

UNITED STATES DEPARTMENT OF AGRICULTURE

Rural Development  
Rural Business–Cooperative Service

**RD Instruction 4284-K**

**SUBJECT:** Part 4284 Grants  
Subpart K, Agriculture Innovation Demonstration Center Program

**TO:** Agency Administrators, State Directors, National Office Officials, Program Directors and Rural Development Staff

**EFFECTIVE DATE:** Date of Approval

**EXPIRATION DATE:** Continue until updated

**OFFICE OF PRIMARY INTEREST:** Rural Business-Cooperative Service

**INSTRUCTIONS:** File with Rural Development Regulation [7 CFR 4284](#). This document supersedes the instruction posted and issued via Special PN on April 29, 2004.

**AVAILABILITY:** This RD Instruction can be accessed via the [RD Directives Resource Library](#) and the RD Instructions web page: [Instructions | Rural Development \(usda.gov\)](#)

**PURPOSE:** To set forth Agency guidelines and policy on how to implement 7 CFR 4284, [Subpart K](#).

KATHRYN DIRKSEN  
LONDRIGAN

Digitally signed by KATHRYN  
DIRKSEN LONDRIGAN  
Date: 2024.11.21 13:50:01  
-05'00'

Kathryn E. Dirksen Londrigan  
Administrator  
Rural Business-Cooperative Service  
Rural Development

**Part 4284 - GRANTS**

**Subpart K – Agriculture Innovation Center Demonstration Program**

**Table of Contents**

General Information ..... 1

§ 4284.1001 Purpose. .... 1

§ 4284.1002 Organization of subpart..... 1

§ 4284.1003 Definitions. .... 2

§ 4284.1004 Exception authority. .... 9

§ 4284.1005 [Reserved]..... 9

§ 4284.1006 Conflict of interest. .... 9

§ 4284.1007 [Reserved]..... 11

§ 4284.1008 Compliance with other laws and regulations. .... 11

§§ 4284.1009 - 4284.1019 [Reserved] ..... 13

Eligibility Information..... 13

§ 4284.1020 Applicant eligibility..... 13

§ 4284.1021 Ultimate beneficiary eligibility. .... 16

§ 4284.1022 Project eligibility..... 17

§§ 4284.1023 - 4284.1024 [Reserved] ..... 19

§ 4284.1025 Use of funds..... 19

§§ 4284.1026 - 4284.1029 [Reserved] ..... 22

§ 4284.1030 Notifications. .... 22

Application requirements..... 22

§ 4284.1031 Application requirements. .... 22

§ 4284.1032 [Reserved]..... 23

§ 4284.1033 Submission requirements. .... 23

§§ 4284.1034 - 4284.1039 [Reserved] ..... 24

Application processing..... 24

§ 4284.1040 Application processing. .... 24

§ 4284.1041 Application withdrawal..... 35

§§ 4284.1042 - 4284.1049 [Reserved] ..... 36  
Award ..... 36  
§ 4284.1050 Award selection. .... 36  
§ 4284.1051 Notification of successful Applicants. .... 36  
§ 4284.1052 Notification of unsuccessful applicants..... 37  
§ 4284.1053 Award approval..... 38  
§§ 4284.1054 - 4284.1059 [Reserved] ..... 38  
Post-award ..... 38  
§ 4284.1060 Reporting requirements. .... 38  
§ 4284.1061 Monitoring awards. .... 39  
Other ..... 40  
§4284.1062 - 4284.1099 [Reserved]..... 40  
§4284.1100 OMB control number..... 40

**All text in bold is regulatory language, text in italics is administrative instructional language, not codified in regulations, intended for Rural Development staff's benefit.**

## General Information

### § [4284.1001](#) Purpose.

This subpart implements the Agriculture Innovation Center Demonstration (AIC) program. Through the AIC program, the Agency makes grants to Centers that provide Producer Services to Agricultural Producers seeking to develop and market Value-Added Agricultural Products.

### § [4284.1002](#) Organization of subpart.

The information in this subpart is organized into seven main topics:

- (a) **General information.** Sections 4284.1001 through 4284.1019 discuss the purpose of the program, definitions, exception authority, conflict of interest, and compliance with other laws and regulations.
- (b) **Eligibility information.** Sections 4284.1020 through 4284.1029 discuss the eligibility requirements for the program. These sections include information on applicant eligibility, project eligibility, and the use of funds. See § [4284.1022](#) for information about the award amounts, Period of Performance, and Matching Funds requirements.
- (c) **Application requirements information.** Sections 4284.1030 through 4284.1039 discuss the requirements for submitting an application. These sections include information on what forms and other information are required for a complete application as well as the format of the application, the application deadline, and how to submit the application.

- (d) **Application processing information.** Sections 4284.1040 through 4284.1049 discuss how the Agency will process applications. These sections include information on how applications will be reviewed for eligibility, how applications will be evaluated for merit, and how an applicant can withdraw an application from consideration.
- (e) **Award information.** Sections 4284.1050 through 4284.1059 discuss how the Agency will make awards. The sections include information about how applications will be selected for funding, how applicants will be notified whether their applications have been selected for funding, how applicants can resolve disputes regarding funding selections, and the requirements for an applicant to accept an award and be approved as a Recipient of an award.
- (f) **Post-award information.** Sections 4284.1060 through 4284.1061 discuss the reporting requirements for Recipients after an award is approved as well as monitoring procedures that the Agency will use.
- (g) **Other.**
- (1) Sections 4284.1062 through 4284.1099 are reserved.
  - (2) Section 4284.1100 includes the Office of Management and Budget (OMB) control number for reporting and recordkeeping requirements under this subpart.

