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Notice of Funding Opportunity

Title: Department of Agriculture – Partnerships for Climate-Smart Commodities: Building Markets and Investing in America’s Climate-Smart Farmers, Ranchers & Forest Owners to Strengthen U.S. Rural and Agricultural Communities

Website: <https://www.grants.gov/web/grants/view-opportunity.html?oppld=337878>

Funding: Total: \$1,000,000,000. Maximum awards: \$250K-\$100M, depending on project.

Dates: Application Submission Deadlines: May 6, 2022 for the first funding pool. June 10, 2022 for the second funding pool.

Summary: Up to approximately \$1 billion will be made available for the Partnerships for Climate-Smart Commodities projects through this funding opportunity, which will build markets and invest in America’s climate-smart farmers, ranchers, and forest owners to strengthen U.S. rural and agricultural communities. Through the Partnerships for Climate-Smart Commodities, USDA will support the production and marketing of climate-smart commodities through a set of pilot projects that provide voluntary incentives through partners to producers and land owners, including early adopters, to: implement climate-smart production practices, activities, and systems on working lands; measure/quantify, monitor and verify the carbon and greenhouse gas (GHG) benefits associated with those practices; and develop markets and promote the resulting climate-smart commodities.

Project Topic Areas:

Funding will be provided through two funding pools. Proposals in the first funding pool (requests for amounts from \$5 million to \$100 million per proposal) will be large-scale pilot projects that emphasize the greenhouse gas benefits of climate-smart commodity production and include direct, meaningful benefits to a representative cross-section of production agriculture, including small and/or historically underserved producers. Proposals in the second funding pool (requests for amounts from \$250,000 to \$4,999,999 per proposal) are limited to particularly innovative pilot projects with an emphasis on enrollment of small and/or underserved producers and/or monitoring, reporting, and verification activities developed at minority-serving institutions.

All projects must be tied to the development of markets and promotion of climate-smart commodities. For the purposes of this funding opportunity, a “climate-smart commodity” is an agricultural commodity that is produced using agricultural (farming, ranching, or forestry) practices that reduce greenhouse gas emissions or sequester carbon. Markets for climate smart commodities may include companies or processors sourcing climate-smart commodities to meet internal targets or other supply chain goals, biofuel and renewable energy markets, companies seeking to sell branded consumer products, or other opportunities that could provide a premium or additional revenue for participating producers and land owners. Sufficient incentives to encourage producer participation, as well as, generation of verifiable greenhouse gas reductions and carbon sequestration are critical to project success and will be considered in the evaluation criteria.

Highly competitive projects will include agricultural and forestry practices or combinations of practices, and/or practice enhancements that provide GHG benefits and/or carbon sequestration. Practices may include but are not limited to the following: Cover crops; Low-till or no-till; Nutrient management; Enhanced efficiency fertilizers; Manure management; Feed management to reduce enteric emissions; Buffers, wetland, and grassland management, and tree planting on working lands; Agroforestry and afforestation on working lands; Afforestation/reforestation and sustainable forest management; Planting for high carbon sequestration rate; Maintaining and improving forest soil quality; Increase on-site carbon storage through Forest Stand Management; Alternate wetting and drying on rice fields; Climate-smart pasture practices, such as prescribed grazing or legume interceding; and Soil amendments, like biochar.

The Partnerships aim to achieve the following outcomes through a variety of pilot projects: Increased markets (supply and demand) for climate-smart commodities; Increased adoption of Climate-Smart

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Agriculture and Forestry (CSAF) practices and systems that reduce agricultural greenhouse gas emissions (GHG) and/or increase carbon sequestration from the agricultural sector; Demonstration of scalable and low-cost measurement/quantification, monitoring, reporting, and verification (MMRV) systems; Increased innovation and consistency in measuring/quantifying farm-level GHG benefits; Testing and evaluation of efficient traceability through supply chains from production of commodity to delivery to the consumer; Improved understanding and communication of economic and adaptation benefits, as well as ancillary environmental benefits; Equitable administration that includes small and underserved producers as well as early adopters (i.e., producers who have already used some climate-smart approaches); Understanding of marketability advantages for a variety of farm types; Empowerment of farmers, ranchers, and forest land owners to drive CSAF markets and practice adoption; and Development of additional public-private partnerships to foster and develop CSAF markets.

Funding:

The Federal funding agency expects to award a total of approximately \$1 billion through this opportunity. USDA welcomes proposals from a range of funding sizes from \$250,000 to \$100 million; therefore, the number of awards under this announcement is difficult to predict. With this in mind, the agency expects to make approximately 30-50 awards, depending on proposals received. There is not a specific match requirement for this NFO. However, applications will be evaluated, in part, on the relative contribution of non-Federal resources to the project. Cost sharing may be achieved with contributions of cash, services, materials, equipment, or third-party in-kind contributions. USDA values the importance of partners contributing to projects; the magnitude and quality of matching funds will be a part of the evaluation criteria. However, this will be considered through the lens of equity so that the ability to secure a non-Federal match is not a barrier to participation.

Project Requirements:

Proposals must provide a plan to pilot implementation of climate-smart agriculture and/or forestry practices on a large-scale, including meaningful involvement of small or historically underserved producers, consistent with spirit of the Justice40 initiative; a quantification, monitoring, reporting, and verification plan; and a plan to develop markets and promote climate-smart commodities generated as a result of project activities. Projects must focus on verifiable on-farm (or forest) GHG emissions and carbon sequestration benefits. Federal funding under this funding opportunity must not be used for renting or purchasing land in the form of an easement or other device. Other reductions associated with processing, transportation, etc., throughout the agriculture and forestry supply chains are not the focus of this funding opportunity.

Partners with agreements under this funding opportunity must ensure that payments are not provided to a producer or land owner for the same production practice or system implementation on the same land for which the producer or land owner has already received, or is contracted to receive, funding through another USDA program. Enhancements to existing practices may be funded as part of these pilot projects. Specific ownership of GHG benefits shall be proposed by applicants (e.g., how GHG benefit ownership will be transferred through different parts of the supply chain). These chain-of-custody ownership clauses could be included, for example, in a) contracts between producers and project developers, and b) contracts between project developers and commodity purchasers. Projects may be between 1 and 5 years in duration, with up to two years of no cost extensions considered on a case-by-case basis. Anticipated start dates are Summer 2022.

Eligible Applicants:

The primary applicant/recipient must be an entity, however, USDA encourages multiple partners to coordinate on projects. A range of public and private entities are eligible to apply. Commodity organizations, technical service provider organizations (including university extension), farming cooperatives, organizations representing historically underrepresented communities, local producers, micro-producers, forestry organizations and others are encouraged to apply. Individuals may also be eligible as subrecipients but may not be the primary applicant/recipient. This opportunity is open only to domestic applicants/recipients, and subrecipients must also be domestic; beneficiaries must meet

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additional requirements described further in this opportunity. The primary applicant must also demonstrate an existing relationship with and/or prior experience working with producers or land owners. Additionally, at minimum one project partner must have existing experience working with underserved producers or land owners. This information will be used when evaluating the application in the equity criteria. Eligibility for this opportunity is limited to the following entity types: County, city or township, Special district, and State governments; Small businesses; For-profit organizations other than small businesses; Native American tribal governments and organizations; Nonprofits; Private, Public and State-controlled institutions of higher education.

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