

capabilities, to coordinate and provide to independent producers and processors of value-added agricultural commodities and products of agricultural commodities information on value-added research, business operations, legal issues, financial issues, and logistical assistance related to value-added processing. The Center will also develop a strategy to establish a nationwide market information and coordination system.

#### Public Burden in This NOFA

At this time, the Agency is requesting OMB clearance of the following burden:

Standard Form 424 "Application for Federal Assistance."

This form is used by applicants as a required face sheet for applications for Federal assistance.

Standard Form 424A "Budget Information—Non-construction Programs."

This form must be completed by applicants to show the project's budget breakdown, both as to expense categories and the division between Federal and non-Federal sources.

Standard Form 424B "Assurances—Non-Construction Programs."

This form must be completed by the applicant to give the Federal government certain assurances that the applicant has the legal authority to apply for Federal assistance and the financial capacity to pay the non-Federal share of project costs. The applicant also gives assurance it will comply with various legal and regulatory requirements as described in the form.

The grant awardee will be required to do the following.

1. Sign a Value-Added Agricultural Product Market Development Grant Agreement acceptable to RBS.

2. Use Standard Form 270, "Request for Advance or Reimbursement" to request advances and reimbursements.

3. Submit a Standard Form 269, "Financial Status Report" and list expenditures according to agreed upon budget categories on a quarterly basis starting with the first full quarter after the grant award.

4. Submit quarterly performance reports which compares accomplishments to the objectives. If established objectives are not met, discuss problems, delays, or other problems that may affect completion of the project; establish objectives for the next reporting period; and discuss compliance with any special conditions on the use of awarded funds.

5. Maintain a financial management system that is acceptable to the Agency.

6. Collect and maintain data provided by the independent producers on race, sex, and national origin.

7. Submit a final project performance report.

#### Project Proposal

The applicant must submit a project proposal containing the elements described in this NOFA and in the format prescribed. The elements of the proposal are: (1) Table of Contents providing page numbers for each component of the proposal; (2) a project Summary, not to exceed one page, that includes a description of the project and the names of individuals working on the project; and (3) a project narrative that discusses the goals of the Center, the specific tasks to be performed, and the seven criteria which are the basis for selection for funding.

#### Project Reporting Requirements

The grant Awardee will be required to submit written performance reports on a quarterly basis. The performance report shall include, but need not be limited to: (1) A comparison of actual accomplishments to the objectives; (2) if objectives were not met, reasons why they were not; (3) problems, delays, or adverse conditions which will materially affect attainment of planned project objectives; (4) objectives established for the next reporting period; and (5) status of compliance with any special conditions on the use of awarded funds.

*Estimate of Burden:* Public reporting burden for this collection of information is estimated to average 13 hours per response.

*Respondents:* Non-profit corporations and institutions of higher education.

*Estimated Number of Respondents:* 40.

*Estimated Number of Responses per Respondent:* 1.2.

*Estimated Number of Responses:* 48.

*Estimated Total Annual Burden on Respondents:* 628 hours.

Copies of this information collection can be obtained from Cheryl Thompson, Regulations and Paperwork Management Branch, (202) 692-0043.

#### Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility; (b) the accuracy of the Agency estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and

clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

All responses to this NOFA will be summarized and included in the request for OMB approval. All comments will also become a matter of public record. Comments on the paperwork burden may be sent to Cheryl Thompson, Regulations and Paperwork Management Branch, Rural Development, U.S. Department of Agriculture, Stop 0742, 1400 Independence Avenue SW., Washington, DC 20250-0742.

Dated: February 26, 2001.

**William F. Hagy III,**

*Acting Administrator, Rural Business-Cooperative Service, United States Department of Agriculture.*

[FR Doc. 01-5372 Filed 3-5-01; 8:45 am]

BILLING CODE 3410-XY-P

## DEPARTMENT OF AGRICULTURE

### Rural Business-Cooperative Service

#### Notice of Funds Availability (NOFA) Inviting Applications for the Value-Added Agricultural Product Market Development Grant Program (VADG) (Independent Producers)

**AGENCY:** Rural Business-Cooperative Service, USDA.

**ACTION:** Notice.

**SUMMARY:** The Rural Business-Cooperative Service (RBS) announces the availability of approximately \$20,000,000 in competitive grant funds to help independent producers enter into value-added activities under 231(a) of the Agriculture Risk Protection Act of 2000. RBS hereby requests proposals from eligible independent producers of agricultural commodities interested in a competitively awarded grant to develop business plans to establish a viable marketing opportunity for their value-added product; or to acquire capital to establish a value-added business venture or alliance that will allow the producers to better compete in domestic and international markets. Up to \$10,000,000 will be allocated for the first competition, with unused funds being made available in a second competition. The maximum award per grant is \$500,000.

