



**Climate-Smart Commodities Project Grants  
Request for Proposals**

***Amended as of February 23, 2023***

**SECTION 1: Grant Summary**

**TITLE:** Strengthening Grassroots Leadership and Capacity to Scale Climate-Smart Production Systems and Facilitate Historically Underserved Producers’ Access to Markets

**DUE DATE:** March 15, 2024, by 11:59pm ET

**FUNDING:** \$80 million, approximately \$42 million dedicated to financial incentives to producers to implement climate-smart practices

**MATCH:** The maximum award is \$5.75 million per project. The pools below are based on the amount of funding requested from NACD (not the total project value).

- Pool A: > \$2.5 million - \$5.75 million (50% or 1:1 match)
- Pool B: > \$1 million - \$2.5 million (15% match)
- Pool C: \$1 million and below (10% match)

Please note this is the RFP for Project Grants. There is a separate RFP and award timeline for Planning & Capacity Grants (maximum of \$15,000; 10% match).

*Match may be waived for Pool C and Planning & Capacity Grants if 100% of the project serves underserved producers. Please refer to NACD’s Climate Smart Commodities FAQ for more information.*

**DURATION:** Anticipated award is Summer 2024. All grant activities are to be completed before April 1, 2028. This includes, but is not limited to completing practice implementation, check-out and approval, all associated quantification, measurement, monitoring, reporting, and verification activities, and invoicing.

No-cost extensions may be considered on a case-by-case basis within the final year of the grant.

**RESOURCES:** (1) NACD’s Climate Smart Commodities Grant FAQ provides programmatic details and policies. This will be regularly updated at [bit.ly/nacdclimate](https://bit.ly/nacdclimate).

(2) USDA Data Dictionary, Reporting Instructions, and Reporting Template details the requirements for quarterly reporting at the field, farm, producer, and project levels.



## SECTION 2: Eligibility

### 2.1 ELIGIBLE APPLICANTS

Proposals will be accepted from any interested non-foreign entity, public or private. Please note, however, that projects and partnerships must involve a:

- Conservation district or Tribal conservation district
- State/territory association of conservation districts
- Resource conservation & development council, and/or
- Tribal government or inter-tribal consortium. This includes Federally Recognized Indian Tribal Governments and State Designated Indian Tribes. Intertribal Consortia must meet the definition for eligibility in the Environmental Program Grants for Tribe Final Rule (40 CFR 35.504, 66 FR 3782, January 16, 2001 (FRL-6929-5)) and be a non-profit organization within the meaning of 2CFR 200.

NACD is committed to advancing equity, justice, and equal opportunity by sustaining fairness in the way programs, services, and technical assistance are delivered, within agency policies and practices. Consistent with NACD's equity and Justice40 objectives, the ability to reach historically underserved producers and communities will be considered and evaluated. Developing local partnerships and strengthening collaborations with underserved producers and producer groups is highly encouraged.

### 2.2 ELIGIBLE GEOGRAPHIES

Eligible geographies include anywhere in the United States, including the territories of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, Puerto Rico, and the Virgin Islands.

### 2.3 COMMITMENT TO EQUITY, JUSTICE, AND EQUAL OPPORTUNITY

NACD is committed to advancing equity, justice, and equal opportunity by sustaining fairness in the way programs, services, and technical assistance are delivered. "Equity" means the consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian American and Pacific Islander persons and other persons of color; members of religious minorities; women and girls; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; persons who live in United States Territories and persons otherwise adversely affected by persistent poverty or inequality. Equity ensures that all individuals and communities have the opportunities and resources they need to reach equal outcomes.



Some groups of people are identified in Farm Bill legislation and in USDA policy as being Historically Underserved. Members of these groups have been historically underserved by, or subject to discrimination in, Federal policies and programs. Four groups are defined by USDA as "Historically Underserved," including producers who are: Beginning; Socially Disadvantaged; Veteran; and Limited Resource. See the NRCS website for further explanations and eligibility criteria: <https://www.nrcs.usda.gov/getting-assistance/underserved-farmers-ranchers>

## SECTION 3: Project Selection Process

### 3.1 BACKGROUND

The National Association of Conservation Districts (NACD) is proud to be a recipient of a USDA Partnerships for Climate Smart Commodities grant. Through this program, **NACD will competitively select and fund a series of locally-led pilot projects across the U.S. and territories.** We anticipate reaching 1,400 producers, getting conservation on over 430,000 acres, and reducing or sequestering over 1.5 million metric tons of CO<sub>2</sub>e.

