

Meat and Poultry Processing Expansion Program Feasibility Study Guidelines

Welcome to USDA Rural Development's Meat and Poultry Processing Expansion Program (MPPEP). The Request for Applications for this program requires all applicants to submit a feasibility study as part of a complete application. Following are essential elements and guidance to help develop the document.

Executive Summary

Provide an overview to describe the nature and scope of the proposed project, including the purpose, project location, design features, capacity, and estimated capital costs. Be sure to 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 the project on the food supply chain and U.S. agricultural producers.

What are some factors to consider?

- Minimum amounts of required inputs (on labor, infrastructure, utilities, renewable resources, feedstocks, animals, among others) to operate successfully
- Contracts in place and to be negotiated, including terms and renewals
- Any environmental risks
- Processing capacity expansion
- Overall economic impact of the proposed project, including new markets created and potential economic development
- Changes in supply chain bottlenecks
- Resistance to economic, health, information technology (IT), and other shocks
- Impact on project suppliers

- Impact on project customers
- Impact on agricultural producers

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?

Analyzing the reliability of the technology to be used and an analysis of the delivery of goods or services. This must address transportation, business location, and the need for technology, materials, and labor, among other things.

What are some factors to consider?

- Commercial availability
- Product and process success record and duplication of results
- Roads, rail, and airport infrastructure
- Water, electricity, and other utilities
- Waste disposal
- Water quality management
- Need for local transportation
- Labor market
- Availability of materials
- 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 ownership, board, and management analysis.

What are some factors to consider?

- History of the business or organization
- Professional and educational background
- Experience
- Skills
- Qualifications necessary to implement the project
- Resistance to economic, health, IT, and other shocks

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 prior experience.

Questions?

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