§ [4284.1003](#) Definitions.

These are the definitions for terms used in this subpart. Additional terms used

in this subpart are found in the applicable laws and regulations, in particular [2 CFR part 200](#) and [7 CFR part 11](#).

**Adverse Decision** has the meaning located at [7 CFR 11.1](#).

**Adverse Decision Letter** means a letter issued by the Agency to the Applicant or Recipient that explains the Adverse Decision.

**Agency** means the Rural Business-Cooperative Service (RBCS or the Agency), an agency of the United States Department of Agriculture (USDA), or a successor agency.

**Agricultural Commodity** has the meaning located at § [4284.903](#).

**Agricultural Commodity Organization** means an organization that exclusively represents a single Agricultural Commodity or group of similar commodities either on behalf of the commodity itself or on behalf of the Agricultural Producers who grow or raise it. The representation can be at a local, State, regional, or national level. Examples are Agricultural Commodity Marketing Boards established by States, a national association representing corn growers, and a regional association representing fruit and vegetable growers.

**Agricultural Food Product** has the meaning located at § [4284.903](#).

**Agricultural Producer** has the meaning located at § [4284.903](#).

**Applicant** means the entity that is applying for funding through the AIC program.

**Board of Directors** means the group of individuals who govern the Center.

**Business Plan** has the meaning located at § [4284.903](#).

**Center** means the Agriculture Innovation Center to be established and operated by a Recipient of the AIC program. It must be governed by a Qualified Board of Directors.

**Change in Physical State** has the meaning located at § [4284.903](#).

**Commercial Organization** means any business that sells goods or services for the purpose of making a profit.

**Equipment** has the meaning located at [2 CFR 200.1](#).

**Family Farm** has the meaning located at § [4284.903](#).

**Farm or Ranch** has the meaning located at § [4284.903](#).

**Farm- or Ranch-Based Renewable Energy** has the meaning located at § 4284.903.

**Feasibility Study** has the meaning located at § [4284.903](#).

**Federal Award** has the meaning located at [2 CFR 200.1](#).

**Financial Assistance Agreement** means Form RD 4280-2 and any attachments, as executed by RBCS and the Recipient.

**General Agricultural Organization** means an organization that represents agriculture in general, without restriction to any specific group, commodity, or sector. The sole purpose of the organization must be representing agriculture through policymaking, education, and/or marketing. The organization must represent Agricultural Producers, although it may represent processors and other stakeholders as well. The representation can occur at the State, regional, or national level. Examples include organizations that represent farmers and

ranchers and organizations that represent organic or sustainable farming. Note that credit organizations are not included in this definition.

**Harvester** has the meaning located at § [4284.903](#).

**Indian Tribe** has the meaning located at [2 CFR 200.1](#).

**Indirect Costs** has the meaning located at [2 CFR 200.1](#).

**Institutions of Higher Education** has the meaning located at [2 CFR 200.1](#).

**Key Personnel** means the employees and/or contractors of the Center who provide Producer Services. It also includes the Project Director.

**Letter of Conditions** means the letter that the Agency issues to an entity whose application is selected for funding. The letter outlines all the conditions of the award that must be met before the award can be approved. Other agencies may call this letter an award letter or award notice.

**Local Government** has the meaning located at [2 CFR 200.1](#).

**Local Agricultural Producer** means an Agricultural Producer located within 400 miles of the Center or in the same State.

**Locally-Produced Agricultural Food Product** has the meaning located at § [4284.903](#).

**Matching Funds** has the meaning located at [2 CFR 200.1](#).

**Nonprofit Organization** has the meaning located at [2 CFR 200.1](#).

**Period of Performance** has the meaning located at [2 CFR 200.1](#).

**Produced in a Manner That Enhances the Value of the Agricultural Commodity** has the meaning located at § [4284.903](#).

**Physical Segregation** has the meaning located at § [4284.903](#).

**Producer Services** means services provided by the Centers to Agricultural Producers seeking to develop and market Value-Added Agricultural Products. The services provided must directly assist the Agricultural Producer with the process of developing and/or marketing a Value-Added Agricultural Product. The services include the following:

- (1) Business development services, such as Feasibility Studies, Business Plans, and other types of technical assistance that supports business development.
- (2) Market development services, such as marketing plans, branding, and customer identification.
- (3) Organizational assistance, such as legal and technical advisory services related to the development, expansion, or operation of a business.
- (4) Financial advisory services related to the development, expansion, or operation of a business, such as assistance with obtaining credit for operating costs, training on using financial management software, and guidance on use of cash flow.
- (5) Process development services, such as the following:
  - (i) Engineering services, including scale-up of production systems (not to include cost of renovating or constructing a facility or system);

- (ii) Scale production assessments, which are studies that analyze processing facilities to determine the size that optimizes construction and other cost efficiencies associated with manufacturing or processing a Value-Added Agricultural Product;**
- (iii) Systems development; and**
- (iv) Other technical assistance and applied research related to development, implementation, improvement and operations of processes and systems to develop and market a Value-Added Agricultural Product.**
- (6) Product development, such as idea generation, concept testing, feasibility and cost analysis, product taste-testing, demographic and other types of consumer analysis, production analysis, recipe development, evaluation of packaging and labeling options, and brand development for a Value-Added Agricultural Product.**
- (7) Value chain coordination, or directly working with an Agricultural Producer to connect that producer to a distribution system, processing facility, or commercial kitchen.**
- (8) Grants to Agricultural Producers for the services in paragraphs (1) through (7) of this definition, where the individual award does not exceed \$5,000 and the aggregate amount of grants made by the Center does not exceed \$50,000. Note that these grants are**

considered pass-through awards. Therefore, Centers and subrecipients must comply with all federal and programmatic requirements for pass-through entities and awards, as described in [2 CFR part 200](#). Additionally, subrecipients of these grants must be eligible to receive a Federal Award, use grant and Matching Funds for allowable costs, provide at least one-third of the Project Cost in Matching Funds, and meet all other federal and program requirements for the AIC program.