NACD is seeking projects that foster private-public partnerships, scale implementation of climate-smart practices, advance MMRV, and support producer participation in resulting markets. Projects will be competitively selected and should:

1. Leverage the locally-led conservation delivery system to provide the education and technical assistance needed to transition to climate-smart production systems.
2. Develop economic opportunities within communities and build local capacity that can sustain projects and partnerships beyond the life of the grant.
3. Seek to mitigate historical and systemic barriers within the broader food system to increase participation of underserved producers and communities.
4. Provide external match, leverage, or additional financial incentives to producers, more holistically de-risking their transition to climate-smart systems and supporting their long-term economic viability.

### 3.2 MULTI-PHASE PROCESS

NACD is using a multi-phase approach to developing projects and partnerships. Phase 1, a call for concept papers, allowed us to identify innovative initiatives, science or technology, and potential partnerships that help us achieve the three main goals of the grant. **NACD received over 100 submissions and \$420M+ in projects.** We are incredibly impressed by the creativity, thoughtfulness, and effort that went into each and every one of the concept papers.

For Phase 2, NACD is facilitating a unique matchmaking process to identify and connect potential partners and further develop projects that achieve three key goals: 1) scale implementation of climate-smart practices, particularly with new and underserved producers, 2) advance



measurement, monitoring, reporting, and verification, and 3) expand markets for the resulting commodities. **Final project proposals must incorporate all three components. We strongly encourage applicants to read the FAQ associated with this grant opportunity, as it outlines the expectations and requirements for all projects under this grant.**

**3.3 ANTICIPATED MILESTONES & TIMELINES**

Anticipated Dates	Milestones
January 11, 2024	NACD will host a webinar to discuss this RFA and answer any questions. All interested parties, both eligible entities and partners, are welcome to join. The webinar will be recorded and posted to NACD’s website: <a href="https://bit.ly/nacdclimate">bit.ly/nacdclimate</a>
March 15, 2024	Proposal due  <i>Note: NACD is in the process of implementing a new grants management system. We will issue a link to the online application in February 2024. In the meantime, applicants should utilize the Proposal Template to develop their responses and budgets.</i>
March 16 - May 15, 2024	Fact-finding and clarifications, formal evaluations, and negotiations or scope refinements
May 15, 2024	Applicants notified of selection
June 15, 2024	Award

**3.5 EVALUATION CRITERIA**

Project Grants will be evaluated based on the following:

**Technical Approach (20%)**

- Project management capabilities, including commitment to timely and accurate quarterly reporting
- Overall approach to achieving NACD’s goal of leveraging and strengthening the locally-led conservation delivery system to provide the education and technical assistance needed to transition to climate-smart production systems. This includes the strength of outreach, education, and technical assistance plan, as well as anticipated number of producers reached.
- Credibility of approach to measurement/quantification, monitoring, reporting, and verifying environmental outcomes



## **Benefits generated from practice implementation (25%)**

- Project's direct economic benefit to producers and percentage of funds to be expended on financial incentives for conservation practice implementation
- Estimated GHG (calculated as CO<sub>2</sub>e) benefits associated with the production of climate-smart commodities over the course of the project
- Estimated impact of environmental co-benefits (e.g., water quality, habitat) over the course of the project
- Anticipated longevity of GHG benefits associated with the project
- Ability to leverage match or resources beyond NACD grant funds that expands scope, accelerates pace, and/or improves the comprehensiveness of conservation practice implementation
  - Note: As discussed in the FAQ, NRCS Farm Bill programs such as EQIP or CSP cannot be stacked with Climate-Smart Commodities funding; therefore, will not be considered in this proposal.

