



Rural Development

RBDG Program

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Purpose

RBDG funds are used to fund business opportunity and business enterprise projects that serve Rural Areas.

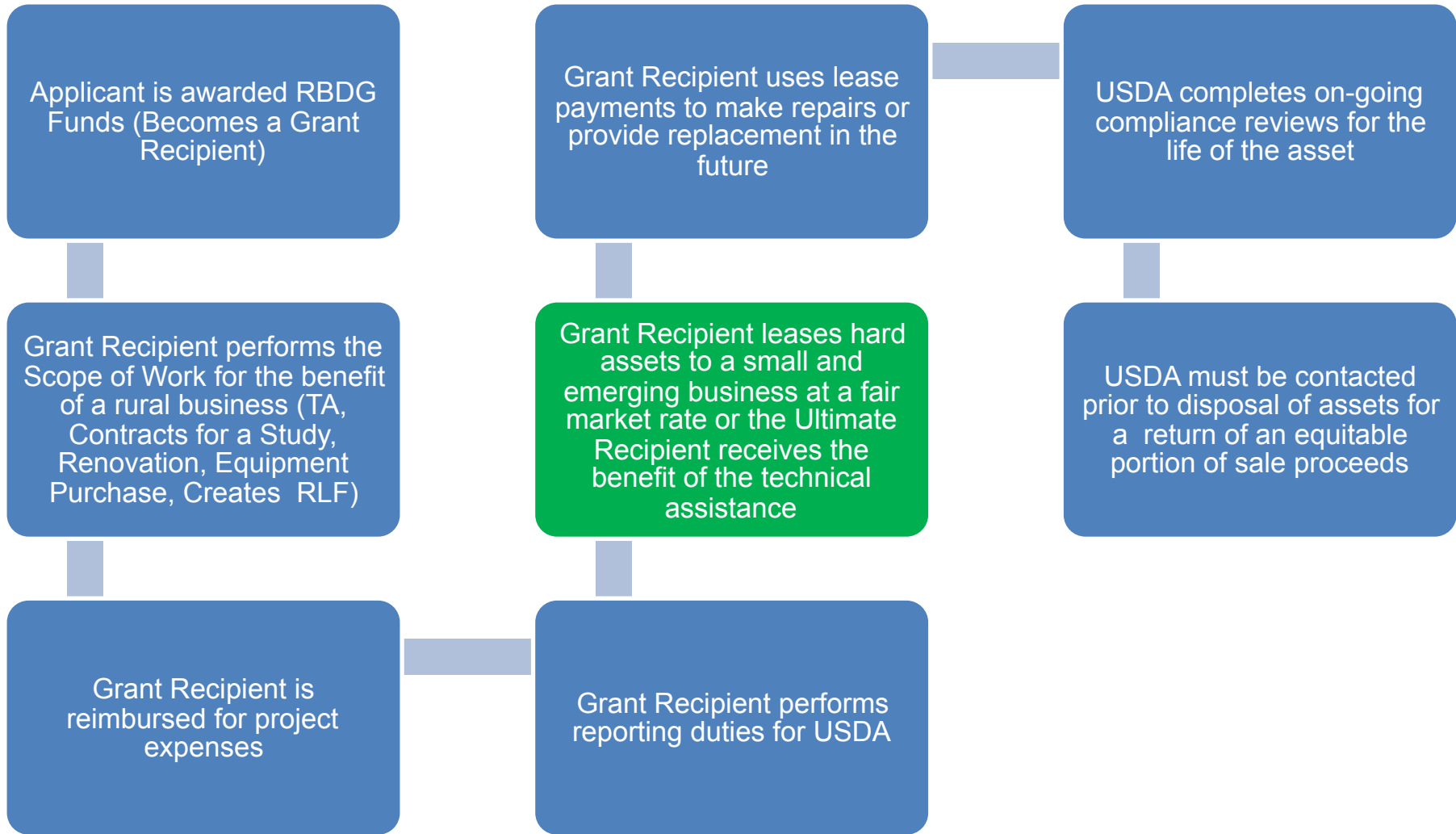
(50,000 or under in population)

Result of Project

- **Opportunity:** The project must have a reasonable prospect that the Project will result in the Economic Development of a Rural Area.
- **Enterprise:** The project must have a reasonable prospect that it will result in the development or financing of Small and Emerging Businesses.

Eligible Applicants

- Public Body/Government Entity
- Indian Tribe
- A Nonprofit Entity
 - These entities must serve rural areas.



Business Opportunity Projects

- Identify and analyze business opportunities that will use local rural materials or human resources
- Identify, train and provide TA to existing or prospective rural entrepreneurs and managers
- Establish business support centers and otherwise assist in the creation of new rural businesses

Technical Assistance (TA)

- A function performed for the benefit of a private business enterprise or a community and which is a problem solving activity, such as market research, product and/or service improvement, feasibility study, etc. to assist in the Economic Development of a Rural Area.

Eligible Opportunity Projects

- Conduct local community or multi-county economic development planning
- Conduct leadership development training of existing or prospective adult rural entrepreneurs and managers
- Establish centers for training, technology and trade that will provide training to rural businesses in the utilization of interactive communications technologies to develop international trade opportunities and markets

Eligible Opportunity Projects

- Pay reasonable fees and charges for professional services necessary to conduct the technical assistance training or planning functions.

Eligible Enterprise Projects

- Acquisition and development of land, easements and rights-of-way
- Construction, conversion, enlargement, repairs or modernization of buildings, plants, machinery, equipment, access streets and roads, parking areas, utilities and pollution control and abatement facilities

Eligible Enterprise Projects

- Provision of loans for startup operating cost and working capital
- Reasonable fees and charges for professional services necessary for the planning and development of the project. Professional services are services similar to architectural, engineering or legal.

