

Meat and Poultry Processing Expansion Program Phase 2 – Feasibility Study Guidelines

Welcome to Phase 2 of USDA Rural Development's Meat and Poultry Processing Expansion Program (MPPEP). The MPPEP Request for Applications (RFA) requires some applicants to submit a feasibility study as part of their complete application. See Section 4.2.3 of the RFA for details about when a feasibility study is required. The following information will help you develop your feasibility study.

Executive Summary

Provide an overview to describe the nature and scope of your proposed project, including the purpose, project location, design features, capacity, and estimated capital costs. Include a summary of the feasibility determinations made for each applicable component.

Economic Feasibility

[What are we looking for here?](#)

A cost-benefit analysis and detailed information about the potential impacts of your proposed project on the food supply chain and agricultural producers.

[What are some factors to consider?](#)

- Minimum amounts of required inputs (labor, infrastructure, utilities, renewable resources, feedstocks, animals, among others) to operate successfully
- Contracts in place and to be negotiated, including terms and renewals
- Environmental risks identified and addressed

- Impact of processing capacity expansion on producers, consumers, and the area economy, including new markets created
- Alleviation of supply chain bottlenecks by the proposed project.
- Evidence that company's systems are resilient to economic health and information technology (IT) shocks.

Market Feasibility

[What are we looking for here?](#)

Analysis of current and future market potential, competition, sales, or service estimations, including current and prospective buyers or users, considering the planned expansion.

What are some factors to consider?

- Competition
- Target market; new versus established
- End user analysis; captive versus competitive
- By-product revenue streams
- Industry risk

- Pricing
- Distribution channels
- Discussion on market share

Technical Feasibility

What are we looking for here?

An analysis of the reliability of the technology to be used along with an analysis of the delivery of goods or services. Among other things, this must address transportation, business location, and the need for technology, materials, and labor.

What are some factors to consider?

- Commercial availability
- Product and process success record and demonstrated repeatability
- Roads, rail, and airport infrastructure
- Water, electricity, and other utilities
- Waste disposal
- Water quality management
- Transportation needs – local, regional, and national
- Labor market availability
- Materials and supply availability
- Use, age, and reliability of technology
- Construction risk

Financial Feasibility

What are we looking for here?

Analysis of the operation to achieve sufficient income and cash flow to financially sustain the project over the long term.

What are some factors to consider?

- Commercial or project underwriting
- Management's assumptions
- Accounting policies
- Dependency on other entities
- Market demand forecast
- Peer industry comparison
- Cost-accounting system
- Availability of short-term credit, if needed
- Adequacy of raw materials and supplies
- Sensitivity analysis
- Use of MPPEP grant funds
- Other secured sources of funding

Management Feasibility

What are we looking for here?

Analysis of the legal structure of the business or operation; along with its ownership, board, and management.

What are some factors to consider?

- History of the business or organization
- Professional and educational background
- Experience
- Skills
- Qualifications necessary to implement the project

Recommendation

Conclude with an opinion and recommendation presented by the consultant.

References

Provide a resume or statement of qualifications of the author of the feasibility study, including any prior experience.

Questions?

Email MPPEP@usda.gov, or visit <https://www.rd.usda.gov/mppep> to learn more.