## **Alignment to NACD's goal of leaving no producer behind (20%)**

- Anticipated number of underserved producers to be enrolled and/or target dollars for financial incentives
- Strength of outreach plan to underserved producers, including partnerships with Tribes, tribal organizations, and/or community based organizations representing underserved producers
- Approach and commitment to helping producers navigate program USDA processes and climate-smart program enrollment; this includes but is not limited to:
  - Working with the USDA Farm Service Agency to help producers obtain farm, tract, and field numbers or subsidiary prints
  - Helping producers navigate potential heirs' property or fractionated land issues
  - Supporting producers' Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification (AD-1026) and obtaining NRCS certification
  - Advising producers on forms (e.g., copy of legal entity documents, signature authority, Power of Attorney forms)

## **Market Development (20%)**

- Strength and clarity of the marketing plan or strategy
- Approach to facilitating producers' meaningful participation in climate-smart markets **for the commodities produced through this grant program**, as well as estimated market returns to those participating via the proposed project
- Commitments from market partner(s)



## Other (15%):

- Meaningful engagement of conservation districts, their associations, and/or government (whether Tribal, state, or territory), as well as local endorsement.
  - Local endorsement shall be demonstrated by letters of support from the state or territory association(s); local conservation district(s); and/or Tribal government(s) or consortia. See definitions in Section 3.1.
- Cost effectiveness of the budget proposal; some of the factors that will be considered include:
  - Level of investment in producers and local communities.
  - NACD is committed to scaling implementation of climate-smart practices on new acres, as well as with new and underserved producers. We will assess the balance between scaling practices across many producers/acres and use of funds for trials or demonstrations that influence change or greater adoption.
  - NACD will assess overhead and indirect cost rates. While entities are eligible to utilize their NICRA (if applicable), NACD strongly encourages applicants to adhere to a 10% de minimis rate. The difference in costs can be supplied and reported as match. Please see our guidance on use of indirect rates in the FAQ.
- Past performance and experience of the team to support projects similar in size and complexity
  - For current or past NACD grantees, this will involve an assessment of timely and accurate reporting
- Project risk and feasibility (e.g., financial, technical, and programmatic, including match and other commitments from named partners)
- Project sustainability (e.g., how project may be sustained in years beyond the grant period)

## 3.6 ADDITIONAL CONSIDERATIONS

Please note that NACD will also consider how the proposed project fits into its broader subaward portfolio. We will consider the diversity of applications when making selections including, but not limited to geography, size and scale of projects, commodities, and operations.

NACD also reserves the right to the right to award all or a portion of the proposed budget. USDA will review and approve all NACD subawards. As such, selected proposals and budgets are subject to negotiation and refinement.

## SECTION 4: Technical Proposal

### 4.1 INSTRUCTIONS

There are four parts to the proposal:



# National Association of Conservation Districts

- Technical Proposal
  - See Section 4.2 for the proposal questions, sequence, and page limitations. NACD will also utilize an electronic form to collect metrics and certain survey questions.
- Budget Table
  - A template for the budget table is provided in Section 5. NACD will utilize its Grant Management system to collect budget information.
- Budget Narrative
  - Instructions for the Budget Narrative are provided in Section 5. The narrative shall describe and justify proposed costs, how the costs were estimated, and how the expenses contribute to the project deliverables.
- Letters of Support
  - See Section 4.2 for additional information.

NACD is in the process of implementing a new grants management system and a link to the formal application submission in February 2024. NACD will also host a virtual training to familiarize applicants with the system. These dates will be announced in early 2024.

Please utilize the sequence in Section 4.3 when developing your response, as well as the below formatting instructions:

- 1" margins
- 12 point font, Times New Roman
- Single spaced
- Maps, photos, or exhibits are included in page count

## **4.2 CERTIFICATIONS AND LETTERS OF SUPPORT**

All applicants will be required to certify that they have read USDA's Data Dictionary and understand the quarterly reporting requirements:

*I have read the USDA Data Dictionary and instructions for quarterly reporting at the field, farm, partner, and project levels. I understand the requirements for providing quarterly qualitative progress reports, as well as detailed reports using USDA's Excel-based report template. I commit to submitting accurate data at the levels and frequency required by USDA and as established by our anticipated agreement with NACD. I also understand that there are several drop-down fields in USDA's Excel-based reporting template that must be utilized when reporting project activities.*

The lead applicant shall also submit letters of support from named partners, as well as from the local conservation districts and their respective association(s) (e.g., state, territory or Tribal associations or governments).