**DATES:** The deadline for receipt of an application for the first competition is 5 p.m. eastern time on April 23, 2001.

Applications for the second competition are due 4 p.m. eastern time on June 27, 2001. The application deadlines are firm as to date and hour. The agency will not consider any application received after the deadline. Comments regarding the information collection requirements under the Paperwork Reduction Act of 1995 must be received on or before May 7, 2001 to be assured of consideration.

**ADDRESSES:** Send proposals and other required materials to Dr. Thomas H. Stafford, Director, Cooperative Marketing Division, Rural Business-Cooperative Service, USDA, Stop 3252, Room 4204, 1400 Independence Avenue SW., Washington, DC 20250-3252. Telephone: (202) 690-0368, E-Mail: thomas.stafford@usda.gov.

**FOR FURTHER INFORMATION CONTACT:** Dr. Thomas H. Stafford, Director, Cooperative Marketing Division, Rural Business-Cooperative Service, USDA, STOP 3252, 1400 Independence Ave. SW., Washington, DC 20250-3252. Telephone (202) 690-0368, Facsimile (202) 690-2723, E-mail: thomas.stafford@usda.gov. You may also obtain information from the RBS website at: <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>.

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

This solicitation is issued pursuant to section 231 of the Agriculture Risk Protection Act of 2000 (Pub. L. 106-224) authorizing the establishment of the Value-Added Agricultural Product Market Development grants. The Secretary of Agriculture has delegated the program's administration to USDA's Rural Business-Cooperative Service for the fiscal year ending September 30, 2001.

The primary objective of this grant program is to encourage producers of agricultural commodities and products of agricultural commodities to further refine these products increasing their value to end users. These grants will facilitate greater participation in markets for value-added agricultural commodities and facilitate the opening of new markets for value-added products. These grants will be used to fund ventures for a variety of agricultural commodities. Grants will only be awarded if projects or ventures are determined to be economically viable and sustainable.

Since there are numerous eligible uses for a VADG grant, applicants must carefully list each activity they will undertake and the order each activity will be completed. This is critical since payments for subsequent activities will be made based on the successful

completion of prerequisite activities. The Agency reserves the right to terminate the grant award if a prerequisite activity was not successful or if it showed the venture has a low probability of success. For example, business operations plan development will not be funded until a feasibility study has been completed and the results of the study show the venture has a strong chance of success.

Applicants must provide matching non-Federal funds at least equal to the grant. Grant funds will be disbursed pursuant to 7 CFR parts 3015 and 3019. Matching funds must be used to support the overall purpose of the VADG program.

All forms required to apply are available from the Cooperative Services Program web-site at <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>, by calling (202) 690-0368, or facsimile (202) 690-2723. Forms may be requested via the internet by sending a message with your name, mailing address (not e-mail), and phone number to [thomas.stafford@usda.gov](mailto:thomas.stafford@usda.gov). When calling or e-mailing, please indicate you are requesting forms for fiscal year (FY) 2001 Value-Added Product Market Development Grant Program. Forms will be mailed to you (not e-mailed or faxed) as quickly as possible. Forms are also available from most local USDA Rural Development offices.

##### **Definitions**

**Agency**—The Rural Business-Cooperative Service (RBS) or its successor.

**Agricultural Product**—Plant and animal products and their by-products to include aquaculturally produced fish and seafood products and forestry products.

**Business Plan**—A defined program of economic activities to determine the viability of a potential value-added venture including feasibility studies, marketing plans, business operations plans, and legal evaluations.

**Independent Producers**—Agricultural producers, including associations of producers and producer-owned corporations, who do not produce the agricultural product under contract or joint ownership with any other organization.

**Matching Funds**—Cash or confirmed funding commitments from non-Federal sources. Matching funds must be at least equal to the grant amount. In-kind contributions as defined at 7 CFR 3019.23 can be used as matching funds. Examples of in-kind contributions include volunteer services furnished by professional and technical personnel,

donated supplies and equipment, and donated office space.

