

■ Rural Business-Cooperative Service (RBS)

Creation of viable new and improved businesses and cooperatives in rural America is the top priority of this Agency. RBS works through partnerships with public and private community-based organizations to provide financial assistance, business planning, and technical assistance to rural businesses. It also conducts research into rural economic issues, including rural cooperatives, and provides educational material to the public

Business and Industry (B&I) Loan Guarantees help finance rural business and industry projects that enhance employment opportunities and improve the economic and environmental climate in rural communities, including pollution abatement and control. Loan guarantees are made for projects that foster lasting community benefits and bolster existing private credit structures. Priority for B&I loan guarantees is given to applications for loans from rural areas or cities of 25,000 or less, with loans limited to areas not within the outer boundary of a city having a population of 50,000 or more and its immediately adjacent urbanized or urbanizing area. Loans are limited to \$25 million for any one borrower.

Direct Business and Industry (B&I) Loans are made to public, private, and cooperative organizations, Indian Tribes or tribal groups, corporate entities, or individuals to improve the economic climate in rural areas. The program is an economic stimulus tool which can be delivered to areas of rural America in greatest need.

Intermediary Relending Program Loans finance business facilities and community development projects in rural areas, including cities of less than 25,000. Funds loaned by RBS to intermediaries support new business facilities and community development projects in rural areas.

Rural Economic Development Loans and Grants promote rural economic development and job creation projects, including feasibility studies, startup costs,

and other reasonable project expenses. The maximum amount of a grant or loan is \$400,000. Loans have a maximum term of 10 years and are repaid without interest. These loans and grants are available to existing Rural Utilities Service electric and telecommunications borrowers.

Rural Business Enterprise Grants assist public bodies, nonprofit corporations, and federally recognized Indian Tribal groups to finance small and emerging private business enterprises located in rural areas. A rural area is defined as an area outside the boundary of a city with a population of 50,000 or more and its immediately adjacent urbanized or urbanizing area. Funds may be used to finance and develop small and emerging private business enterprises. Grant funds may be used for acquisition and development of land and the construction of buildings, plants, equipment, access streets and roads, parking areas, and utility and service extensions. In addition, funds may be used for refinancing, fees for professional services, technical assistance, startup costs and working capital, financial assistance to a third party, production of television programs targeted for rural residents, and rural distance-learning networks.

Rural Cooperative Development Grants finance the establishment and operation of centers for cooperative development. The primary purpose of the program is to enhance the economic conditions of rural areas through the development of new cooperatives and improved operations of existing ones.

The **Appropriate Technology Transfer for Rural Areas** program provides information to farmers and other rural users on a variety of sustainable agricultural practices, including crop and livestock operations. It helps agriculture by giving reliable, practical information on production techniques and practices that reduce costs and that are friendly to the environment. Farmers can request information via a toll-free telephone number.

The **National Sheep Industry Improvement Center**, authorized in the Federal Agriculture Improvement and Reform Act of 1996 (called the 1996 Farm Bill), promotes strategic development activities to strengthen and enhance production and marketing of sheep and goat products in the United States. The center, which will have a board of directors to oversee its activities, operates a revolving fund for loans and grants.

Cooperative Services helps improve the performance of the Nation's cooperatives and promotes understanding and use of the cooperative business system. By working together for their mutual benefit in cooperatives, rural residents are often able to reduce costs for production supplies and consumer goods, obtain services that might otherwise be unavailable, and achieve greater returns for their products. Cooperative Services accomplishes its mission by (1) responding to requests for technical assistance from rural residents who want to organize a cooperative or improve operations of an existing cooperative, (2) providing information and educational materials relating to cooperatives, (3) conducting research on cooperative financial, structural, managerial, policy, member governance, legal, and social issues, and (4) collecting and disseminating statistics to support research and technical assistance work.

The mission of the **Alternative Agricultural Research and Commercialization Corporation (AARC)** is to expedite the commercialization of new industrial prod-

ucts or of new uses for agricultural and forestry materials and animal byproducts. The corporation makes repayable investments in small businesses in rural areas. Repayments go into a revolving fund for investment in other projects. Applicants are expected to match AARC funds with an equal amount of funding from other sources.

Rural Business Opportunity Grants, authorized by the 1996 Farm Bill, can be made annually for up to \$1.5 million to establish centers for training, technology, and trade to provide assistance to rural businesses for interactive communication technologies to be used to develop export markets.

A **Rural Venture Capital Demonstration Program**, authorized by the 1996 Farm Bill, is being developed to provide a guarantee for projects that serve as a catalyst to attract private investments in businesses in rural areas. The amount of the guarantee may not exceed 30 percent of any pool of funds provided by up to 10 community development venture capital organizations.