

PART 4284 - GRANTS

Subpart F - Rural Cooperative Development Grants

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PART 4284 - GRANTS

Subpart F - Rural Cooperative Development Grant Program

§ 4284.501 Purpose.

This subpart outlines the Agency's policies and procedures for making grants for cooperative development in rural areas.

§ 4284.502 Policy.

Rural cooperative development grants will be used to facilitate the creation or retention of jobs in rural areas through the development of new rural cooperatives, Value-Added processing and rural businesses.

§ 4284.503 Program administration.

The rural cooperative development grant program is administered by Cooperative Services within the Agency. *This Instruction is used by State Office personnel in administering the Rural Cooperative Development Grant (RCDG) program. In the RCDG program, activities through the awarding of grants are administered from the National Office. Post-award activities are administered by the State Offices.*

§ 4284.504 Definitions.

Center - The entity established or operated by the grantee for rural cooperative development. It may or may not be an independent legal entity separate from the grantee. *The legal structure of a center is a nonprofit corporation or institution of higher education.*

Cooperative development - The startup, expansion or operational improvement of a cooperative to promote development in rural areas of services and products, processes that can be used in the marketing of products, or enterprises that create Value-Added to farm products through processing or marketing activities. Development activities may include, but are not limited to,

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technical assistance, research services, educational services and advisory services. Operational improvement includes making the cooperative more efficient or better managed. *The RCDG center should be providing technical assistance services to groups that desire to become a cooperative or other rural business. This includes conducting feasibility studies, helping to prepare business plans and marketing plans. These services can be provided to existing cooperatives as well.*

1994 Institution - means a college identified as such for purposes of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note). Contact the Agency for a list of currently eligible colleges. A *1994 Institution serves Native American populations. In most cases they are two-year community colleges.*

Project - A planned undertaking by a Center that utilizes the funds provided to it to promote economic development in rural areas through the creation and enhancement of cooperatives.

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§ 4284.507 Eligibility for grant assistance.

Grants may be made to nonprofit corporations and institutions of higher education. Grants may not be made to Public bodies.

No grants can be made to cities or states under his program.

§ 4284.508 Use of grant funds.

Grant funds may be used to pay up to 75 percent (95 percent where the grantee is a 1994 Institution) of the cost of establishing and operating centers for rural cooperative development. Matching funds contributed by the applicant may include a loan from another federal source. Grant funds may be used for, but are not limited to, providing the following to individuals, cooperatives, small businesses and other similar entities in rural areas served by the Center: *For a project with a total cost of \$100, grant funds can cover \$75 of the total cost and the center must use \$25 from non-grant funds. For a 1994 Institution, grant funds can cover \$95 of the total cost and the 1994 Institution must use \$5 from non-grant funds. Funds from another Federal grant cannot be used as matching funds. In-kind matching funds are allowed. Grant funds cannot be used for basic or academic research, or for research and development.*

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- (a) Applied research, feasibility, environmental and other studies that may be useful for the purpose of cooperative development.
- (b) Grant funds cannot be used for basic or academic research, or for research and development.
- (c) Collection, interpretation and dissemination of principles, facts, technical knowledge, or other information for the purpose of cooperative development.
- (d) Providing training and instruction for the purpose of cooperative development.
- (e) Providing loans and grants for the purpose of cooperative development in accordance with the subpart.
- (f) Providing technical assistance, research services and advisory services for the purpose of cooperative development.

§ 4284.509 Limitations on grants.

Grants made pursuant to this subpart shall be for one year or less. *Applicants must understand that their work plan and budget for their Center's operation must be for a one-year period of time. Applicants in the past have tried to have plans that cover a two- or even three-year period. This is not acceptable and may lead to the determination that the application is ineligible.*

§ 4284.510 Application processing.

- (a) Applications. USDA will solicit applications on a competitive basis by publication of one or more Requests for Proposals (RFPs). Unless otherwise specified in the applicable RFP, applicants must file an original and one hard copy of the required forms and a proposal. *Applicants must understand that all required forms and all components of the proposal must be submitted and must be complete in terms of content.*
- (b) Required forms. The following forms must be completed, signed and submitted as part of the application package. Other forms may be required. This will be published in the applicable RFP.
 - (1) Standard Form 424, "Application for Federal Assistance."