**Value-Added**—Changes in the raw or partly processed agriculturally produced commodity that results in a product having a higher value to potential buyers. Examples include processing wheat into flour, slaughtering livestock or poultry, and collecting and converting methane from animal waste to generate energy.

##### **Recipient Eligibility Requirements**

Potential recipients of the grant must be Independent Producers as defined above.

The project proposed must add value as defined above to an agricultural product or a product of an agricultural product.

##### **Proposal Preparation**

A proposal should contain the following:

(1) *Form SF-424*, "Application for Federal Assistance."

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

(3) *Form SF-424B*, "Assurances—Non-Construction Programs."

(4) *Table of Contents*. For ease of locating information, each proposal must contain a detailed Table of Contents immediately following the required forms. The Table of Contents should include page numbers for each component of the proposal. Pagination should begin immediately following the Table of Contents.

(5) *Proposal Summary*. A summary of the Project Proposal, not to exceed one-page, should include the following: title of the project; description of the project including goals and tasks to be accomplished; names of the individuals responsible for conducting and completing the tasks; and the expected timeframe for completing all tasks.

(6) *Proposal Narrative*. The narrative portion of the project proposal must include at least the following:

(i) Project Title. The title of the proposed project must be brief, yet represent the major thrust of the project.

(ii) Information sheet. A separate one-page information sheet which lists each of the seven evaluation criteria listed in this NOFA under the "Evaluation Criteria and Weights" section, followed by the page numbers of all relevant material and documentation contained in the proposal which addresses or supports that criteria.

(iii) Goals of the Project. A clear statement of the ultimate goal of the project must be presented. It must describe the value-added venture to be developed and all the organizational

tasks and their sequence that need to be completed before operations can begin. Examples of similar types of operations should be presented and discussed in detail.

(iv) **Specific Tasks to Be Completed.** The narrative must list the specific tasks that will be funded by the grant. For example, a group of producers may want to have a feasibility study conducted and a business operations plan drafted. The details of these two tasks must be presented and discussed. This includes the order in which they will be completed and an estimate of the time necessary to complete the tasks. The Agency reserves the right to terminate the grant if a prerequisite activity was not successful or it showed the venture had a low probability of success.

(v) **Evaluation Criteria.** Each of the seven evaluation criteria listed in the Evaluation Criteria and Weights section of this NOFA must be addressed specifically and individually by category. These criteria should be in narrative form with any specific supporting documentation.

(7) **Verification of Matching Funds.** Present a copy of a bank statement if matching funds are in cash or a copy of the confirmed funding commitment from the funding source. If in-kind match is included, so state and provide verification of all commitments and how those commitments are priced.

(8) **Budget.** A detailed breakdown of estimated costs and a project budget.

#### **Grant Amounts**

The amount of funds available for VADG grants in FY 2001 is \$20,000,000. The actual number of grants funded will depend on the quality of proposals received and the amount of funding requested. Maximum amount of Federal funds awarded for any one proposal will be \$500,000. Up to \$10,000,000 will be awarded in the first round of competition with any residual amount awarded in the second round. Eligible applicants not awarded in the first round will automatically be included in the second competition, unless an applicant wishes to submit a modified proposal.

In the event that the applicant is awarded a grant that is less than the amount requested, they will be required to modify their application to conform to the reduced amount before execution of the grant agreement. The Agency reserves the right to reduce or de-obligate the award, if acceptable modifications are not submitted by the awardee within 15 working days from the date the application is returned to the applicant. Any modifications must

be within the scope of the original application.

#### **Eligible Grant and Matching Funds Uses**

Grant funds may be used to pay up to 50 percent of the costs for carrying out relevant projects. Applicant's contribution in cash or in-kind must be in accordance with 7 CFR parts 3015 and 3019. Grant and the recipient's matching funds may be used for, but are not limited to, the following purposes:

1. Conduct a feasibility analysis of the proposed value-added venture to help determine the potential success of the venture. Funds can be used to hire a qualified consultant.

2. Develop a business operations plan that provides comprehensive details on the management, planning, and other operational aspects of the proposed venture. Funds can be used to hire a qualified consultant.

3. Develop a business marketing plan for the proposed value-added product or products including the identification of a market window, the identification of potential buyers, a description of the distribution system, and possible promotional campaigns. Funds can be used to hire a qualified consultant.

