for new ventures, existing small businesses, and advanced technology companies.

Funding Limit

Not specified

Qualifications

Will vary depending on stage of business. See the website above for more information.

Financing Geographic Area

Michigan

Department of Agriculture and Rural Development State of Michigan

RURAL DEVELOPMENT FUND GRANTS

michigan.gov/mdard/0,4610,7-125-1570_51684_78392---,00.html

How It Works

These MDARD grant funds are available for projects that address expansion and sustainability of land-based industries; worker training related to land-based industries; and energy, transportation, communications, water and wastewater infrastructure to benefit rural communities, and micropolitan statistical areas. Land-based industries include:

- Food and agriculture
- Forestry
- Mining, oil and gas production
- Tourism

This grant is a cost reimbursement program, meaning grantees must cover all project costs until MDARD receives and approves all required documentation (reports, invoices, receipts). Grantees are eligible for reimbursement up to three times (at specified dates) during the 24-month grant cycle, with the final reimbursement at the end of the project.

Funding Focuses On

- Infrastructure development
- Rural capacity building
- Business development
- Talent development and training

Funding Limit

\$100,000 maximum limit

Qualifications

- Eligible applicants include individuals, organizations, businesses, local units of government, federally recognized tribes, and educational institutions. Applicants must be located within an eligible county to apply— see eligible counties map michigan.gov/documents/mdard/Rural_Development_Grant_Facts_Sheet_546275_7.pdf
- Applicants must provide a minimum of 30% matching funds of the grant amount requested (cash match is required)
- All applicants must be registered as a vendor in the Contracts and Payments system with the State of Michigan prior to submitting an application
- Preference will be given to projects in Marquette, Alger, Delta, Menominee, Dickinson, Iron and Baraga counties

Financing Geographic Area

Michigan (see above for counties given preference)

Department of Agriculture and Rural Development State of Michigan

SPECIALTY CROP BLOCK GRANT PROGRAM

michigan.gov/mdard/0,4610,7-125-1570_51684_78390---,00.html

How It Works

This is a grant administered by each state's Department of Agriculture. The State Department of Agriculture will grant funds to competitive specialty crops. Specialty crops are described as fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture). Food hubs or food hub related businesses working with a specialty crop may consider applying for this grant program.

Funding Focuses On

The program aims to improve the competitiveness of specialty crops pertaining to the issues of:

- Food Safety
- Marketing
- Nutrition
- Plant health
- Value added/industry development

Funding Limit

\$100,000 maximum funding

Qualifications

Funds will only be awarded to stakeholders who focus on the promotion of specialty crops.

Financing Geographic Area

Michigan (for Michigan's program—each state has its own program)

Department of Agriculture and Rural Development State of Michigan

VALUE-ADDED GRANT PROGRAM (active since 2016)

michigan.gov/mdard/0,4610,7-125-1570_51684_78393---,00.html

How It Works

This MDARD grant program is for projects that will establish, retain, expand, attract, or develop value added agricultural processing in Michigan, or that will expand or develop regional food systems or access the healthy food. Applicants first submit a project abstract and then, if the abstract is approved, submit a full proposal based on MDARD guidelines. This grant is a cost reimbursement program, meaning grantees must cover all project costs until MDARD receives and approves all required documentation (reports, invoices, receipts). Grantees are eligible for reimbursement up to three times (at specified dates) during the 18-month grant cycle, with the final reimbursement at the end of the project.

Funding Focuses On

- Value-added food processing
- Innovation and equipment
- Technical assistance/feasibility studies that lead to jobs and investment
 - o Outreach and training
 - o Food hub development
- Food access, including access to fresh/nutritional foods

Funding Limit

\$125,000 maximum funding

Qualifications

- Applicants must provide a minimum of 30% matching funds of the grant amount requested (cash match is required; in-kind contributions will not be counted as part of the required match)
- Salaries may only be included as cash match. Travel costs must be covered by the matching funds
- All applicants must be registered as a vendor in the Contracts and Payments system with the State of Michigan prior to submitting an application

Financing Geographic Area

Michigan



USDA, Agricultural Marketing Service

FARMERS MARKET PROMOTION PROGRAM (FMPP)

ams.usda.gov/services/grants/fmpp

How It Works

This grant program seeks to increase domestic consumption and access to locally and regionally produced agricultural products by developing direct producer-to-consumer market opportunities. This may include the establishment or improvement of a food hub or a food hub related business.