(2) Standard Form 424-A, "Budget Information—Non-Construction Programs."

(3) Standard Form 424-B, "Assurances--Non-Construction Programs."

(c) Proposal. Each proposal must contain the following elements. Additional elements may be published in the applicable RFP.

(1) Title Page.

(2) Table of Contents.

(3) Executive Summary. A summary of the proposal should briefly describe the Center, including goals and tasks to be accomplished, the amount requested, how the work will be performed and whether organizational staff, consultants or contractors will be used. *The Executive Summary should be approximately one page in length and provide a concise description of type of work the Center will perform. It should summarize the tasks the Center will perform and it should state the percentage of work that will be in-house and how much will be done by consultants.*

(4) Eligibility. A detailed discussion describing how the applicant meets the eligibility requirements.

(5) Proposal Narrative. The narrative portion of the proposal must include, but is not limited to, the following:

(i) Project Title. The title of the proposed project must be brief, not to exceed 75 characters, yet describe the essentials of the project.

(ii) Information Sheet. A separate one-page information sheet listing each of the evaluation criteria referenced in the RFP, followed by the page numbers of all relevant material and documentation contained in the proposal that address or support the criteria.

(iii) Goals of the Project. This section must include the following:

As part of the "goals" section, each application should include statements the Center will follow the requirements in paragraph (c) (5) (iii) (A) through (D).

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(A) A provision that substantiates that the Center will effectively serve rural areas in the United States;

(B) A provision that the primary objective of the Center will be to improve the economic condition of rural areas through cooperative development;

(C) A description of the contributions that the proposed activities are likely to make to the improvement of the economic conditions of the rural areas for which the Center will provide services; and

(D) A provisions that the Center, in carrying out the activities, will seek, where appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the Federal Government, and State and local governments.

(iv) Work Plan. Applicants must discuss the specific tasks to be completed using grant and matching funds. The work plan should show how customers will be identified, key personnel to be involved, and the evaluation methods to be used to determine the success of specific tasks and overall objectives of Center operations. The budget must present a breakdown of the estimated costs associated with cooperative development activities as well as the operation of the Center and allocate these costs to each of the tasks to be undertaken. Matching funds as well as grant funds must be accounted for in the budget. *Here the applicant must list what tasks are to be done, when it will be done, who will do it, how long it will take, and how much it will cost. The plan should be comprehensive, but easy to understand. Reviewers must be able to understand what is being proposed and how the grant and matching funds will be spent. The budget must be a detailed breakdown of estimated costs. These costs should be allocated to each of the tasks to be undertaken. Matching funds must be identified and also allocated to that various tasks proposed. The work plan/budget should be logical, realistic, and economically efficient.*

(v) Performance Evaluation Criteria. Performance criteria suggested by the applicant for incorporation in the grant award in the event the proposal receives grants funding under this subpart. These suggested criteria are not binding on USDA. *Applicants must include specific, measurable performance criteria for which they agree to be accountable.*

(vi) Undertakings. The applicant must expressly undertake to do the following:

(A) Take all practicable steps to develop continuing sources of financial support for the Center, particularly from sources in the private sectors;

(B) Make arrangements for the activities by the nonprofit institution operating the Center to be monitored and evaluated; and

(C) Provide an accounting for the money received by the grantee under this subpart.

(vii) Delivery of Cooperative development assistance. The applicant must describe its previous accomplishments and outcomes in Cooperative development activities and/or its potential for effective delivery of Cooperative development services to rural areas. The applicant should also describe the type(s) of assistance to be provided, the expected impacts of that assistance, the sustainability of cooperative organizations receiving the assistance, and the transferability of its Cooperative development strategy and focus to other areas of the U.S.

(viii) Qualifications of Personnel. Applicants must describe the qualifications of personnel expected to perform key center tasks, and whether these personnel are to be full/part-time Center employees or contract personnel. Those personnel having a track record of positive solutions for complex cooperative development or marketing problems, or those with a record of conducting feasibility studies that later proved to be accurate, business planning, marketing analysis, or other activities relevant to the Center's success should be highlighted. *The applicant must describe the qualifications of those individuals that will be working on the proposed tasks. This includes their education and their experience with working on similar activities. The applicant also must describe the qualifications of any consultants they plan to use to accomplish any of the listed tasks.*