**Program Income** has the meaning located at [2 CFR 200.1](#).

**Project Cost** has the meaning located at [2 CFR 200.1](#).

**Qualified Board of Directors** means a Board of Directors that includes, but is not limited to, representatives from each of the groups identified in paragraphs (1) through (3) of this definition. It should be noted that no representative may represent more than one group or organization and Board of Director representatives must not have any conflicts of interest. See § [4284.1006](#) for additional information on conflicts of interest.

- (a) Two General Agricultural Organizations with the greatest number of members in the State in which the Center is located;
- (b) The department of agriculture, or similar State department or agency, or a State legislator, of the State in which the Center is located; and
- (c) Four Agricultural Commodity Organizations representing different Agricultural Commodities produced in the State in which the Center is

located.

**Real Property** has the meaning located at [2 CFR 200.1](#).

**Recipient** has the meaning located at [2 CFR 200.1](#).

**State** has the meaning located at [2 CFR 200.1](#).

**State Office** means the USDA Rural Development (RD) offices located in each State.

**Third-Party In-Kind Contributions** has the meaning located at [2 CFR 200.1](#).

**Underserved and Economically Distressed Area** means an area so designated on the program website.

**Value-Added Agricultural Product** has the meaning located at § [4284.903](#).

§ [4284.1004](#) Exception authority.

The Administrator of the Agency may, on a case-by-case basis, approve an exception to any requirement or provision of this subpart provided that such an exception is in the best financial interests of the federal government. Exercise of this authority cannot conflict with applicable laws.

§ 4284.1005 [Reserved]

§ [4284.1006](#) Conflict of interest.

No conflict of interest or appearance of a conflict of interest will be allowed.

(a) **Description**. A conflict of interest occurs in a situation in which a person or entity has competing personal, professional, or financial interests that make it difficult for the person or entity to act impartially. For the purposes of this subpart, relationships that can include conflict of interest include,

**but are not limited to:**

- (1) Parent, Applicant, or Recipient Board of Directors, employees, consultants, and contractors.**
- (2) Center Board of Directors, employees, consultants, and contractors.**
- (3) Subrecipients and their employees, consultants, and contractors.**
- (4) Immediate family members of those listed in paragraphs (a)(1) through (3) of this section.**

**(b) State Departments of Agriculture. A conflict of interest does not include the situation when the State's Secretary of Agriculture or an employee of the State's Department of Agriculture, or similar agency, acts as a member of the Center's board of directors because this representation is a requirement for the program.**

*Examples of a conflict of interest are:*

*(1) Using Federal Award or Matching Funds to pay a member of the Center's Board of Directors to provide Producer Services.*

*(2) Using Federal Award or Matching Funds to pay an immediate family member of an owner, employee, or agent of the Center to provide Producer Services.*

*(3) Giving preference to members of organizations represented on the Center's Board of Directors with respect to providing Producer Services or awarding subawards or contracts.*

**(c) Written disclosure. Recipients must comply with [2 CFR 400.2\(b\)](#), which includes providing written disclosure to the Agency of any potential**

conflicts of interest and maintaining written standards of conduct covering conflicts of interest and governing the performance of its employees in the selection, award, and administration of Federal Awards.

(d) **Assistance to employees, relatives, and associates.** The Agency will process any requests for assistance under this subpart in accordance with [7 CFR part 1900 Subpart D.](#)

(e) **Member/delegate clause.** No member of or delegate to Congress shall receive any share or part of this grant or any benefit that may arise therefrom; provided, however, that this provision shall not be construed to bar, as a contractor under the Federal Award, a publicly held corporation whose ownership might include a member of Congress.

§ 4284.1007 [Reserved]

§ [4284.1008](#) Compliance with other laws and regulations.

The Agency, Applicants, and Recipients must comply with all applicable laws and regulations. An effort has been made to identify the most-commonly cited laws and regulations and reference them as follows:

(a) **Federal laws.** Federal laws are codified in the United States Code (U.S.C.).

A selection of laws applicable to this program is identified as follows:

- (1) Equal Credit Opportunity Credit Act (15 U.S.C. 1691 *et seq.*).
- (2) Consumer Credit Protection Act (15 U.S.C. 1601 *et seq.*).
- (3) Americans with Disabilities Act of 1990 (42 U.S.C. 12101 *et seq.*).
- (4) The Civil Rights Act of 1964, Title VI (42 U.S.C. 2000d *et seq.*).

(5) **The Rehabilitation Act of 1973, Section 504 (29 U.S.C. 794).**

(b) **Federal regulations.** Federal regulations are codified in the Code of Federal Regulations (CFR). In particular, 2 CFR parts [1](#) through [200](#) are applicable to all federal grant programs. These parts address items such as universal entity identifiers, reporting subaward and executive compensation, debarment and suspension, drug-free workplaces, administrative requirements, cost principles, and audit requirements. We particularly advise Applicants and Recipients to become familiar with [2 CFR part 200](#) in its entirety.

(c) **Departmental regulations.** Departmental regulations are those regulations that are specific to awards made through USDA. They are codified in the CFR. A selection of applicable regulations is identified as follows:

(1) [2 CFR parts 400 through 499](#). These parts include USDA's adoption of federal administrative requirements and cost principles. They also include regulations on debarment and suspension, lobbying, drug-free workplaces, and research awards.

