

Fertilizer Production Expansion Program

Matching Funds Guidance

Matching funds are required to receive a Fertilizer Production Expansion Program (FPEP) grant. Matching funds must be spent on eligible project costs and activities – defined as those that “support **new or expanding** manufacturing or processing capacity” – during the grant period. Costs and activities that only support **existing** processing capacity are not considered eligible project costs and activities.

Matching funds must be comprised of cash or eligible in-kind contributions from third parties; in-kind contributions from the applicant do not qualify. Applicants also are responsible for securing the remainder of the **total eligible project costs** not covered by grant funds.

- The required match for the **minimum \$1 million** FPEP grant request is \$666,667. This reflects a total eligible project cost of \$1.67 million (\$1 million in grant funds, plus \$666,667 in matching funds).
- The matching fund requirement for FPEP grant requests **less than \$5 million** is **40 percent** of total eligible project costs.

For example, if the total eligible project costs for a proposed project equal \$5 million, you can request \$3 million in grant funds, and must provide \$2 million in matching funds.

In other words, for grant requests less than \$5 million, the cost share requirement is \$2 for every \$3 in grant funds requested.

- Grant requests of **\$5 million or more** (up to the maximum grant request of \$100 million) have a matching fund requirement of **75 percent** of total eligible project costs.

For example, if the total eligible project costs for a proposed project equal \$100 million, you can request \$25 million in grant funds and must provide \$75 million in matching funds.

In other words, for requests of \$5 million or more, the cost share requirement is \$75 for every \$25 in grant funds requested.

- Maximum allowable grant requests of **\$100 million** require a **\$300 million** match. This reflects a total eligible project cost of \$400 million (\$100 million in FPEP grant funds, plus \$300 million in required matching funds.)

You must certify and demonstrate in writing that all required matching funds will be available during the grant period. This documentation must be provided with your application. Written commitments for matching funds (examples include bank statements, promissory notes and letters of credit for cash; and letters of commitment for third-party, in-kind contributions) must be submitted with your FPEP Certifications form, available under the “To Apply” tab at this link: <https://tinyurl.com/jmm2rza4>).

NOTES:

- Funds provided by the applicant in excess of matching funds are not considered matching funds.
- Other federal grant funds cannot be used to meet the FPEP matching funds requirement unless specifically authorized by the statute governing other federal funds.
- Provided the value associated with them is properly documented and verified, matching funds can include in-kind, third-party hours worked on **eligible activities** (information is available in Section 2.5.2 of the FPEP RFA, “Eligible Project and Activities”).

Matching funds cannot include:

- Cash or in-kind contributions donated outside of the grant period
- In-kind contributions provided by individuals, businesses or cooperatives that potentially can benefit from FPEP grant assistance. This creates a conflict – or the appearance of a conflict – of interest.
- In-kind contributions USDA Rural Development determines are overvalued
- Project costs ineligible under the FPEP, or restricted or disallowed under 2 CFR Part 200.406 “Cost Sharing or Matching”

Applicants can collaborate with public or private entities such as commercial technology providers, agricultural commodity promotional organizations, community development organizations, and Tribes, among others, to secure non-federal funds or in-kind contributions.

Passive, third-party equity contributions – including equity raised from the sale of federal tax credits – are acceptable.

In the event of ineligible, overstated, or otherwise unsubstantiated claims, USDA Rural Development reserves the right to adjust the grant request to reflect actual, eligible matching funds, or otherwise take action as appropriate.

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