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(ix) Support and commitments. Applicants must describe the level of support and commitment in the community for the proposed Center and the services it would provide. Plans for coordinating with other developmental organizations in the proposed service area, or with state and local government institutions should be included. Letters supporting cooperation and coordination from potential local customers should be provided. *Local support includes assistance from other development organizations, local and state governments in those areas serviced by the Center. Cash support is stronger than in-kind support, which is stronger than "moral" support.*

(x) Future support. Applicants should describe their vision for Center operations beyond the first year, including issues such as sources and uses of alternative funding; reliance on Federal, state, and local grants; and the use of in-house personnel for providing services versus contracting out for that expertise. To the extent possible, applicants should document future funding sources that will help achieve long-term sustainability of the Center.

(xi) Evaluation criteria. Each of the evaluation criteria referenced in the RFP must be specifically and individually addressed in narrative form.

(6) Verification of Matching Funds. Applicants must provide a budget to support the work plan showing all sources and uses of funds during the project period. Applicants will be required to verify matching funds, both cash and in-kind. Sufficient information should be included such that USDA can verify all representations. *If matching funds are in cash, applicants must provide a copy of a bank statement showing a funds level adequate to cover the stated cash match. If a third party is providing cash for the match, the applicant must submit a letter from that party certifying that the party has the cash and will provide that cash to the applicant.*

(7) Certification. Applicants must certify that matching funds will be available at the same time grant funds are anticipated to be spent and that matching funds will be spent in advance of grant funding, such that for every dollar of grant that is advanced, not less than an equal amount of match funds will have been funded prior to submitting the request for advance.

§ 4284.511 Evaluation Screening.

The Agency will conduct an initial screening of all proposals to determine whether the applicant is eligible and whether the application is complete and sufficiently responsive to the requirements set forth in the applicable RFP so as to allow for an informed review. Incomplete or non-responsive applications will not be evaluated further. Applicants may revise their applications and re-submit them prior to the published deadline if there is sufficient time to do so. *The initial screening for eligibility and completeness may be done in the State Office or in the National Office.*

§ 4284.512 Evaluation process.

(a) Applications will be evaluated by qualified reviewers appointed by the Agency. *In most cases, the reviewers will be Rural Development employees.*

(b) After all proposals have been evaluated using the evaluation criteria and scored in accordance with the point allocation specified in the applicable RFP, the Agency will present to the Administrator of RBS a list of all applications in rank order, together with funding level recommendations.

§ 4284.513 Evaluation criteria and weights.

Unless supplemented in a RFP, the criteria listed in this section will be used to evaluate grants under this subpart. Preference will be given to items in paragraphs (a) through (f). The distribution of points to be awarded per criterion will be identified in the applicable RFP.

(a) Administrative capabilities. The application will be evaluated to determine whether the subject Center has a track record of administering a nationally coordinated, regional or state-wide operated project. Centers that have capable financial systems and audit controls, personnel and program administration performance measures and clear rules of governance will receive more points than those not evidencing this capacity. *Applicants that have a successful track record in administering the provision of technical assistance services to producers and other rural residents to help them organize cooperatives and other types of businesses will score the highest. Applicants that have a successful track record in administering other types of projects will score high but not as well as the above.*

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(b) Technical assistance and other services. The Agency will evaluate the applicant's demonstrated expertise in providing technical assistance in Rural areas. *Important technical assistance skills include the ability to conduct feasibility studies, develop marketing and business plans, to discuss the incorporation process, and other skills and abilities needed to get a group of individuals from an idea to an operating cooperative or business. This ability should score the highest. The ability to objectively review, understand and critically evaluate feasibility studies, marketing plans, business plans, and other documents needed to organize a cooperative or other type of business will also score high but not as high as the above.*

(c) Economic development. The Agency will evaluate the applicant's demonstrated ability to assist in the retention of businesses, facilitate the establishment of cooperatives and new cooperative approaches and generate employment opportunities that will improve the economic conditions of rural areas. *Applicants that show they have guided rural residents through the incorporating of cooperatives or other businesses or have prevented cooperatives or other rural businesses from going out-of-business will score the highest points.*