(2) [7 CFR part 11](#). This part includes USDA's procedures for administrative appeals, as handled by its National Appeals Division.

(3) [7 CFR part 15](#). This part includes USDA's procedures for compliance with nondiscrimination laws and regulations.

(d) **Agency regulations.** Agency regulations are those regulations that are specific to awards made through the Agency and they may also be specific

to a program. They are codified in the CFR. A selection of those regulations is as follows:

- (1) [7 CFR part 1900](#). This part covers delegations of authority, Adverse Decisions and administrative appeals, applicability of federal law, and processing and servicing grant awards.
- (2) [7 CFR part 1901, subpart E](#). This subpart covers civil rights compliance requirements.
- (3) [7 CFR part 1951](#). This part covers servicing grant awards, including unauthorized assistance.
- (4) [7 CFR part 1970](#). This part covers environmental policies and considerations.

(e) Access to laws and regulations.

- (1) Laws may be accessed through the U.S.C. At the time this subpart was published, the U.S.C. may be accessed electronically at this website: <https://uscode.house.gov/>.
- (2) Regulations may be accessed through the CFR. At the time this subpart was published, the CFR may be accessed electronically at this website: <https://www.ecfr.gov/>.

§§ 4284.1009 - 4284.1019 [Reserved]

Eligibility Information

§ [4284.1020](#) Applicant eligibility.

**Applicants must meet certain requirements to be eligible for funding through this program. Those requirements are described as follows:**

**(a) Eligible entities.** Entities are eligible for assistance through this program if all the following requirements are met:

**(1) System for Award Management (SAM) registration and unique entity identifier (UEI).** Entities must have an active registration in SAM.

**This registration must remain current, accurate, and complete at the time of application, while the application is under consideration for funding, and while a Recipient has an active Federal Award. This registration includes obtaining a UEI, or its successor, through SAM.gov.**

**(2) Entity type.** The entity is organized or incorporated in a State, and it is one of the following types of organizations: Commercial Organization, Indian Tribe, Institution of Higher Education, Local Government, Nonprofit Organization, or State government. A consortium is also eligible to apply, but it must select a single organization to represent the consortium as the Applicant. Only the Applicant organization must meet the eligibility requirements.

**(3) Board of Directors.** The entity proposes to create or to continue to operate a Center that is governed by a Qualified Board of Directors.

**(4) Experience/capability to provide services.** The entity demonstrates that it has provided at least three (3) years of Producer Services prior

to application or that it has the capability to provide Producer Services by hiring at least two Key Personnel who have at least three (3) years of experience providing Producer Services.

(5) **Financial capability.** The entity has the financial capability for the proposed project. In particular, the following must be true:

- (i) The most recent independent audit confirms that the entity has a current ratio of at least 1:1 at the end of the fiscal year; and
- (ii) The most recent independent audit confirms that the entity has sufficient cash on hand at the end of the fiscal year to cover at least three months of expenses for the proposed project.

(b) **Ineligible entities.** Entities are ineligible for assistance from this program if any of the following occurs:

- (1) An outstanding judgment has been obtained against the entity by the United States in a Federal Court (other than in the United States Tax Court). The entity is ineligible for assistance until the judgment is paid in full or otherwise satisfied. Funds from this program may not be used to satisfy the judgment.
- (2) The entity is delinquent on the payment of Federal income taxes.
- (3) The entity is delinquent on Federal debt.
- (4) The entity is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, “Debarment and Suspension.” (See [2 CFR](#)

[part 417](#) for more information.)

- (5) The entity has been convicted of a felony criminal violation under any Federal law within the past 24 months.
- (6) The entity has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, unless a Federal agency has considered suspension or debarment of the organization and has made a determination that this further action is not necessary to protect the interests of the Government.
- (7) The entity is an individual.
- (8) The entity has an award through this program that is not scheduled to end until after September 30 of the year in which the application is submitted.

§ [4284.1021](#) Ultimate beneficiary eligibility.

Centers must provide Producer Services only to Agricultural Producers. The Agricultural Producers may purchase or intend to purchase up to 49 percent of the primary Agricultural Commodity needed for the Value-Added Agricultural Product that is being developed and/or marketed. Note that the primary Agricultural Commodity is considered the commodity for which the greatest volume is required to produce the Value-Added Agricultural Product. The

**Agricultural Producers must maintain ownership of the primary Agricultural Commodity from production through the sale of the Value-Added Agricultural Product. See § [4284.1003](#) for the definitions of Agricultural Commodity, Agricultural Producer, and Value-Added Agricultural Product.**

**§ [4284.1022](#) Project eligibility.**

Projects must meet certain requirements to be eligible for funding through this program. Those requirements are as follows:

**(a) Eligible projects. Eligible projects must meet all of the following requirements. Failure to meet one or more of these requirements will render that the application ineligible for funding.**

**(1) Project purpose. The sole purpose of the project must be to increase and improve the ability of Agricultural Producers to market Value-Added Agricultural Products, with at least one goal related to increasing and improving the ability of Local Agricultural Producers to market Value-Added Agricultural Products.**

**(2) Amount requested. The minimum amount requested for an award must be \$600,000 and the maximum amount that can be requested is \$1,000,000.**

**(3) Matching Funds. Matching Funds are required for at least one-third of the Project Cost. For example, if the Project Cost is \$1,500,000, Matching Funds must be at least \$500,000. Matching Funds must be from non-Federal sources (unless otherwise provided by statute) and**

may be provided in cash by the applicant or by a third party or in-kind by a third party. They must be available for use during the Period of Performance, and they must be used for allowable §expenses. Applicants may not use unrecovered Indirect Costs as Matching Funds.