## **4.2 PROPOSAL QUESTIONS**



**Executive Summary** (1 page max)

1. Please provide an executive summary of the proposal.

**Section 1: Outreach, Education, and Technical Assistance** (2 pages max)

2. Please describe your approach to providing **outreach, education, and technical assistance**. Also address how your proposed approach shifts perceptions and scales implementation of climate-smart practices among new producers and on new acres. Please identify the partner(s) involved, as well as their roles and responsibilities.
3. How will you **ensure that new and underserved producers can participate in the climate smart commodities opportunity**? Please describe your producer outreach strategy, identify the partner(s) involved, and their roles and responsibilities. Also describe how financial incentives and benefits will flow to underserved producers.
4. Please summarize the estimated deliverables associated with outreach, education, and technical assistance.

**Note: Question 4 will not count against the page limitation. Metrics will be captured through an electronic form.**

- o Total estimated number of producers reached through outreach, education, and technical assistance \_\_\_\_
- o Estimated number of underserved producers reached through outreach, education, and technical assistance (should be a subset of above number) \_\_\_\_
- o Number of workshops or outreach events \_\_\_\_
- o Estimated number of acres covered by a conservation plan or technical assistance \_\_\_\_

**Section 2: Measurement, Monitoring, Reporting, and Verification Plans** (no page limit)

USDA requires each project to have a clear plan and approach for MMRV. NACD is required to submit project-specific MMRV plans to USDA for incorporation into the grant. For this section, it may be helpful to refer to USDA's Data Dictionary for definitions (p13). This is provided as an attachment to the RFP.

*In lieu of developing a response to Question 5, organizations with approved protocols for quantification and MMRV (e.g., established programs that already pay producers for environmental outcomes) may submit existing policies that address the below topics. As stated above, that program policy or protocol (and/or future revisions thereof) will be incorporated into any subsequent grant with NACD. Organizations that can upload an existing policy addressing the topics below are not required to develop a separate response to Question 5.*

5. Please describe your approach or protocols for measuring, monitoring, reporting, and verifying environmental outcomes (MMRV plan). Responses should address:





## National Association of Conservation Districts

- Approach to measuring environmental outcomes, including whether baseline samples will be collected and analyzed
- Quantification models utilized (e.g., COMET, DAYCENT)
- Approach to ensuring additionality
  - In other words, NACD would like to ensure that there are additional or new carbon/environmental benefits from implementing the funded practices.
  - For example, a field already implementing cover crops would not be able to prove additionality by simply switching the type of cover crop implemented. However, a field that has never implemented cover crops would be able to prove additionality.
  - Please note that NACD does not have a specific policy on look-back periods. This should be considered and addressed in your proposal.
- Approach to monitoring (ensuring that the practice has been implemented according to the agreed upon standard, as well as documenting GHG emissions impacts or site changes over time)
- Approach to reporting (documenting and reporting monitoring/measurement results with project partners and NACD)
  - to demonstrate additionality; this can be proposed by the applicant.
- Approach to verification (confirmation that measurement, monitoring, and reporting are complete, accurate, and reliable); please include any compliance criteria and plan for addressing non-compliance
- For projects issuing payments or credits for ecosystem services (e.g., carbon), please also address:
  - Plan for addressing permanence, leakage, and weather impacts
  - Adherence to standards (e.g., Verra) or protocols (e.g., SBTi, GHG protocol, US Cotton Trust Protocol)

**Note: Responses to questions 6-11 will be captured through an electronic form. A separate narrative is not required; however, responses should be addressed in your narrative above or in your submitted policy.**

6. Quantification approach(es). Select from the following:

- Direct field measurements
- Modeling
- Both

7. Monitoring approach(es). Select from the following (may select multiple):

- Emission measurement unit
- Flux towers
- Litterbags
- Plant measurement
- Portable emissions analyzers
- Soil flux chambers
- Soil samples
- Vehicle mounted sensors
- Drones
- Ground level photos and videos
- On-farm visits
- Plot-based sensors
- Producer records or attestations
- Satellite monitoring or remote sensing
- Soil sensors



- Water sensors
  - Other: describe
8. Reporting method(s). Select from the following (may select multiple):
- Automated devices
  - Email
  - Mobile app
  - Paper/forms
  - Third-party actors
  - Website
  - Other: describe
9. Verification approach(es). Select from the following (may select multiple):
- Artificial intelligence
  - Audit by recipient
  - Computer modeling
  - Photos
  - Record audit
  - Satellite imagery
  - Site or field visit
  - Third-party audit
  - Other (describe)
10. Please list the system(s) utilized for:
- Field level data \_\_\_\_
  - Producer data \_\_\_\_
  - Producer payments \_\_\_\_
  - Quantification of GHG and other ecosystem service benefits \_\_\_\_
  - Monitoring, reporting, and verification \_\_\_\_

**Section 3: Financial Incentives (2 pages max)**

11. Please describe the financial incentives that will be offered under this project. If you are leveraging financial incentives for cost-share, please confirm that you will leverage NACD policies (as described in the program FAQ).