(d) Linkages. The Agency will evaluate the applicant's demonstrated ability to create horizontal linkages among businesses within and among various sectors in rural areas of the United States and vertical linkages to domestic and international markets. *Applicants that show they have facilitated linkages with those cooperative businesses they have provided assistance will score higher points. An example of horizontal linkages is board training with several different cooperatives present. The board members can then interact and develop ways to work with each other. An example of a vertical linkage is working with a farm marketing cooperative to develop a marketing agent in-common.*

(e) Commitment. The Agency will evaluate the applicant's commitment to providing technical assistance and other services to underserved and economically distressed areas in rural areas of the United States. *More points will be given to those applicants that have a higher percentage of projects in underserved areas.*

(f) Matching funds. All applicants must demonstrate Matching Funds equal to at least 25 percent (5 percent for 1994 Institutions) of the grant amount requested. Applications exceeding these minimum commitment levels will receive more points. *The ranges for these percentages will be provided each funding cycle.*

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(g) Delivery. The Agency will evaluate whether the Center has a track record in providing technical assistance in rural areas and accomplishing effective outcomes in cooperative development. The Center's potential for delivering effective cooperative development assistance, the expected effects of that assistance, the sustainability of cooperative organizations receiving the assistance, and the transferability of the Center's cooperative development strategy and focus to other States will also be assessed. *More points will be awarded to those applicants that can demonstrate to delivery of the core technical assistance activities such as doing feasibility studies, marketing plans, business plans, etc. Here, past performance will be a key factor.*

(h) Work plan/budget. The work plan will be reviewed for detailed actions and an accompanying timetable for implementing the proposal. Clear, logical, realistic and efficient plans will result in a higher score. Budgets will be reviewed for completeness and the quality of non-Federal funding commitments. *Here the applicant must list what tasks are to be done, when it will be done, who will do it, how long it will take and how much it will cost. The plan should be comprehensive, but easy to understand. Reviewers must be able to understand what is being proposed and how the grant and matching funds will be spent. The budget must be a detailed breakdown of estimated costs. These costs should be allocated to each of the tasks to be undertaken. Matching funds must be identified and also allocated to that various task proposed. The work plan/budget should be logical, realistic, and economically efficient. The most points should go to those proposals that best address these issues.*

(i) Qualifications of those performing the tasks. The application will be evaluated to determine if the personnel expected to perform key center tasks have a track record of positive solutions for complex Cooperative development or marketing problems, or a successful record of conducting accurate feasibility studies, business plans, marketing analysis, or other activities relevant to Cooperative development center success. *The applicant must describe the qualifications of those individuals that will be working on the proposed tasks. This includes their education and their experience with working on similar activities. The applicant also must describe the qualifications of any consultants they plan to use to accomplish any of the listed tasks.*

(j) Local support. Applications will be reviewed for previous and expected local support for the Center plans for coordinating with other developmental organizations in the proposed service area and coordination with state and local institutions. Support documentation should include recognition of rural values that balance employment opportunities with environmental stewardship and other positive rural amenities. Centers that demonstrate strong support from potential beneficiaries and formal evidence of the Center's intent to coordinate with other developmental organizations will receive more points than those not evidencing such support and formal intent. *Local support includes assistance from other development organizations, local and state governments in those areas serve by the Center. Cash support is stronger than in-kind support, which is stronger than "moral" support.*

(k) Future support. Applications that demonstrate their vision for funding center operations for future years, including diversification of funding sources and building in-house technical assistance capacity, will receive more points for this criterion.

§ 4284.514 Grant closing.

(a) Letter of Conditions. The Agency will notify an approved applicant in writing, setting out the conditions under which the grant will be made. *The National Office will supply grant monitors with a template for the Letter of Conditions.*

(b) Applicant's intent to meet conditions. Upon reviewing the conditions and requirements in the letter of conditions, the applicant must complete, sign and return the Agency's "Letter of Intent to Meet Conditions," or, if certain conditions cannot be met, the applicant may propose alternate conditions to the Agency. The Agency must concur with any changes proposed to the letter of conditions by the applicant before the application will be further processed.

(c) Grant agreement. The Agency and the grantee must enter into the Agency's "Agriculture Innovation Center Grant Agreement" prior to the advance of funds. *The National Office will supply grant monitors with a template of the grant agreement.*

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§ 4284.600 OMB control number.

The reporting and recordkeeping requirements contained in this regulation have been approved by the Office of Management and Budget and have been assigned OMB control number 0570-0006 in accordance with the Paperwork Reduction Act of 1995.

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