- (4) Allowable use of funds. The project must use award and Matching Funds for allowable purposes. See § [4284.1025](#) for additional information.
- (5) Agricultural support. The project has the support of at least three organizations whose primary mission is to support agriculture in the State in which the Center is located.
- (6) Period of Performance. The Period of Performance must be three (3) years. The Period of Performance must start within 90 days of award approval, unless otherwise authorized by the Agency.
- (7) Contracts with other Centers. Contracts and/or subawards with other Centers funded through this program must be limited to 10 percent or less of total Project Costs.

(b) **Ineligible projects.** Projects are ineligible for assistance through this program if the application:

- (1) Includes a conflict of interest (see § [4284.1006](#) of this subpart for more information), where the expenses associated with the conflict of interest, exceed 10 percent of the Project Cost. If the costs

associated with the conflict of interest are 10 percent or less, the process in paragraph (b)(5) of this section will be followed.

- (2) Requests less than the minimum or more than the maximum grant amount.
- (3) Focuses assistance on only one Agricultural Producer or business.
- (4) Earns revenue from processing or selling a product as part of the project. Centers may charge fees for services provided, but they cannot earn revenue from processing a product or from sales associated with a product they helped develop.
- (5) Includes unallowable costs totaling more than 10 percent of Project Costs. If the application includes 10 percent or less of Project Costs in unallowable costs, and the application is otherwise eligible and selected for funding, those unallowable costs must be removed. If time permits, the Agency may allow those unallowable costs to be replaced with allowable costs. Otherwise, the amount of the Award will be reduced accordingly. If we cannot determine the percentage of unallowable costs, your application will not be considered for funding.

§§ 4284.1023 - 4284.1024 [Reserved]

§ [4284.1025](#) Use of funds

Allowable and unallowable uses of funds are described as follows:

(a) Allowable uses of funds. The following types of activities and expenses

are allowable:

- (1) **Producer Services as defined in § [4284.1003](#).**
- (2) **Costs associated with establishing and operating a Center, including legal services, accounting services, clerical assistance, technical services, office supplies, hiring employees, monitoring contracts, professional development for staff, attending conferences related to value-added agriculture and marketing food products, and Board of Directors travel.**
- (3) **Additional information on allowability of costs can be found at [2 CFR part 200, subpart E](#) for all organization types.**

(b) **Unallowable uses of funds**. The following types of activities and expenses are unallowable:

- (1) **Provide services to entities other than Agricultural Producers.**
- (2) **Fund manufacturing or processing expenses, including test, trial, or initial production runs.**
- (3) **Pay for interns or internships.**
- (4) **Provide tuition remission or other financial support to students at any level of education.**
- (5) **Provide participant support costs outside of the grants to Agricultural Producers.**
- (6) **Fund any direct expenses for the production of any Agricultural Commodity or product to which value will be added, including seed,**

**rootstock, labor for harvesting the crop, and delivery of the commodity to a processing facility; to include the purchase of an Agricultural Commodity.**

- (7) Plan, fund architectural work, repair, rehabilitate, acquire, or construct a building or facility, including a processing facility.**
- (8) Purchase Real Property.**
- (9) Purchase, rent, or install Equipment.**
- (10) Purchase or repair vehicles, including boats.**
- (11) Pay for the preparation of the grant application.**
- (12) Pay expenses not directly related to the funded project.**
- (13) Pay for any goods or services from a person or entity who has a conflict of interest with the Recipient (see § [4284.1006](#)).**
- (14) Duplicate activities paid for by another federal grant program.**
- (15) Pay costs of the project incurred prior to the date of award approval, unless authorized by the Agency at the time of award approval.**
- (16) Pay for assistance to any private business enterprise that does not have at least 51 percent ownership by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.**
- (17) Pay any judgment or debt owed to the United States.**
- (18) Fund any activities considered unallowable by the applicable cost**

principles, most of which are included in [2 CFR part 200 Subpart E](#).

§§ 4284.1026 - 4284.1029 [Reserved]

§ [4284.1030](#) Notifications.

The Agency will issue any program notifications identified in paragraphs (a) through (c) of this section on the program website. An annual notification will also be published on the OMB-designated governmentwide website.

(a) Amount of funding available. The Agency will publish the amount of funding available for awards during each fiscal year within 30 calendar days of receiving notification from OMB of the amount of funding available.

(b) Priority points. The Agency will publish the priorities applicable to the program no later than the application period opening date each year. Points will be awarded in accordance with § [4284.1040\(d\)](#).

(c) Other. The Agency will publish any other additional requirements or programmatic changes no later than the date the application period opens.

Application requirements

§ [4284.1031](#) Application requirements.

All applications must include the following items:

(a) Form SF-424, "Application for Federal Assistance." This form must be filled out completely and signed by an authorized representative of the Applicant organization.

(b) Form RD 4284-1, "Application for the Agriculture Innovation Center Program." This form must be filled out completely. Failure to complete

**any section on the form will result in the application being determined ineligible for funding.**

**§ 4284.1032 [Reserved]**

**§ [4284.1033](#) Submission requirements.**

**The following information identifies when applications can be submitted, where applications must be submitted, and the format of applications.**

**(a) Submission period.**

**(1) The application period opens on November 1. Applications received prior to the opening date in a given fiscal year will not be considered.**

**(2) The application period closes at 11:59 pm Eastern time (ET) on January 31 of the following year. Applications received after the closing date will not be considered. This means that if the application is emailed prior to 11:59 pm ET on the closing date, but the Agency's system does not receive it until after the deadline, the application will not be considered for funding. Thus, applicants are encouraged to submit their applications well in advance of the closing date to ensure timely receipt by the Agency.**

**(b) Submission address. Applications must be submitted electronically to the email address listed on the program website.**

**(c) Submission format. All items required for the application must be submitted in a single application. No attachments other than the required items will be considered. Incomplete applications will be rejected.**

**§§ 4284.1034 - 4284.1039 [Reserved]**

**Application processing**

**§ [4284.1040](#) Application processing.**

The following information describes the way the Agency will process applications, including evaluating eligibility, risk, and merit.