Please also state whether there will be outside contributing funds (e.g., payments for carbon outcomes through privately funded programs). If you intend to allow producers to stack incentives, please describe how and identify the funding source for each.

If you are proposing an alternative incentive structure, please be very clear on how the incentives will be calculated and how producer(s) will benefit/participate (e.g., eligibility requirements beyond the basic requirements of having a Farm/Tract number, non-foreign person/organization status, HEL/WC compliance, CPA-52, etc.).

Note: Please refer to the FAQ for our policy on stacking incentives, as well as prohibitions on with stacking federal funds.

12. Please estimate the following:

***Note: Responses to Question 12 will be captured through an electronic form. A separate narrative is not required. Responses will not count against page limitations.***



- Total estimated number of producers benefitting from NACD financial incentives
- Estimated number of underserved producers benefitting from NACD financial incentives (should be a subset of the above number)
- Total estimated number of acres impacted by NACD financial incentives
  - Estimated number of acres – underserved producers (should be a subset of above number)
  - Estimated number of new acres (i.e., acres never enrolled in a conservation program or where conservation practices have not been implemented in at least 5 years) (should be a subset of the above number)

#### **Section 4: Practices and Anticipated Environmental Outcomes**

13. How the grantee will consider permanence and durability of the environmental outcomes generated by the practice(s) implemented? Are the practices expected to generate environmental benefits (e.g., water quality, biodiversity) in addition to GHG benefits? If so, please describe which and how these will be quantified, monitored, and reported. (2 pages max)
- Additional prompts: When the grant expires there is a risk of reverting to the status quo or other practices (e.g., reverting to tillage, increasing nitrogen or fertilizer application), that could negate the environmental benefits generated through this grant program. How do applicants consider programmatic longevity and sustained environmental outcomes?
14. Are you proposing a deviation from an approved NRCS practice standard? (1 page max)
- If yes, please describe the proposed changes to the currently approved practice standard(s). Describe anticipated environmental impacts. Attach any supporting research, data, or other documentation.
15. Are you proposing a conservation field trial? (1 page max)
- If yes, please describe the proposed changes to the currently approved practice standard(s). Describe anticipated environmental impacts. Attach any supporting research, data, or other documentation.

***Note: Questions 16-18 will not count against page limitations. The electronic application will allow applicants to select the proposed practices from a list.***

16. Please select the anticipated conservation practices under this project.
17. Anticipated GHG benefits (estimated CO<sub>2</sub>e reductions; please quantify)



- Overall anticipated GHG benefits (CO2e) \_\_\_\_
- Anticipated CO2 benefit \_\_\_\_
- Anticipated CH4 benefit \_\_\_\_
- Anticipated N2O benefit \_\_\_\_

18. Additional environmental co-benefits. Select from the following (may select multiple):

- Reduction in nitrogen loss
- Reduction in phosphorus loss
- Other water quality: describe
- Water quantity
- Reduced erosion
- Reduced energy use
- Avoided land conversion
- Improved wildlife habitat

**Section 5: Marketing** (max 2 pages)

19. Please describe your strategy for developing or expanding markets for the resulting climate-smart commodities. If you are facilitating producer access to climate-smart markets, please describe your strategy and partnerships for doing so. All applicants should list the partners involved, as well as their roles and responsibilities.

When applicable, your marketing narrative should elaborate on responses to Questions 19-22 and consider the following:

- Do you have a current purchaser of the commodity?
- Do you have a purchaser for environmental outcomes and quantified claims? Please address whether they are carbon or other environmental credits.
- Are you investing in conservation for narrative claims, and how are you planning to market narratives?
- Will you be marketing the commodities as “climate-smart”? If so, please describe your anticipated approach to marketing. If not, please describe which terms you anticipate using and anticipated approach to marketing (e.g., sustainable, regenerative), if applicable.

