



THE ADVANCE PAYMENTS PROGRAM (APP)

Cash advances for Canadian farmers



WHAT IS THE APP?

The Advance Payments Program (APP) is a federal loan guarantee program that helps crop and livestock producers meet their financial obligations and benefit from the best market conditions by improving their cash flow throughout the year.

Under the APP, the federal government guarantees repayment of cash advances issued to farmers by the producer organization. These guarantees help the producer organization borrow money from financial institutions at lower interest rates. The producer organization issues producers a cash advance on the anticipated value of their farm product that is being produced and/or that is in storage.

HOW MUCH CAN I GET?

- Producers can access cash advances of up to \$400,000.
- The first \$100,000 of cash advances is interest free.

Producers can receive a cash advance on up to 50% of the expected average market price of the agricultural product.

WHY PARTICIPATE?

Cash advances help producers with cash flow when they need it most. They also give producers flexibility to sell their products when market conditions are more favourable. The federal government pays the interest on the first \$100,000 of a cash advance issued to a producer per production period.



WHERE TO APPLY?

Producer organizations deliver the program on behalf of Agriculture and Agri-Food Canada (AAFC). Producers apply for a cash advance through a producer organization – not directly from AAFC. A list of eligible producer organizations is available on the APP website at www.agr.gc.ca/app.

WHO CAN APPLY?

To be eligible, the producer must be:

- a Canadian citizen or permanent resident.
- a corporation, cooperative or partnership, of which the majority interest is held by Canadian citizens or permanent residents.

The producer, or at least one of the stakeholders, members or partners in the entity, must be of the age of majority in the province of operation; must be principally occupied in farming; must own the agricultural product; and must be responsible for its marketing.

WHAT IS ELIGIBLE?

The following agricultural products qualify under the APP:

- Crops
- Livestock (cattle, hogs, sheep, bison)
- Other animals (goats)
- Grains and oilseeds
- Fruits and vegetables
- Fur pelts
- Honey, maple syrup, tobacco

These agricultural products must meet the following requirements:

- It must be possible to establish an average market price for the agricultural product.
- The agricultural product must not be processed, except perishable products which must not be processed beyond what is necessary for storage and to prevent spoilage.
- Livestock is not eligible once it has been sent for slaughter. Animals that are or were used as breeding animals or are under supply management (e.g. dairy and poultry) are not eligible.

REPAYMENT TERMS

The cash advance must be repaid within an 18 month period generally running from April to September of the following year.

The producer has to repay the cash advance as the agricultural product is sold and must provide proof of sale. In the case of production loss, the program payments received under a Business Risk Management (BRM) program will be applied to repay the advance.

SECURITY REQUIREMENTS

- For cash advances on agricultural products already in storage, the agricultural product itself is used as security.
- For most other cash advances, an eligible BRM program, in addition to the agricultural product itself, is used as security.
- Livestock producers can secure their advances using the inventory value of their herd as collateral instead of a BRM program. However they must demonstrate that they participate in a BRM program.

FOR MORE INFORMATION:

- Contact a participating producer organization (list available on the APP website)
- Visit the APP website at www.agr.gc.ca/app
- Email us at fgp-pgf@agr.gc.ca
- Call the APP toll-free line at 1-888-346-2511