(a) **Eligibility evaluation.** The Agency will review all complete applications to determine if they are eligible for assistance based on the requirements in this subpart and other applicable federal laws and regulations. In particular, the Agency will check the OMB-designated repository of government information, and Applicants that are excluded from federal funding will be determined ineligible (see [2 CFR 200.206](#) for more information). An application must include all application requirements identified in § [4284.1031](#), or the Agency will determine that it is ineligible for assistance.

*Agency staff must check the following systems for exclusions or restrictions: Do Not Pay, FAPIIS, and SAM.*

(b) **Risk evaluation.** The Agency will review those applications that are determined to be eligible for the program for risk based on financial risk and satisfactory past performance as described in paragraphs (b)(1) of this section. Typically, the Agency will not determine that an application is ineligible for funding based on the results of the risk evaluation, unless the Agency cannot find a way to reasonably mitigate the risk posed by making

**an award. For example, if an Applicant lacks appropriate internal controls, but has not experienced significant audit findings as a result, the Agency may choose to mitigate the lack of internal controls by requiring funds to be disbursed on a reimbursement basis until adequate internal controls are in place. However, if audit findings identify significant shortcomings in the Applicant's ability to manage federal funds, the Agency may determine that the application is not eligible for funding.**

**(1) Financial risk. The Agency will review the organization's most recent independent audit and financial statements, provided that the most recent audit and financial statements have been created during the previous year.**

**(2) Satisfactory past performance. The entity has satisfactory performance for all Federal Awards received within the last five (5) years, based on a review of deficiencies reported by the Federal Awardee Performance and Integrity Information System, or its successor system, the Do Not Pay system, or its successor system, and the Agency's own internal financial and record-keeping systems and files. Satisfactory performance includes timely submission of required reports and documents, timely completion of tasks, and proper use of funds.**

**(c) Merit evaluation. The Agency will conduct a merit evaluation for those applications that are determined to be eligible for the program. The merit**

**evaluation will be conducted by a panel of USDA employees, who will convene to reach a consensus on the merit of each eligible application. The total points available are 90. The merit evaluation will be based on the following criteria:**

**(1) Federal Award management (0 to 10 points).** Applicants who have managed Federal Awards with the primary purpose of providing technical assistance with Periods of Performance that have start and end dates within the last five (5) years of the date of application will receive points as described in paragraphs (c)(1)(i) through (iii) of this section. Note that an award for which a performance deficiency is identified will not be scored. The Agency will use USASpending.gov, or its successor system, to verify the award information provided in the application. The Agency will also use SAM.gov, or its successor system, in addition to USDA internal systems to check for performance deficiencies. Examples of performance deficiencies are performance and/or financial reports that are more than 90 calendar days overdue and failure to accomplish the approved scope of work.

**(i) Amount (0 to 3 points).** Zero points will be awarded if no Federal Awards are identified. Applications that identify multiple Federal Awards for amounts greater than \$600,000 will receive more points.

**(ii) Time period (0 to 3 points).** Zero points will be awarded if no

**Federal Awards are identified. Applications that identify multiple Federal Awards for time periods of at least three (3) years will receive more points.**

**(iii) Provision of technical assistance (0 to 4 points). Zero points will be awarded if no Federal Awards are identified.**

**Applications that identify multiple Federal Awards in which the Applicant provided technical assistance will receive more points.**

**(2) Qualifications of Key Personnel (0 to 20 points). Projects that have qualified Key Personnel will receive points as described in paragraphs (c)(2)(i) through (v) of this section. Only Key Personnel that are currently employed or on contract with the Center will be considered. Key Personnel are considered qualified if they have at least five (5) years of experience in providing at least one Producer Service that the Center proposes to offer in its application. The Agency will consider years of experience, the number of times a service has been provided, the number of services provided, the complexity of the role the person played in providing the service, and the outcomes of the services when awarding points for qualifications.**

**(i) Zero Key Personnel (0 points). No qualified Key Personnel are identified.**

- (ii) **One Key Personnel (0 to 5 points).** One qualified person is identified. Zero points will be awarded if the person identified is not qualified. One point will be awarded to applications that demonstrate the person meets the qualifications. Two to three points will be awarded to applications that demonstrate the person exceeds the qualifications. Four to five points will be awarded to applications that demonstrate the person has exceptional qualifications.
- (iii) **Second Key Personnel (0 to 5 points).** A second qualified person is identified. Zero points will be awarded if the person identified is not qualified. One point will be awarded to applications that demonstrate the person meets the qualifications. Two to three points will be awarded to applications that demonstrate the person exceeds the qualifications. Four to five points will be awarded to applications that demonstrate the person has exceptional qualifications.
- (iv) **Third Key Personnel (0 to 5 points).** A third qualified person is identified. Zero points will be awarded if the person identified is not qualified. One point will be awarded to applications that demonstrate the person meets the qualifications. Two to three points will be awarded to applications that demonstrate the

person exceeds the qualifications. Four to five points will be awarded to applications that demonstrate the person has exceptional qualifications.

