

## Exploring Capital Sources for Meat Processing Enterprises

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Meat processing is a capital-intensive business. Entrepreneurs exploring a new meat processing enterprise or expanding an existing enterprise will want to fully explore financing opportunities as they plan. Like other businesses, entrepreneurs may be able to utilize debt, equity, or specialized gap funding, like specialized loan funds or grants, to build or operate meat processing enterprises.

This bulletin is a guide to help entrepreneurs gather information for their specific operation, business model, geography, and more. Because equity investment strategies are dependent on various factors, from business models to securities laws, they will not be addressed in this bulletin. Entrepreneurs can estimate their capital needs using financial projection tools available at [go.osu.edu/meatbizkit](http://go.osu.edu/meatbizkit).

### **Debt Financing**

One potential funding source for meat processing enterprises is **debt financing, or loans**, from financial institutions, community banks, credit unions, specialized lenders, or others.

To identify potential lenders, entrepreneurs can reach out directly to financial institutions in their area to understand whether they work with or may work with meat processing businesses. To explore financial institutions in their community, entrepreneurs can also reach out to their local [Small Business Development Center](#), Chamber of Commerce, economic development agency, or other agriculture and food businesses. Examples of debt sources are shared below and are offered for educational purposes only. Listing in this resource is not a referral or endorsement.

- Regional and community banks and credit unions may have agricultural or small business lending portfolios. Entrepreneurs should check directly with lenders to understand eligibility and requirements, loan terms and conditions, and coverage areas.
- Lenders in the Farm Credit System specialize in serving agricultural and rural communities and may lend to businesses like meat processors. Learn more about the Farm Credit System and find institutions from the [Farm Credit Administration](#).
- Community development financial institutions (CDFIs) often focus on community-oriented lending to underserved communities or communities that have not traditionally had sufficient access to financial resources.
- Regional and local economic development agencies or non-governmental organizations may operate loan funds that offer targeted assistance to their community. Funds may be tied to specific development goals, like job creation.
- The federal government provides programs that support small businesses through the U.S. Small Business Administration, the U.S. Department of Agriculture, and other agencies. These resources may take the form of direct loans, loan guarantee programs, cost-sharing programs, and grant programs.
  - A comprehensive listing of the federal programs available to local and regional food system businesses and projects is available from the USDA [here](#).
  - A 2020 overview of assistance for small and very small meat processors from USDA Rural Development is available [here](#).
  - Learn more about SBA loan guarantees [here](#).

Potential Funding Source	Type	Amount	Notes	For More Information
U.S. Department of Agriculture Rural Development Business & Industry Loan Guarantee	Loan Guarantee	In FY 2021, up to 80% loan guarantee.	USDA guarantees loans to small rural businesses through partner lenders.	<a href="#">USDA Business &amp; Industry Loan Guarantees</a>
Small Business Administration Loan Guarantee	Loan Guarantee		SBA guarantees loans to small businesses through partner lenders.	<a href="#">US SBA Loans</a>
Appalachian Growth Capital	Loan	Variable	CDFI focused on starting and growing businesses in Appalachian Ohio.	<a href="#">Appalachian Growth Capital</a>
Natural Capital Investment Fund	Loan	\$5,000 - \$750,000	CDFI focused on small and mid-sized businesses, agricultural enterprises, and nonprofits in Central Appalachia.	<a href="#">Natural Capital Investment Fund</a>
Ohio Valley Regional Development Commission (OVRDC) Revolving Loan Fund	Loan	Up to \$300,000	Gap financing for startup or expanding businesses that create jobs in a 12-country region in southern Ohio.	<a href="#">OVRDC Revolving Loan Fund</a>

Table 1: Examples of sources for debt funding for small businesses in southern Ohio.

**Specialized Funding**

Another potential funding for meat processing enterprises is **nontraditional capital, for example grant awards** from federal and state agencies or other sources. While some grant funds are available for private, for-profit businesses for specific purposes, entrepreneurs should keep in mind that grant funds are generally available to nonprofit or community-based organizations rather than for-profit businesses.

- The federal government, via the U.S. Department of Agriculture, provides grant programs for food and agriculture businesses. A comprehensive listing of the federal programs available to local and regional food system businesses and projects is available from the USDA [here](#).
- In the wake of the coronavirus pandemic, some state governments have created specialized funds for meat processing enterprises. For example, [Kentucky's Meat Processing Investment Program \(MPIP\)](#) overseen by the Kentucky Agricultural Development Board provides grants for expanding meat processing the state.

Potential Funding Source	Type	Amount	Notes	For More Information
U.S. Department of Agriculture Value Added Producer Grant	Grant	In FY 2021, up to \$75,000 for planning grants and up to \$250,000 for working capital grants.	Grant funds available for up to 50% of project costs for producers, producer groups, farmer co-ops, or majority-controlled producer-based businesses. This program is competitive.	<a href="#">Value Added Producer Grants</a>
U.S. Department of Agriculture Local Food Promotion Program	Grant	In FY 2020, up to \$100,000 for planning grants and up to \$500,000 for project implementation grants.	Grant funds available for up to 75% of project costs for projects that develop, coordinate and expand regional food business enterprises. This program is competitive.	<a href="#">Local Food Promotion Program</a>
Kentucky Meat Processing Investment Program	Grant	Four tiers of funding for existing processor expansion or new processing facility development	Available to processors who are or plan to become USDA inspected and process Kentucky beef, dairy, pork, lamb, goat, and poultry products.	<a href="#">Meat Processing Investment Program</a>

Table 2: Examples of nontraditional funding sources for food and agriculture businesses from state and federal agencies.