**Note: Responses to Question 20-23 will be captured through an electronic form and will not count against the page limit. However, these responses should be elaborated upon in your narrative response to Question 19 above.**

20. Marketing Channels

Marketing Channel Geography:

- Local
- Regional
- National
- Global

Marketing Channel Type (may select multiple):

- Ag Marketing Board
- Biorefinery
- Commodity broker
- Direct to consumer
- Direct to institution
- Direct to restaurant



- Distributor (including grain elevators)
- Food hub or cooperative
- Food Processor
- Non-food byproducts processor
- Retailer
- USDA
- Other (specify)

*\*List the number of buyers, names and geographies per marketing channel, if known*

Marketing Channel Identification Method (may select multiple):

- Educational tours for buyers
- In-person lead generation
- Negotiated contracts with buyers
- Partnership network or project partner
- Other (specify)

21. Marketing & Product Differentiation Methods

Marketing Method (may select multiple)

- Label or badge used on packaging or marketing materials
- Marketing partnerships (e.g., promotion by buyer)
- Print marketing campaign
- Social media and digital marketing campaign
- Verbal marketing campaign (E.g., radio, word of mouth)
- Other (specify)

Product Differentiation Method (may select multiple)

- Certification/verification for internal inseting
- Farm certification
- Label or badge used on packaging or marketing
- Third party certification/verification
- Trademark
- Other (specify)

22. Traceability (may select multiple)

- Barcode or unique ID
- Blockchain
- Book and claim
- Chain of custody
- Mass balance
- Recordkeeping
- Registry with certification
- Segregation
- Supply shed
- Volume proxy
- Other (specify)

23. Anticipated volume and pricing strategies for the commodity, insets, and/or offsets.

- Anticipated number of insets generated \_\_\_\_
- Anticipated number of offsets generated \_\_\_\_
- Anticipated price per ton of GHG generated (value paid to producers) \_\_\_\_
- Please estimate the volume and value of commodity sold by marketing channel. \_\_\_\_
- Will there be a price premium paid for the climate-smart commodity? What percentage of the price premium will go to the producer? \_\_\_\_





## SECTION 5: Budget Narrative

### 5.1 INSTRUCTIONS

NACD is in the process of implementing a new grant system. Applicants will be asked to utilize the electronic budget template, as well as submit a supporting narrative. See Section 5.3 for details.

### 5.2 PROJECT ROLES & DEFINITIONS

There are three main roles - the lead partner, project partners, and contractors.

**Lead Partner:** Organization submitting the proposal. Responsible for program administration and success, including but not limited to:

- Coordinate activities and outcomes with project partners and contractors
- Ensure the project achieves the agreed-to goals and milestones
- Monitor progress and risks; develop mitigation strategies to address potential or actual issues or risks
- Ensure quarterly reporting is accurate and timely
- Tracking project expenses and invoicing NACD
- Tracking producer payments
- Ensure the project and expenses are compliant with the scope of the grant and USDA/NACD requirements

**Project Partners** (subawardees): Project partners or subawardees substantially contribute to the success and completion of the overall grant. Consistent with the goals of a grant, these partners also accomplish a public purpose. The terms and conditions of the grant flow down to subawardees, including reporting requirements. In the budget structure, subawardees are classified as "Other," not "Contract."

For example, conservation districts may be project partners because they play a key role in conducting outreach and providing technical assistance to producers. The services they provide to their respective communities strengthen resilience and improve our natural resources. MMRV partners may play a key role in quantification, modeling, and facilitating the MRV process. Within this grant program, they are directly supporting USDA's goal of improving approaches to MMRV (whether through quantification, streamlining MRV processes, etc.). A market partner may be responsible for either purchasing climate-smart commodities or compensating producers for the environmental outcomes achieved. They are directly supporting USDA's goal of developing or expanding markets for climate-smart goods.

**Contractors:** Contractors provide goods or services required to accomplish the goals and objectives of the grant. In general, contractors adhere to the terms of a contract for goods or services (as opposed to the terms of the grant). This guide can help summarize the difference



between subawardees and contractors: <https://oese.ed.gov/files/2020/05/Contracts-vs-Subgrants-Chart-TSL.pdf>

Grantees must follow 2 CFR 200.318-327.