Funding Focuses On

The development of new opportunities for farmers and ranchers working with:

- The improvement of domestic farmer's markets
- Roadside stands
- Community-supported agriculture programs
- Agro-tourism activities
- Other direct producer-to-consumer market opportunities

Funding Limit

Information not available

Qualifications

Agricultural businesses, agricultural cooperatives, community support agriculture networks and associations, economic development corporations, nonprofit corporations, public benefit corporations, etc.

Financing Geographic Area

United States

USDA, Agricultural Marketing Service

LOCAL FOOD PROMOTION PROGRAM (LFPP)

ams.usda.gov/services/grants/lfpp

How It Works

LFPP offers grant funds with a 25% match to support the development and expansion of local and regional food business enterprises (i.e. food hubs or food hub related businesses) to increase domestic consumption and access to locally and regionally produced agricultural products, and aids in developing new market opportunities for farm and ranch operations serving local markets.

Funding Focuses On

The program is divided into two types of grants—a “planning” grant and a “implementation” grant. For more information regarding what category you would fall under, visit the website noted above.

Funding Limit

LFPP planning grants are used to implement the planning or expansion of a local and regional food business enterprise. A minimum of \$25,000 and a maximum of \$100,000 will be granted. Implementation grants range from \$100,000-\$500,000.

Qualifications

Agricultural businesses, agricultural cooperatives, community support agriculture networks and associations, economic development corporations, nonprofit corporations, public benefit corporations, etc.

Financing Geographic Area

United States

USDA, Farm Service Agency

FARM STORAGE FACILITY LOAN PROGRAM

fsa.usda.gov/programs-and-services/price-support/facility-loans/farm-storage

How It Works

FSFL is an excellent financing program for on-farm storage and handling for small and mid-sized farms, and for new farmers. Loan terms vary from three to 12 years. The maximum loan amount for storage facilities is \$500,000. The maximum loan amount for storage and handling trucks is \$100,000. In 2016 FSA introduced a new loan category, the microloan, for loans with an aggregate balance up to \$50,000. Microloans offer a 5% down payment requirement, compared to a 15% down payment for a regular FSFL, and waive the regular 3-year production history requirement.

Funding Focuses On

Eligible commodities include:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley, or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats, or barley harvested as other-than-whole grain
- Other grains (triticale, speltz, and buckwheat)
- Pulse crops
- Hay
- Honey
- Renewable biomass commodities
- Fruits and vegetables
- Floriculture
- Hops
- Maple sap
- Milk, cheese, butter, yogurt
- Eggs, meat/poultry (unprocessed)
- Rye
- Aquaculture (excluding systems that maintain live animals through uptake and discharge of water)
Additionally, the loan will also cover the equipment needed to wash, treat, and pack fruits and vegetables.

Funding Limit

Loans range from \$50,000–\$500,000

- Loan terms vary 3 – 12 years.

Qualifications

An extensive and complete eligibility fact sheet may be found at:

fsa.usda.gov/Internet/FSA_File/fsfl09.pdf

Financing Geographic Area

United States

USDA, Food and Nutrition Service

FARM TO SCHOOL GRANT PROGRAM

fns.usda.gov/farmentoschool/farm-school-grant-program

How It Works

The purpose of the USDA Farm to School Grant Program is to assist eligible entities in implementing farm to school programs that improve access to local foods in eligible schools. On an annual basis, USDA awards up to \$7.5 million in competitive grants for training, supporting operations, planning, purchasing equipment, developing school gardens, developing partnerships, and implementing farm to school programs.

Funding Focuses On

Bringing local and regional produce into the school's cafeteria; non-formal educational activities such as the implementation of school gardens, visits to local farms, and culinary classes; and the establishment of education related to food in the classroom.

Funding Limit

Planning awards range from \$20,000-\$50,000; implementation and support service awards range from \$50,000-\$100,000; training awards range from \$20,000-\$50,000. Matching funds of 25% are required for all four grant types.

Qualifications

Eligible school may apply, as well as state and local agencies, Indian Tribal Organizations, agricultural producers or groups of agricultural producers, and nonprofit entities. For more details on qualifications refer to website above.