4. Establish a working capital account to fund operations prior to obtaining sufficient cash flow from operations. Funds from this account can be used for, but are not limited to:

(a) hiring an attorney to provide legal advice and to draft articles of incorporation, bylaws, and other legal documents related to the proposed venture;

(b) hiring a Certified Public Accountant or other qualified individual to design an accounting system for the proposed venture; and

(c) pay salaries, utilities, and other operating costs to finance inventories, purchase office equipment, computers, and supplies, and finance other related activities necessary to establish alliances or business ventures that allow producers to better compete in domestic or international markets for value-added products.

#### **Ineligible Grant Uses**

Grant and matching funds cannot be used to:

1. Plan, repair, rehabilitate, acquire, or construct a building or facility (including a processing facility);

2. Purchase, rent, or install fixed equipment;

3. Repair or maintain privately owned vehicles;

4. Pay for the preparation of the grant application;

5. Fund political activities;

6. Pay costs incurred prior to receiving this grant;

7. Fund any activities prohibited by 7 CFR parts 3015 and 3019; and

8. Fund architectural or engineering design work for the physical facility that are often part of the project feasibility study.

#### **Methods for Evaluating and Ranking Applications**

Applications will be evaluated by a panel of agricultural economists and other technical experts appointed by RBS. Applications will be evaluated competitively and points awarded as specified in the "Evaluation Criteria and Weights" section of this NOFA. After assigning points upon those criteria, applications will be listed in initial rank order and presented, along with funding level recommendations, to the Administrator of RBS, who will award the grants. The Administrator reserves the right to add 10 points to any proposal to ensure geographic distribution. The Administrator further reserves the right to add 10 points to any proposal to ensure commodity type distribution. Applications will then be funded in final rank order until all available funds have been expended. Applicants must score 65 points or more during the first round to be considered for funding. Unused remaining funds from the first competition will be allocated to the second competition. Unless the proposal is withdrawn, eligible, but unfunded, proposals from the first competition will be considered in the second competition, with or without a revision by the applicant.

#### **Evaluation Criteria and Weights**

RBS will initially determine whether the submitting organization is eligible and whether the application contains the information required by this NOFA. Prior to technical examination, each proposal will be reviewed for responsiveness to the funding solicitation. Submissions that do not fall within the guidelines as stated in this NOFA will be eliminated from the competition and will be returned to the applicant. After this initial screening, RBS will use the following criteria to rate and rank proposals received in response to this NOFA. Failure to address any of the following criteria will disqualify the proposal.

1. **Technical feasibility of the value-added activity (Maximum 20 points).** Describe in detail the operations of the proposed venture. This must include the value-added activity being proposed, the technology to be used and its availability, and examples of similar ventures. Projects will be evaluated

under this criteria for their overall ability to (1) operate efficiently, (2) maximize returns to producers, (3) be sustainable, and (4) improve the local rural economy.

2. Level of producer commitment (Maximum 20 points). Describe in detail the number of independent producers who will participate in the venture and their total level of production, the number and type of written commitments received, and the amount of funds raised from the independent producers.

3. Level of commitment from end-users of the product to be produced (Maximum 15 points). Describe in detail who will purchase the output of the venture; estimate the amount to be purchased; provide any completed marketing studies; and provide any letters of intent or similar commitment from the potential end-users.

4. Qualifications of personnel performing the proposed tasks and a demonstrated track-record of performing activities similar to those being proposed (Maximum 15 points). Describe in detail qualifications of the individuals who will actually do the proposed tasks and provide resumes and information about their organizations. If a consultant or others are to be hired, include a statement as to their commitment, as well as their qualifications.

5. Plan of work incorporating the appropriate tasks to accomplish the stated objectives (Maximum 15 points). The work plan must include the specific tasks that will be completed using the grant and matching fund money. Describe in detail the various tasks to be performed. For example, if the task is a feasibility study, the work plan must include the various aspects of the venture that will be analyzed. The work plan must present the order the tasks will be undertaken and the estimated time for completing each task. If the grant and match will be used for working capital, a detailed description of how the capital will be used must be included. Sufficient detail must be provided to determine whether or not funds are being used for qualified purposes.

6. Project cost per producer (Maximum 10 points). Calculated by dividing the estimated total number of producers benefiting from the venture by the project funding (grant amount plus the applicant's match). Scores will be assigned based on all applications in the competition.