(v) Fourth Key Personnel (0 to 5 points). A fourth qualified person is identified. Zero points will be awarded if the person identified is not qualified. One point will be awarded to applications that demonstrate the person meets the qualifications. Two to three points will be awarded to applications that demonstrate the person exceeds the qualifications. Four to five points will be awarded to applications that demonstrate the person has exceptional qualifications.

(3) Outreach plan (0 to 20 points). Applications that have a well-designed outreach plan will receive points as described in paragraphs (c)(3)(i) through (iii) of this section.

(i) Goals (0 to 6 points). The goals are clear and include a way to measure the success of the project in a quantitative way, including the baseline of the metric, and a target for the metric. Zero points will be awarded if the application does not include at least one goal, performance measurement, baseline of the metric, and target for the metric. One or two points will be awarded if the application has at least one goal, one metric, the baseline of the metric, and a target for the metric. Three or four

points will be awarded to applications that exceed this threshold. Five or six points will be awarded to applications that exceed the threshold and have exceptional goals, metrics, baselines, and targets.

(ii) Identified need (0 to 8 points). The application identifies a clear need in the proposed service area that connects to the goals of the project. Zero points will be awarded if the application does not identify a clear need in the proposed service area that connects to the goals of the project. One to five points will be awarded to applications that identify clear needs in the proposed service area that connect to the goals of the project. One or two additional points will be awarded to applications that describe how the need was identified. One additional point will be awarded to applications that describe an identified need in an Underserved and Economically Distressed Area.

(iii) Customer identification (0 to 6 points). The application describes how the Center will identify customers for the Producer Services it proposes to provide. Zero points will be awarded if the application does not identify how the Center will identify its customers. One to five points will be awarded to applications that describe a basic plan for identifying

**customers. One additional point will be awarded to applications that describe a plan for identifying customers in an Underserved and Economically Distressed Area.**

**(4) Coordination, collaboration, and partnerships (0 to 20**

**points). Coordination, collaboration, or a partnership exists if there is a formal arrangement between the Center and another organization to either provide one or more Producer Services or for the other organization to provide a different type of service that supports one or more project goals. (Note that a formal arrangement means a written agreement that is signed by both parties and includes a purpose statement.) One example is a Center that provides product development but does not have a commercial kitchen. The Center could coordinate with a commercial kitchen to work with producers on recipe development or consumer taste testing. Another example is providing a contribution to the project in the form of Matching Funds, where the contribution from a third party is Key Personnel or expert consulting services to provide Producer Services. Applicant organizations who demonstrate that they will coordinate, collaborate, or partner with other organizations for the proposed project will receive more points, based on the description as follows:**

**(i) Coordination, collaboration, or partnership with one other**

**organization (0 to 4 points).** The Agency will evaluate the complexity of the relationship, the significance of the gap in the Center's services that the relationship fills, the quality of the services that the partner will provide, and the quantity of the services that the partner will provide.

(ii) **Coordination, collaboration, or partnership with a second organization (0 to 4 points).** The Agency will evaluate the complexity of the relationship, the significance of the gap in the Center's services that the relationship fills, the quality of the services that the partner will provide, and the quantity of the services that the partner will provide.

(iii) **Coordination, collaboration, or partnership with a third organization (0 to 4 points).** The Agency will evaluate the complexity of the relationship, the significance of the gap in the Center's services that the relationship fills, the quality of the services that the partner will provide, and the quantity of the services that the partner will provide.

(iv) **Coordination, collaboration, or partnership with a fourth organization (0 to 4 points).** The Agency will evaluate the complexity of the relationship, the significance of the gap in the Center's services that the relationship fills, the quality of the services that the partner will provide, and the quantity of the

services that the partner will provide.

**(v) Underserved and Economically Distressed Area (0 to 4 points).**

The Agency will award one point for each coordination, collaboration, or partnership that connects the project to an Underserved and Economically Distressed Area.

**(5) Scope of the project (0 to 20 points).** The scope of the project will be evaluated based on the service area, the types of services offered, the uniqueness of the services offered, and the number of commodities assisted.

**(i) Service area (0 to 4 points).** Projects that propose to provide Producer Services to a larger service area will receive more points, based on the following structure:

**(A) Few counties (0 points).** Projects that propose to provide services to up to 10 percent of the counties in the State will receive 0 points.

**(B) Some counties (1 point).** Projects that propose to provide services to more than 10 percent and up to 25 percent of the counties in the State will receive 1 point.

**(C) Many counties (2 points).** Projects that propose to provide services to more than 25 percent and up to 50 percent of the counties in the State will receive 2 points.

**(D) Majority of State (3 points).** Projects that propose to

**provide services to more than 50 percent and less than 100 percent of the counties in the State will receive 3 points.**

**(E) State-wide (4 points). Projects that propose to provide services to all counties in a State will receive 4 points.**

**(ii) Types of services (0 to 8 points). Projects that offer a greater variety of Producer Services will receive more points. See § 4284.1003 for the definition of Producer Services. Each category of Producer Service offered will receive one point. If no proposed services fit into one of the categories, zero points will be awarded. The categories are as follows:**

**(A) Financial advisory services.**

**(B) Organizational assistance.**

**(C) Value chain coordination.**

**(D) Process development.**

**(E) Product development.**

**(F) Business development services.**

**(G) Marketing assistance.**

**(H) Grants to Agricultural Producers.**

**(iii) Number of commodities (0 to 3 points). Projects that have the capacity to provide services to support Value-Added Agricultural Products from multiple Agricultural Commodities in**

addition to the four represented on the Board of Directors of the Center will receive more points.

(iv) **Unique services (0 to 3 points).** Projects that will contribute unique services in the proposed service area will receive more points. Unique means that the services are not already provided in the service area.