Financing Geographic Area

United States



USDA, National Institute of Food and Agriculture

AGRICULTURE AND FOOD AND RESEARCH INITIATIVE (AFRI): AGRICULTURAL ECONOMICS AND RURAL COMMUNITIES

nifa.usda.gov/funding-opportunity/afri-foundational-agriculture-economics-and-rural-communities

How It Works

This grant supports projects related to agricultural and rural economies, specifically in the areas of research, education, extension, entrepreneurship, and markets and trade. Although the application targets universities and nonprofits, food businesses can benefit by being collaborators or partners.

Funding Focuses On

Research focusing on the benefit of small to mid-sized farms and rural communities. Examples include developing farm decision making tools, identifying the effects of input costs, and developing sustainable business strategies.

Funding Limit

Maximum of \$1,000,000 over a 5-year period.

Qualifications

Universities may apply as well as other organizations depending on the project, for more information refer to the website above.

Financing Geographic Area

United States

USDA, National Institute of Food and Agriculture

AGRICULTURE AND FOOD AND RESEARCH INITIATIVE (AFRI): IMPROVED SUSTAINABLE FOOD SYSTEMS

nifa.usda.gov/program/agriculture-and-food-research-initiative-afri

How It Works

This grant funds projects related to research, education, and extension related to sustainable local and regional food systems seeking to improve U.S. food safety and security, support the local economy, combat childhood obesity, improve rural economies, increase food production, and train the next generation of the agricultural workforce. A food hub or food hub-related business aiming to research its role as a sustainable actor would be a good candidate for this grant.

Funding Focuses On

Community development strategies, local and

regional food systems that help foster U.S. food security, conferences and workshops, etc.

Funding Limit

Varies by year. For more information, refer to the website above.

Qualifications

Must be a higher education institution

Financing Geographic Area

United States

USDA, National Institute of Food and Agriculture

BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM

nifa.usda.gov/program/beginning-farmer-and-rancher-development-program-bfrdp

How It Works

This grant seeks to fund organizations that train, educate, and provide technical assistance to new farmers or ranchers. A food hub or food hub-related business starting up or new to agriculture and farming may apply for this program.

Funding Focuses On

Helping new farmers and ranchers work on production, marketing, business management, legal strategies, and other critical needs to managing a successful operation.

Funding Limit

Standard grants may be up to \$200,000 per year for up to 3 years.

Qualifications

State, tribal, local, or regionally based networks or partnerships of public and private entities. This is not a program that can be given directly to agricultural entrepreneurs, but these grants often include agricultural entrepreneurs in the overall programming.

Financing Geographic Area

United States

USDA, National Institute of Food and Agriculture

COMMUNITY FOOD PROJECTS COMPETITIVE GRANTS PROGRAM (CFPCGP)

nifa.usda.gov/program/community-food-projects-competitive-grant-program-cfpcgp

How It Works

This program funds three types of projects:

- Community food projects
- Planning projects
- Training and technical assistance projects

These three types of projects could all be a food hub or could be a food-related business.

Funding Focuses On

Projects that meet the needs of low-income individuals through food distribution and access, and community outreach to assist in participation of federal nutrition programs. Projects may also focus on the equipment necessary for the efficient operation of a project as well as the creation of innovative marketing activities that jointly benefit agricultural producers and underserved communities.

Funding Limit

\$10,000–\$400,000 from 1 to 4 years

Qualifications

This is a 100 % matching grant. The grantee must provide documentation that matching funds are available. Public food program service providers may apply, as well as tribal organizations, or private nonprofit entities.

Financing Geographic Area

United States

USDA, National Institute of Food and Agriculture

SMALL BUSINESS INNOVATION RESEARCH (SBIR)

nifa.usda.gov/program/small-business-innovation-research-program-sbir

How It Works

This grant gives small businesses the opportunity to research their technological potential. A food hub or food hub-related business researching technological innovations with the potential for commercializing such research would be a good candidate for this research grant.

Funding Focuses On

Research should seek to identify technological innovations, implement the commercialization of these innovations, and encourage participation by businesses owned and/or operated by women and individuals who may be socially and economically disadvantaged. A list of research topics is available on the website listed above.

Funding Limit

Each phase of the project has a different funding limit ranging from \$100,000-\$600,000.