7. Level of support from different development groups and agencies (Maximum 5 points). Describe in detail the involvement of other groups, state

agencies, and local agencies in the venture and the kind of support they are providing. This can be financial and in-kind support.

#### **What and Where To Submit**

An original and two copies of the proposal, with all required forms and documentation, must be submitted in one package to: Dr. Thomas H. Stafford, Director, Cooperative Marketing Division, Rural Business-Cooperative Service, USDA, Stop 3252, Room 4204, 1400 Independence Avenue SW., Washington, DC 20250-3252. Applications sent electronically or by facsimile will not be accepted.

#### **When To Submit**

The deadline for receipt of first round applications is 4 p.m. eastern time on April 23, 2001. The deadline for receipt of second round applications is 4 p.m. eastern time on June 27, 2001. The application deadline is firm as to date and hour and applies to submission of the original application and two copies to the National Office in Washington, DC. The Agency will not consider any application received after the deadline.

#### **Grantee Requirements**

Grantees will be required to do the following:

1. Sign a Value-Added Agricultural Product Market Development Grant Agreement similar to the one published at the end of this NOFA.

2. Sign required Federal grant-making forms.

3. Submit a feasibility study showing the viability of the venture, if any Federal grant and matching funds are to be used as working capital.

4. Use Standard Form 270, "Request for Advance or Reimbursement" to request advances and reimbursements. Requests to be submitted on a quarterly or less frequent basis.

5. Submit a Standard Form 269, "Financial Status Report" and list expenditures according to agreed upon budget categories on a semi-annual basis. Reports are due by April 30 and October 30 after the grant is awarded.

6. Submit semi-annual performance reports which compare accomplishments to the objectives; if established objectives are not met, discuss problems, delays, or other problems that may affect completion of the project; establish objectives for the next reporting period; and discuss compliance with any special conditions on the use of awarded funds.

7. Upon completion of each task outlined in the proposal, grant recipients will deliver the results of the study or activity to RBS, accompanied

by all applicable supporting data. These include, but are not limited to, feasibility studies, marketing plans, business operation plans, articles of incorporation and bylaws, or an accounting of how working capital funds were spent. All items delivered to RBS will be held in confidence to the extent permitted by law.

8. Maintain a financial management system that is acceptable to the Agency.

9. Collect and maintain data on race, sex, and national origin provided by the membership of the Independent Producers as defined above.

10. Submit a final project performance report.

#### **Other Federal Statutes and Regulations That Apply**

Several other Federal statutes and regulations apply to proposals considered for review and to grants awarded. These include but are not limited to:

7 CFR part 15, subpart A—Nondiscrimination in Federally-Assisted Programs of the Department of Agriculture-Effectuation of title VI of the Civil Rights Act of 1964;

7 CFR part 3015—Uniform Federal Assistance Regulations;

7 CFR part 3017—Governmentwide Debarment and Suspension (Nonprocurement) and Governmentwide Requirements for Drug-Free Workplace (Grants);

7 CFR part 3018—New Restrictions on Lobbying;

7 CFR part 3019—Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations; and

7 CFR part 3052—Audits of States, Local Governments, and Non-Profit Organizations.

#### **Paperwork Reduction Act**

The reporting requirements contained in this notice have received temporary emergency clearance by the Office of Management and Budget (OMB) under Control Number 0570-0039. However, in accordance with the Paperwork Reduction Act of 1995, RBS will seek standard OMB approval of the reporting requirements contained in this Notice and hereby opens a 60-day public comment period.

Abstract: RBS, an Agency within the USDA Rural Development mission area, will administer the VADG grant program. The intent of the VADG grant program is to develop a business plan for viable marketing opportunities for a value-added agricultural commodity or product of an agricultural product; or to acquire capital to establish a value-

added business venture or alliance that will allow the producers to better compete in domestic and international markets.

#### Public Burden in This Notice

At this time, the Agency is requesting OMB clearance of the following burden: Form SF-424 "Application for Federal Assistance." This form is used by applicants as a required face sheet for applications for Federal assistance.

Form SF-424A "Budget Information-Non construction Programs." This form must be completed by applicants to show the project's budget breakdown, both as to expense categories and the division between Federal and non-Federal sources.

Form SF-424B "Assurances-Non Construction Programs." This form must be completed by the applicant to give the Federal government certain assurances that the applicant has the legal authority to apply for Federal assistance and the financial capacity to pay the non-Federal share of project costs. The applicant also gives assurance it will comply with various legal and regulatory requirements as described in the form.