- State governments may rely on their own procurement standard.
- Contracts above \$10,000 must be competitively awarded.
- Up to \$250,000, recipients may use small purchase procedures (i.e., obtain quotes from preferably three or more suppliers).
- Contracts above the \$250,000 threshold must be competed under a formal, publicly advertised sealed-bid competition or a publicly advertised request for proposals.
- Sole-source contracts are generally not allowed. If you want to request approval for a sole-source contract, you must include a justification with your revised proposal. Sole-source contracts require cost analysis that mandates contractors to provide transparent cost and pricing data.
- Profit must be negotiated as a separate line item. If you need additional assistance in selecting appropriate procurement procedures, please reach out to [climate@nacdnet.org](mailto:climate@nacdnet.org).





**5.3 BUDGET STRUCTURE AND LINE ITEMS**

Please utilize the below format when estimating project budgets. These categories are consistent with how NACD must report activities/costs to USDA on a quarterly basis (see the “Partner Activities” worksheet in USDA’s PCSC Project Reporting Workbook).

Please note that budgets will be submitted electronically, via NACD’s new grants management system. Additionally, selected projects will be asked to provide annual cost breakdowns quarterly cash flow estimates prior to award. This allows NACD to anticipate cash-flow needs and request advances from USDA, ensuring timely payments to subawardees and producers.

A corresponding budget narrative must also be submitted to describe the expenses anticipated for each line item, how the costs were estimated, and how the expense contributes to the project deliverables.

Budget Line Item	Program Management	Producer Outreach & Education	On-Farm Technical Assistance	MMRV Activities	Marketing Activities	Training to Partners	Financial Incentives	Total
Personnel								
Fringe								
Travel								
Soil Testing <ul style="list-style-type: none"> <li>o Soil sampling and analysis</li> <li>o Equipment to support soil testing</li> <li>o Supplies to support soil testing</li> </ul>								
Equipment								
Supplies								
Contract								



Budget Line Item	Program Management	Producer Outreach & Education	On-Farm Technical Assistance	MMRV Activities	Marketing Activities	Training to Partners	Financial Incentives	Total
Other								
o Subawards								
o Producer Financial Incentives								
o Other								
Total Direct Costs								
Modified Total Direct Costs								
Indirect Costs								
Total Project								

Program Management: Costs associated with managing the program, including those that are not captured in the below categories.

Outreach: This includes education and outreach in support of project enrollment.

On-Farm TA: Includes direct technical assistance to producers, including individualized assistance enrolling them into programs.

MMRV support: Includes all MMRV activities, including working with producers to collect and report data. This also includes the time/cost associated with partners reporting environmental outcomes (e.g., reporting quantified outcomes to USDA via the PCSC Project Reporting Workbook, reporting to partners to support Scope 3 claims or participation in voluntary carbon markets).

Marketing: Cost of marketing activities.

Training to partner organizations: Cost of training to partners (not producers), which can enable project success.



Personnel:

This includes the cost of salaries for employees supporting this project. Please provide the average hourly rate (across all **positions**, for each year) and total annual hours in the budget template. Please annotate any escalation rates applied each year.

In your budget narrative, please summarize the total hours by position. This does not need to be broken down by the 6 work categories (e.g., Outreach & Education, On-Farm TA, MMRV). Please also annotate which position(s) are currently vacant or will be hired based on award of the grant.

Example:

	2024	2025	2026	2027
Program Manager*	100	100	100	100
TA Provider	300	300	300	300
<b>TOTAL HOURS</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Average Rate	\$30.00	\$30.60	\$31.21	\$31.84
Escalation	2%	2%	2%	2%

\*Currently vacant and will be hired upon award of the grant.

Fringe or Overhead:

Fringe costs are typically calculated by applying an average rate to the salary costs. The cost pool typically covers employee benefits such as annual or sick leave, health insurance, and pensions. This varies across organizations.

In your budget narrative, please describe which costs are included in this pool.

Travel:

Please estimate the total travel required to support this project (local or otherwise).