Qualifications

Small businesses or proprietorships, which could include a food hub or could include a food-related business. There are three project phases; for more information, visit the website above.

Financing Geographic Area

United States

USDA, National Institute of Food and Agriculture

SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION (SARE)

sare.org/Grants

How It Works

This competitive grant aims to improve sustainable innovations in American agriculture.

Funding Focuses On

Four grant topics are offered:

- Research and education
- Professional development
- Producer
- Regionally-specific grants

Funding Limit

Varies by state, although depending on the type of project, funds typically range from \$1,000–\$200,000.

Qualifications

Nonprofit organizations, researchers and individual producers.

Financing Geographic Area

United States

Michigan-specific (contact Dean Baas, Michigan State University Extension SARE coordinator, baasdean@anr.msu.edu)

USDA, Rural Development

BUSINESS AND INDUSTRY GUARANTEED LOAN PROGRAM (B&I)

rd.usda.gov/programs-services/business-industry-loan-guarantees

How It Works

This loan program bolsters the existing private credit structure through the guaranteeing of loans for rural businesses, allowing private lenders to extend more credit than they would typically be able to, and improves the economic health of rural communities.

Funding Focuses On

- Business conversion, enlargement, repair, modernization, or development
- Purchase and development of land, easements, rights of way, buildings, or facilities
- Purchase of equipment, leasehold improvements, machinery, supplies, or inventory
- Debt refinancing when new jobs will be created and other conditions are met
- Business and industrial acquisitions when the loan will keep the business from closing and/or save or create jobs

This means that a prospective food hub or food hub-related would be an ideal candidate for this grant.

Funding Limit

Loans may be \$5,000,000 to \$25,000,000.

Qualifications

Cooperatives, nonprofit organizations, corporations, partnerships, or other legal entities; Indian tribes; public bodies; or individuals. Eligible areas are:

- Any area other than a city or town with a population greater than 50,000 inhabitants in the urbanized area of that city or town
- The borrower's headquarters may be based within a larger city as long as the project is located in an eligible rural area



Financing Geographic Area

United States

USDA, Rural Development

COMMUNITY FACILITIES GRANT AND LOAN PROGRAM

rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program

How It Works

This program offers either grants or loans to help with the development of community facilities.

Funding Focuses On

The construction, enlargement, or improvement of a community facility related to health care, public safety, and community and public services. This may include food hubs and food-related businesses. The funds may cover the cost to acquire land, pay necessary professional fees, purchase equipment, and it targets rural towns with a population of no more than 20,000 people. Usually these funds are used for infrastructure improvements in rural towns.

Funding Limit

Grant assistance is available to cover up to 75% of total project costs. Projects will be selected on a priority point system; priority is given to projects that serve small communities and/or low-income communities

Loans follow specific interest rates depending on the median household income of the area being served and the type of project being held.

Qualifications

Grants and loans are available to public entities such as municipalities, counties, and special purpose districts, as well as to community-based nonprofit corporations and tribal governments.

Financing Geographic Area

United States

USDA, Rural Development

RURAL BUSINESS DEVELOPMENT GRANT (RBDG)

rd.usda.gov/programs-services/rural-business-development-grants

How It Works

RBDG is a competitive grant designed to support targeted technical assistance, training, and other activities leading to the development or expansion of small and emerging private businesses in rural areas that have fewer than 50 employees and less than \$1 million in gross revenues. Programmatic activities are separated into enterprise or opportunity grant activities.

Funding Focuses On

- Regional planning and development focused on food systems
- Market development research
- Business training
- Establishing business incubators

Enterprise type grant funds must be used on projects to benefit small and emerging businesses in rural areas as specified in the grant application. Uses may include, but are not limited to:

- Training and technical assistance, such as project planning, business counseling/training, market research, feasibility studies, professional/technical reports, or product/service improvements

- Acquisition or development of land, easements, or rights of way; construction, conversion, renovation, of buildings, plants, machinery, equipment, access streets and roads, parking areas, utilities
- Community economic development
- Technology-based economic development
- Feasibility studies and business plans
- Leadership and entrepreneur training
- Rural business incubators

Funding Limit

General range is \$10,000–\$500,000. Smaller requests are given higher priority.

Qualifications

Towns, communities, state agencies, authorities, nonprofit organizations, institutions of higher education, federally recognized tribes, and rural cooperatives.