Grantees will be required to do the following:

1. Grant Agreement. Sign a Value-Added Agricultural Product Market Development Grant Agreement similar to the one published at the end of this NOFA.
2. Feasibility Study. Submit a feasibility study showing the viability of the venture if any Federal grant and matching funds are to be used as working capital.
3. Payment requests. Use Standard Form 270, "Request for Advance or Reimbursement" to request advances and reimbursements. Requests to be submitted on a quarterly or less frequent basis.
4. Report Financial Status. Submit a Standard Form 269, "Financial Status Report" and list expenditures according to agreed upon budget categories on a semi-annual basis. Reports are due by April 30 and October 30, after the grant is awarded.
5. Performance Reports. Submit semi-annual performance reports which compares accomplishments to the objectives; if established objectives are not met, discuss problems, delays, or other problems that may affect completion of the project; establish objectives for the next reporting period; and discuss compliance with any special conditions on the use of awarded funds.
6. Study Results. Upon completion of each task outlined in the proposal, grant

recipients will deliver the results of the study or activity to RBS, accompanied by all applicable supporting data. These include, but are not limited to, feasibility studies, marketing plans, business operation plans, articles of incorporation and bylaws, or an accounting of how working capital funds were spent. All items delivered to RBS will be held in confidence to the extent provided for by law.

7. Financial Management System. Maintain a financial management system that is acceptable to the Agency.

8. Civil Rights Data. Collect and maintain data on sex, race, and national origin of the Independent Producers membership.

9. Final Performance Report. Submit a final project performance report.

#### Project Proposal

The applicant must submit a project proposal containing the elements described in this notice and in the format prescribed. The elements of the proposal are: (1) Table of contents providing page numbers for each component of the proposal; (2) a project summary, not to exceed one page, that includes the title of the project, a description of the project, and the names of individuals working on the project; and (3) a project narrative that discusses the goals of the project, the specific tasks to be completed, and the seven criteria which is the basis for selection for funding.

#### Project Reporting Requirements

Awardees will be required to submit written project performance reports on a semi-annual basis. The project performance report shall include, but need not be limited to: (1) A comparison of actual accomplishments to the objectives; (2) problems in meeting established objectives; (3) problems, delays, or adverse conditions which will materially affect completion of the project; (4) objectives established for the next reporting period; (5) status of compliance with any special conditions on the use of awarded funds.

*Estimate of Burden:* Public reporting burden for this collection of information is estimated to average 8.2 hours per response.

*Respondents:* Associations of independent producers and entities representing steering committees of independent producers.

*Estimated Number of Respondents:* 120.

*Estimated Number of Responses per Respondent:* 2.5.

*Estimated Number of Responses:* 300.

*Estimated Total Annual Burden on Respondents:* 2,460 hours.

Copies of this information collection can be obtained from Cheryl Thompson, Regulations and Paperwork Management Branch, (202) 692-0043.

#### Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility; (b) the accuracy of the Agency estimate of the burden of the proposed collection of information including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

All responses to this notice will be summarized and included in the request for OMB approval. All comments will also become a matter of public record. Comments on the paperwork burden may be sent to Cheryl Thompson, Regulations and Paperwork Management Branch, Rural Development, U.S. Department of Agriculture, Stop 0742, 1400 Independence Avenue SW, Washington, DC 20250-0742.

Dated: February 26, 2001.

**William F. Hagy III,**

*Acting Administrator, Rural Business-Cooperative Service, United States Department of Agriculture.*

#### Rural Business-Cooperative Service Value-Added Agricultural Product Market Development Grant Agreement (VADG)

This Grant Agreement (Agreement) dated \_\_\_\_\_, between \_\_\_\_\_ (Grantee), and the United States of America, acting through the Rural Business-Cooperative Service of the Department of Agriculture (Grantor), for \$ \_\_\_ in grant funds under the VADG program, delineates the agreement of the parties.

*Now, Therefore,* in consideration of the grant;

The parties agree that:

1. All the terms and provisions of the application submitted by the Grantee for this VADG grant, including any attachments or amendments, are incorporated and included as part of this Agreement. Any changes to these documents or this agreement must be approved in writing by the Grantor.