Eligible Enterprise Projects

- Establishment of a revolving loan fund to provide financial assistance to third parties through a loan
- Establishment, expansion and operation of Rural distance learning networks or development of Rural learning programs that provide educational instruction or job training instruction related to potential employment or job advancements for adult students

Eligible Enterprise Projects

- Provision of Technical Assistance for Small and Emerging Businesses including but not limited to feasibility studies and business plans

Small and Emerging Business

- Any private and/or nonprofit **business** which will employ 50 or fewer new employees and has less than \$1 million in gross revenue; for retail operations, total sales minus cost of goods sold minus returns or for a service organization, gross revenue minus cost of providing service or for a manufacturing operation it will be total sales minus cost of raw materials minus the cost of production. For an Indian Tribal business to be considered small and emerging, its management and Board of Directors must operate independently of the Tribal Council. In order to be considered independent, the majority of the Board of Directors must come from areas other than the Tribal Council members or their families and they cannot be removed without cause.

Ineligible Use of Funds

- Duplicate current services or substitute previously provided
- Pay costs of preparing the application
- Pay costs for any expenses incurred prior to receipt of a full application

Ineligible Uses

- Fund Agriculture Production (some exceptions that are not considered Agriculture Production)
- Finance comprehensive area-wide type planning
- See regulation for full list

Ineligible Uses

*****Pass through grants*****

- The purchase, refurbishing or remodeling of real estate for use as a business incubator *without charging a fair market rental*
- The purchase of equipment for use by an ultimate recipient *without charging a fair market rental*
- The making of a RLF loan *without taking appropriate security* to reasonably assure repayment of the loan

Set Aside Funds

- At least 75% of the funds will directly benefit the specially named group.
 - Native American Set Aside
 - REAP Zone Set Aside
- The applicant does not necessarily need to be a part of or located in the specially named group or area- but can be providing services to that group or area.
- REAP Zone set-aside requires a benchmark from the REAP Zone

Application

- <http://www.rd.usda.gov/programs-services/rural-business-development-grants/nd>
- Application Template (Updated for 2019)
- Application Forms
- Monitor deadlines – March 29, 2019

Scope of Work

- Critically Important!
- 12 month period maximum
- Only list items eligible for funding
- Ties activities to timeline, responsible party and budget
- Not much room for changes to the SOW after the award.

Scoring

- Applications are scored based on pre-set criteria
- Scoring information is found in the regulation and the application template

Awards

- Possible July/August/September notification of award.
- We may ask for additional paperwork prior to notification.
- General rule is to start your Scope of Work October 1

Administration

- Separate training Available
- Reimbursement Grant at pro-rata.
 - Example: If the RBDG amount is 75% of the project cost, then the reimbursement amount per request will be 75% of the **documented** expenditure.

Building and Equipment

- Construction projects may require the use of an architect
- Project may need to be bid.

Equipment

- Equipment should be purchased new so there is a warranty on the product.
- The lease is to be at “market rate” which is considered to be anything equivalent to or above straight-line depreciation as identified by the IRS.

Reporting

- RBDG grants are required to report every quarter during the completion of the Scope of Work.
- 2 pieces of the reporting process.
 - SF 425 Financial Report (Financial)
 - Project Performance Report (Compare accomplishments to the Scope of Work)

After Project

- Rural Development will place a “Notice of Federal Interest” on all property purchased with grant funds. (Grantee files and covers cost)
- Contact Rural Development if there is a disposal question.
- Rural Development will conduct a Civil Rights Compliance Review every three years until the value of the equipment reaches a per unit value of \$5,000 or less.

After Project

- For real property with a useful life of 15 years or more, the Agency will require a performance report every 3 years.
- Equipment and Building projects will receive a letter checking the number of jobs created/saved once a year for three years after the project is closed.

Audits

- Grantees must provide an annual audit in accordance with 2 CFR 200. The audit requirements only apply to the years in which grant funds are received and years in which work is accomplished and will be paid for with grant funds.
- OR

Audits

- Projects that do not meet the audit requirements will submit a management report (Financial Statements) for the year(s) that the grant is being disbursed.
- RLF funds will submit annually during the life of the fund.

Other Compliance Requirements

- Departmental Regulations
- Equal Opportunity and nondiscrimination
- Civil Rights Compliance (including ADA accessibility) 504 Evaluations Required and Limited English Proficiency Plans Required
- Environmental Requirements
- Uniform Administrative Requirements

Disposal

- RBDG funds become similar to an “equity” investment in your project.
- If the applicant wishes to dispose of the property acquired with RBDG funds, Rural Development will receive a portion of the return equal in percentage to the original investment.

Project Examples

- Grant Recipient awarded funds to complete a feasibility study to see if a hotel was warranted for their area.
- Grant Recipient awarded funds to create a Revolving Loan Fund
- Grant Recipient awarded funds to conduct technical assistance training for entrepreneurs
- Grant Recipient awarded funds to purchase equipment to create a community commercial kitchen which will be leased to individuals at an hourly or daily rate.

Project Examples

- Grant Recipient awarded funds to rehabilitate a building to house small businesses
- Grant Recipient awarded funds to purchase equipment which is leased to a local grocery store
- Grant Recipient awarded funds to purchase equipment and lease to a manufacturer
- Grant Recipient awarded funds to contract with an entity to conduct BR&E surveys for their county



Contact

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**www.rd.usda.gov/nd “Committed to the future of rural
communities”**

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