Financing Geographic Area

United States

USDA, Rural Development

RURAL COOPERATIVE DEVELOPMENT GRANTS (RCDG)

rd.usda.gov/programs-services/rural-cooperative-development-grant-program

How It Works

The RCDG program seeks to aid the economic development of rural communities by establishing cooperative development centers. In other words, this program seeks to fund the creation or improvement of food hubs or food hub-related businesses.

Funding Focuses On

Additionally, the RCDG program seeks to support other activities such as new farmer training, market research, business development, and outreach.

Funding Limit

Maximum of \$200,000.

Qualifications

Nonprofit organizations or a higher education institution. Matching funds requirement of 25% of total project costs (5% for 1994 institutions).

Financing Geographic Area

United States

USDA, Rural Development

RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT (REDLG)

rd.usda.gov/programs-services/rural-economic-development-loan-grant-program

How It Works

The REDLG program provides funding to rural projects that create or retain rural jobs. Food hubs seeking establishment in rural zones would be good candidates for this grant or loan program. Under the REDLG program, the USDA provides zero interest loans to local utility companies that administer loans to the recipients of this REDLG program. Ultimately, as a REDLG recipient, you would repay your loan back to the local utility company. Ultimately, as a REDLG recipient, you would repay your loan back to the local utility company.

Funding Focuses On

- Business incubators
- Community development assistance to nonprofits and public bodies (particularly job creation or enhancement, which could include food hubs and food hub-related businesses)
- Facilities and equipment for education and training for rural residents to facilitate economic development

Funding Limit

\$300,000 in grants; \$2,000,000 in loans

Qualifications

- Have borrowed and repaid or pre-paid an insured, direct, or guaranteed loan received under the Rural Electrification Act or be a not-for-profit utility that is eligible to receive assistance from the Rural Development Electric or Telecommunication Program
- Be a current Rural Development Electric or Telecommunication Programs Borrower

Financing Geographic Area

United States

USDA, Rural Development

RURAL ENERGY FOR AMERICA PROGRAM: RENEWABLE ENERGY SYSTEM AND ENERGY EFFICIENCY IMPROVEMENT GUARANTEED LOAN AND GRANT PROGRAM

rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency

How It Works

The Rural Energy for America Program helps assist agricultural producers and rural small businesses purchase, install, and construct renewable energy systems. A food hub business may be interested in this program if it seeks or currently works with renewable energy sources.

Funding Focuses On

Funding provides assistance to renewable energy projects dealing with:

- Renewable biomass (for example: biodiesel and ethanol, anaerobic digesters and solid fuels)
- Geothermal for electric generation or direct use
- Hydropower below 30 megawatts
- Hydrogen
- Small and large wind generation
- Small and large solar generation
- Ocean (tidal, current, thermal) generation

Funds may also be used for purchase, installation, or construction of energy efficiency improvement such as:

- High efficiency heating, ventilation, and air conditioning systems (HVAC)
- Insulation
- Lighting

- Cooling or refrigeration units
- Doors and windows
- Electric, solar, or gravity pumps for sprinkler pivots
- Switching from a diesel to electric irrigation motor

Funding Limit

The minimum loan amount is \$5,000, maximum is up to \$25,000,000.

Renewable energy systems grants: \$2,500 minimum, \$500,000 maximum.

Energy efficiency grants: \$1,500 minimum, \$250,000 maximum.

Qualifications

Must be an agricultural producer where 50% or greater of gross income comes from working with crops, livestock, forestry products, hydroponics, nursery, and aquaculture as well as small businesses in eligible rural areas. Agricultural producers and small businesses must have no outstanding delinquent federal taxes, debt, judgment, or debarment. Businesses must be located in a city or town with a population greater than 50,000 inhabitants.

Financing Geographic Area

United States

USDA, Rural Development

SOCIALLY DISADVANTAGED GROUPS GRANT (SDGG)

rd.usda.gov/programs-services/socially-disadvantaged-groups-grant

How It Works

The goal of this grant program is to assist socially disadvantaged agricultural producers with technical assistance through cooperative development centers. A food hub and other food businesses considered a cooperative or a cooperative development center seeking to assist socially disadvantaged agricultural producers would be eligible to apply for this grant.