2. As a condition of the Agreement, the Grantee certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders, and other generally applicable requirements, including those contained in 7 CFR 3015.205(b), which are incorporated into this agreement by reference, and such other statutory provisions as are specifically contained herein. The Grantee will comply with title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and Executive Order 12250;

3. The provisions of 7 CFR part 3015, "Uniform Federal Assistance Regulations," part 3016, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," or part 3019, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations," as applicable are incorporated herein and made a part hereof by reference;

Further, the Grantee agrees that it will:

1. Not use grant funds to plan, repair, rehabilitate, acquire, or construct a building or facility (including a processing facility); or to purchase, rent, or install fixed equipment.

2. Use Grant Funds only for the purposes and activities specified in the proposal approved by the Agency including the approved budget. Any uses not provided for in the approved budget must be approved in writing by the Agency in advance of obligation by the grantor.

3. Submit a feasibility study, business operations plans, and other studies and plans required by the Grantor if any part of the grant will be used to establish a working capital account.

4. Deliver the results of a study or activity to the Grantor upon completion of each task outlined in the proposal. These include, but are not limited to, feasibility studies, marketing plans, business operations plans, articles of incorporation and bylaws, and accounting of how working capital funds were spent. All items delivered to the Grantor will be held in confidence to the extent provided by law.

5. Request any cash advances in the minimum amount needed and timed to the actual, immediate cash requirements for carrying out the grant purpose. Standard Form 270, "Request for Advance or Reimbursement," will be used for this purpose.

6. Submit a Standard Form 269, "Financial Status Report" and list expenditures according to agreed upon

budget categories on a semi-annual basis. Reports are due by April 30 and October 30 after the grant is awarded.

7. Provide periodic reports as required by the Grantor. A financial status report and a project performance report will be required on a semi-annual basis (due April 30 and October 30). The financial status report must show how grant funds and matching funds have been used to date and project the funds needed and their purposes for the next quarter. A final report may serve as the last quarterly report. Grantees shall constantly monitor performance to ensure that time schedules are being met and projected goals by time periods are being accomplished. The project performance reports shall include the following:

a. A comparison of actual accomplishments to the objectives for that period.

b. Reasons why established objectives were not met, if applicable.

c. Reasons for any problems, delays, or adverse conditions which will affect attainment of overall program objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular objectives during established time periods. This disclosure shall be accomplished by a statement of the action taken or planned to resolve the situation.

d. Objectives and timetables established for the next reporting period.

e. The final report will also address the following:

(i) What have been the most challenging or unexpected aspects of this program?

(ii) What advice you would give to other organizations planning a similar program. These should include strengths and limitations of the program. If you had the opportunity, what would you have done differently?

(iii) If an innovative approach was used successfully, the grantee should describe their program in detail so that other organizations might consider replication in their areas.

8. Collect and maintain data on producer-members by race, sex, and national origin. The grantee must ensure that their recipients also collect and maintain data on beneficiaries by race, sex, and national origin as required by title VI of the Civil Rights Act of 1964 and must be provided to the Agency for compliance review purposes.

9. Provide Financial Management Systems which will include:

a. Records that identify adequately the source and application of funds for grant-supported activities. Those records shall contain information

pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income;

b. Effective control over and accountability for all funds, property, and other assets. Grantees shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes;

c. Accounting records supported by source documentation; and

d. Grantee tracking of fund usage and records that show matching funds and grant funds are used in equal proportions. The grantee will provide verifiable documentation regarding matching fund usage, i.e., bank statements or copies of funding obligations from the matching source.

10. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least 3 years after grant closing, except that the records shall be retained beyond the 3-year period if audit findings have not been resolved. Microfilm or photocopies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts, and transcripts.

11. Not encumber, transfer or dispose of the equipment or any part thereof, acquired wholly or in part with Grantor funds without the written consent of the Grantor.

12. Not duplicate other program purposes for which monies have been received, are committed, or are applied to from other sources (public or private).

Grantor agrees to make available to Grantee for the purpose of this Agreement funds in an amount not to exceed the Grant Funds. The funds will be reimbursed or advanced based on submission of Standard Form 270.

*In Witness Whereof*, Grantee has this day authorized and caused this Agreement to be executed by

Attest

By \_\_\_\_\_  
(Grantee)  
(Title)

United States of America  
Rural Business-Cooperative Service

By \_\_\_\_\_  
(Grantor) (Name) (Title)

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