(v) **Physical location (0 to 2 points).** Projects that will provide services at more than one physical location will receive more points.

(d) **Priority Points (0 to 10 points).** Each year, RBCS will select up to two priorities from the current published priorities for the RD mission area that are applicable to the program. These priorities will be published on the program website and in the annual notice no later than the date that the application period is open. Projects will be awarded five points for each priority that they meet, based on the information provided in the application, for a maximum of ten points.

§ [4284.1041](#) Application withdrawal.

During the period between the submission of the application and award approval, the Applicant must notify the Agency in writing if the project is no longer viable or if the Applicant is no longer requesting financial assistance for the project. When the Applicant notifies the Agency, the application will be withdrawn from consideration for funding.

**§§ 4284.1042 - 4284.1049 [Reserved]**

**Award**

**§ [4284.1050](#) Award selection.**

- (a) The Agency will review applications to determine if they are eligible for assistance based on requirements in this subpart, and other applicable federal laws and regulations. If the Agency determines that your application meets the requirements, it will be scored by a panel of USDA employees in accordance with the merit evaluation criteria and point allocation specified in § [4284.1040\(c\)](#). The review panel will convene to reach a consensus on the scores for each of the eligible applications. Applications will be ranked solely based on the points awarded, and they will be funded in rank order until available funds are expended or a minimum score of 40 points is reached. If an application cannot be fully funded, the Agency may offer partial funding to the extent funds are available.
- (b) If an application is ranked and not funded, it will not be carried forward into the next funding competition.

**§ [4284.1051](#) Notification of successful Applicants.**

- (a) The Agency will notify the Applicants whose applications can be funded using available funds with a Letter of Conditions. The Letter of Conditions will provide the conditions under which an award can be approved as well as a copy of the terms of the award.

*The National Office staff will issue the Letter of Conditions as soon as is reasonable, typically within 30-60 days after the Agency has identified the Award selections. The Agency will use its discretion to determine whether the letters must be reviewed by legal staff prior to sending them. The letters will be sent by electronic mail.*

**(b) An Applicants receiving a Letter of Conditions will have 60 calendar days to meet the conditions of the award. If the applicant does not meet the conditions, the Agency will discontinue processing the application and offer funding to another Applicant based on the ranking from the merit review panel if sufficient time exists for the application to be fully processed and an award approved by September 30 of the current fiscal year. If sufficient time does not exist, the funds will not be awarded.**

*The Agency may, at its discretion, allow additional time for a selected applicant to meet the conditions of the award, if it receives assurance that the conditions will be met in a timely manner. For example, if a delay beyond the applicant's control prevents a third-party from providing required documentation, the Agency may choose to extend the deadline for a short period of time, such as one to two weeks, to allow the required documentation to be submitted.*

**(c) To view the standard conditions for all awards, please visit the program website.**

§ [4284.1052](#) Notification of unsuccessful applicants.

**Applicants whose applications are not eligible for financial assistance or did**

not score high enough to be funded will be notified as soon as it is practicable.

The notification will be in writing using an Adverse Decision Letter. This letter will outline the reason(s) for the Agency's decision and what dispute resolution alternatives the Applicant has. (See also [7 CFR part 11.](#))

*The National Office staff will send the Adverse Decision Letters as soon as is reasonable, typically within 30 to 60 days after award selections have been made. The letters will be sent by electronic mail.*

§ [4284.1053](#) Award approval.

The Agency will approve an award once the Applicant has met all the conditions of the award. The approval will be conveyed through the execution of Form RD 4280-2, which is the Financial Assistance Agreement, and provides all terms of the award. Once the award has been approved, the Recipient may begin work on the project and incur costs.

§§ 4284.1054 - 4284.1059 [Reserved]

Post-award

§ [4284.1060](#) Reporting requirements.

Recipients are required to submit financial reports and performance reports based on the following requirements.

(a) **Financial reports.** Financial reports are required on a semi-annual basis and after the Period of Performance has ended.

(1) **Semi-annual report.** Reporting periods are October 1 through March 31 and April 1 through September 30. Reports are due 30 calendar

**days after the reporting period ends. The report must include the submission of the SF-425, “Federal Financial Report,” and any additional information specified in the Financial Assistance Agreement.**

**(2) Final report. The final financial report is due 120 calendar days after the reporting period ends. The report must include the submission of the SF-425, “Federal Financial Report,” and any additional information specified in the Financial Assistance Agreement.**

**(b) Performance reports. Performance reports are required on a semi-annual basis and after the Period of Performance has ended.**

**(1) Semi-annual reports. Reporting periods are October 1 through March 31 and April 1 through September 30. Reports are due 30 calendar days after the reporting period ends. The report must use the format specified in the Financial Assistance Agreement.**

**(2) Final report. The final report is due 120 calendar days after the end of the Period of Performance. The report must use the format specified in the Financial Assistance Agreement.**

**§ [4284.1061](#) Monitoring awards.**

**Awards will be monitored by Agency personnel in accordance with applicable laws, regulations, and policies (see § [4284.1008](#) for more information). The Agency will designate a contact person for each award. The Agency may terminate or suspend the award for lack of adequate or timely progress,**

**reporting, documentation, or for failure to comply with Agency requirements.**

*The National Office will use its discretion to determine if an award will be monitored solely by the National Office, in conjunction with a State Office, or delegated to a State Office.*

**Other**

**§4284.1062 - 4284.1099 [Reserved]**

**§[4284.1100](#) OMB control number.**

**The reporting and recordkeeping requirements contained in this subpart have been approved by OMB and have been assigned OMB control number 0570-0045 in accordance with the Paperwork Reduction Act of 1995.**