In your budget narrative, please also describe how you developed this estimate. Applicants shall also submit a copy of their travel policy. If the organization does not have a policy in place, please consider utilizing the below as a guide:

*To the extent possible, [Organization Name] will conform to the policies set forth in the Federal Travel Regulations. This includes using GSA-established rates for per diem and personally owned vehicle mileage reimbursement rates.*

*As a non-federal entity, [Organization Name] cannot always receive the federally negotiated for hotels, but will leverage GSA rates (including applicable taxes and fees) to assess price reasonableness. Economy flights will be selected; we will not leverage grant funding for paid upgrades (e.g., to first class, business).*



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*Should an employee travel for multiple purposes (e.g., to support multiple programs; add personal days to tour a city), this funding will not be utilized for reimbursements. [Organization Name] will prorate travel costs based on the time spent supporting the Climate Smart Commodities grant vs. other programs/purposes.*

### Soil Testing

NACD is tracking costs associated with soil sampling and testing, as well as any sensors or equipment to support monitoring.

Please separate the estimates for soil sampling/testing vs. equipment. In your budget narrative, please describe the frequency of soil samples (if applicable), unit costs of supplies or equipment, quantities, and other cost information to support this request.

The definitions for equipment and supplies are below.

### Equipment

Equipment may be considered on a limited basis and may require USDA concurrence. Equipment is classified as having a unit cost of \$5,000 or greater, otherwise it falls under supplies. Please see 2 CFR 200.313 for contractual requirements associated with equipment purchases.

In your budget narrative, please justify and detail your equipment request. This includes the anticipated unit costs, quantity, description of the equipment to be purchased, vendor (if known) and how it will benefit the project or producers. Please also describe your anticipated procurement process (e.g., name brand, only one vendor, will conduct a cost comparison).

The use of equipment should also be tied to your technical approach.

### Supplies

Supplies are general-purpose consumable items that are used on a regular basis or other tangible items that do not meet the definition of equipment. Supplies have a unit cost of \$5,000 or below.

In your budget narrative, please include the category of supplies needed and the total cost for each category. If total costs for a category exceeds \$10,000, please provide a detailed justification for the request and quote (if available).

### Contracts

Contracts are defined in Section 5.2 above.

In your budget narrative, please describe whether contractors have committed to supporting this work or if a competition will be conducted. If contractors have committed to supporting this work, please also certify that you have followed the competitive procedures required by 2 CFR 200.318-327.

### Other:



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Other costs include:

- Total subawards (defined in Section 5.2 above)
- Producer financial incentives
- Other costs that do not fit into the categories above.

Each Project Partner (defined in Section 5.2 above) must submit a budget narrative and detailed budget breakdown, by year. The sum of subawards may be rolled up into “Total Subawards” for the lead partner.

The budget for producer financial incentives should be included under “other.” In the budget narrative, please describe your methodology for estimating this line item.

### Modified Total Direct Costs (MTDC)

MTDC is the base to which indirect cost rates are applied. This is the sum of:

- Salaries
- Fringe
- Travel
- Supplies
- Contracts
- The first \$25,000 of each subaward

MTDC excludes equipment, capital expenditures, charges for rent, tuition remission, participants support costs, and the portion of each subaward in excess of \$25,000. Producer financial incentives are also excluded from MTDC calculations.

Please show how MTDC is calculated in the budget narrative.

### Indirect Costs

Please see NACD’s [guidance on indirect costs](#) to determine how or if you should apply an indirect cost rate. We recognize that some grantees may not have the financial or accounting policies in place to allocate/track indirect costs and may therefore only budget for direct charges.

If a grantee or subawardee elects to apply an indirect cost rate, NACD also encourages utilization of the 10% de minimis rate.

While grantees are eligible to utilize their Negotiated Indirect Cost Rate Agreements (NICRA), these rates can be high and impact your evaluation (e.g., cost-effectiveness of the overall budget relative to outcomes). Please note that if an organization utilizes the de minimis rate instead of its NICRA, it may claim the foregone indirect costs as project match. Organizations with a NICRA shall also submit a copy of the latest approved version.

### Match

Match may be cash or in-kind, but must be derived from non-federal sources.



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Some grants (e.g., other Climate Smart Commodities grants; some National Fish and Wildlife Service grants) are administered by a non-federal partner, but the source is still federal funding. In this case, funds cannot be counted as match.

In your budget narrative, please describe the sources of match and whether they are committed or anticipated. Please note that match contributions must also be reported to USDA on a quarterly basis.