Funding Focuses On

The funds must go to socially disadvantaged producers located in rural areas in need of technical assistance.

Funding Limit

Maximum grant amount is \$175,000

Qualifications

Must be a cooperative or a cooperative development center.

Financing Geographic Area

United States

USDA, Rural Development

VALUE-ADDED PRODUCER GRANTS (VAPG)

rd.usda.gov/programs-services/value-added-producer-grants

How It Works

The VAPG grant program helps agricultural producers enter into value-added activities and process or market value-added products. A food hub or food hub-related business interested in agricultural value-added activities or products should consider taking a closer look at this grant.

Funding Focuses On

Projects that implement business plans, identify market feasibility of bottled milk, evaluate benefits of marketing and selling meat as opposed to live animals, and expand the market capacity of local and regional food systems.

Funding Limit

Planning grants: \$75,000;

Working capital grants: \$250,000

Qualifications

Independent producers, farmer or rancher cooperatives, agricultural producer groups, and majority-controlled producer-owned business ventures, including nonprofit organizations. Program requires matching funds of 50 % total project costs.

Financing Geographic Area

United States

SECTION 6: TIPS FOR OBTAINING FUNDING



Obtaining the funding you need may come down to your ability to write an effective grant or loan application. Paying attention to the details can help you get the money your business needs. Consider watching how-to webinars, attending workshops, and reading more about what needs to be included in a grant or loan application.

Grant Writing

No- or low-cost webinars & workshops

- Introduction to Proposal Writing, Self-paced learning from GrantSpace - <https://grantspace.org/training/introduction-to-proposal-writing>
- Accessing and Understanding Secondary Data on Food Access Webinar, MSU Center for Regional Food Systems - http://www.canr.msu.edu/resources/accessing_and_understanding_secondary_data_on_food_access_webinar
- Evaluating the Economic Impacts of Local and Regional Food Systems: Best Practices Webinar, MSU Center for Regional Food Systems - http://www.canr.msu.edu/resources/evaluating_economic_impacts_of_local_and_regional_food_systems

- SAFSF: Offers couple of hours a month for grant search assistance to NGOs that complete a form on their website: <http://safsf.org/resources/ngo-grant-resources>

Resources to review prior to submission

- How to Develop and Write a Grant Proposal, Congressional Research Service - <https://www.unco.edu/research/pdf/grant-writing-websites-docs/developing-and-writing-proposals/congress.pdf>
- The Art of Writing Proposals, Social Science Research Council - <https://www.ssrc.org/publications/view/the-art-of-writing-proposals>
- A Road Map of the Foundation Landscape for Grant Seekers, The Chronicle of Philanthropy - <https://www.philanthropy.com/article/A-Road-Map-of-the-Foundation/234652>

- The Dos and Don'ts of Successful Grant Writing, Indiana University - <http://www.indiana.edu/~gradgrnt/proposal-writing-and-research-resources/the-dos-and-donts-of-successful-grant-writing/>
- Five Suggestions for Writing Better Grant Proposals, The Chronicle of Philanthropy - <https://www.philanthropy.com/article/5-Suggestions-for-Writing/190013>
- Grant Proposal Resources, Community Food Systems Toolkit, University of Wisconsin-Extension - <https://fyi.uwex.edu/foodsystemstoolkit/tips-for-writing-agency-foundation-proposals>
- Tutorials and Assistance, Sustainable Agriculture Research and Education - <https://www.northcentralsare.org/Grants/Write-a-Successful-Grant/Tutorials-and-Assistance>

Loan Applications

No- or low-cost webinars & workshops,

- Small Business Development Center - <https://sbdcmichigan.org>

Resources to review prior to submission

- How to write a business plan for a food business - https://www.bplans.com/retail_food_business_plan_templates.php
- U.S. Small Business Administration helpful resources - <https://www.sba.gov>

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Center for
Regional Food Systems

The Michigan State University Center for Regional Food Systems advances regionally-rooted food systems through applied research, education, and outreach by uniting the knowledge and experience of diverse stakeholders with that of MSU faculty and staff. Our work fosters a thriving economy, equity, and sustainability for Michigan, the nation, and the planet by advancing systems that produce food that is healthy, green, fair, and affordable. Learn more at foodsystems.msu.edu.

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Email addresses and phone numbers for individual staff members can be found on the people page of our website.

