



Appalachian
Regional
Commission

Access to Capital Projects Application and Operating Guidelines

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Overview

A primary Appalachian Regional Commission goal is to invest in entrepreneurial and economic development strategies that strengthen Appalachia's economy. Initiatives include expanding entrepreneurial ecosystems and support for start-ups and existing businesses, enhancing the competitiveness of the Region's manufacturers.

ARC seeks to expand the Region's entrepreneurial ecosystems by promoting greater access to capital. Accordingly, ARC has historically provided grants to support a range of economic development organizations providing debt and equity. These entities have a variety of structures such as local development districts, non-profits focused on economic development, Community Development Financial Institutions (CDFI), and New Market Tax Credit (NMTC) Program Community Development Entities (CDE) funds.

These guidelines provide Access to Capital (ATC) grantees with specific guidance about eligibility in applying; eligibility of borrowers; eligible and ineligible uses of grant funds; conflicts of interest; application requirements; post-award management and monitoring; audits; and consequences of non-compliance. Each potential ATC applicant should read this document carefully before submitting an application.

Grantees currently operating under the *ARC Business Development Revolving Loan Fund Grant Guidelines* (approved April 7, 2020) may continue to follow those guidelines. A written request must be submitted and approved by the Appalachian Regional Commission. As of October 5, 2021, all other ATC grantees must follow guidelines outlined in this document. *Access to Capital Projects Application and Operating Guidelines* (ATC Guidelines). The ATC Guidelines may be amended from time to time.

Applicability

These guidelines apply to grantees and applicants who use or may use funding to capitalize debt and equity investment products. These guidelines do not apply to grants for operating expenses. For more guidance that applies to non-ATC grants, please go to www.arc.gov.

Eligible Applicants

Only non-federal entities located in or serving the Appalachian Region are eligible to receive ATC grants from ARC. Applicants can be state and local governmental entities, non-profit organizations, or non-profit subsidiaries of a for-profit organization. Applicants must have the legal authority to receive ARC support and to make loans and equity investments.

Required Grantee Capacity

Grantees must demonstrate and meet the following criteria:

- Each grantee must have the organizational capacity in credit and/or equity investment analysis, program and policy development, finance, law, marketing, loan and/or equity investment structuring and packaging, and loan and/or equity investment processing and servicing.
- Grantees must have sufficient resources to cover the administrative costs of operations.

- ARC requires that Access to Capital projects be administered following a fund plan developed by the grant applicant and approved by the Commission. An applicant's plan defines specific objectives and operating procedures, including standards and selection criteria for loans in the portfolio.
- Grantees must have a solid and effective loan and/or equity investment review committee. A significant number of the review committee members must have had lending or equity experience depending on the grantee's financing activities. A list of the review committee members must be included in the grantee's fund plan, which requires ARC approval. Additionally, a majority must currently represent the private sector as opposed to the government. No loan or equity investment may be made without the favorable recommendation of the review committee; a majority of the members must participate in any meeting where an action is taken. The composition must be approved by ARC if different from that noted above.
- As lending and/or equity organizations, grantees must recognize and comply with their obligations under federal and state law, including but not limited to the Equal Credit Opportunity Act (ECOA), 15 U.S.C. 1691-1691f, as implemented by Federal Reserve Board Regulation B, and the Internal Revenue Code requirements for lender cancellation of debt (Form 1099C, Cancellation of Debt).

Eligible Borrowers and Equity Investment Recipients

- Loans and equity investments may be made in private, for-profit firms that do business in the Appalachian Region. The borrowers/investment recipients may be located outside the Region, but the activity financed and its benefits must be within the Region at all times.
- Additionally, non-profits or local governments that are developing or operating community facilities or social enterprises are eligible for loans but not equity investments.
- Firms must include majority US citizens or legal resident ownership.
- The eligible borrowers and equity investment recipients or any of their owners cannot have a delinquent debt to the federal government or be on a suspended or debarred list.

Eligible Loan and Equity Investment Uses

Including, but not limited to:

- Working capital, including financing of inventory
- Receivables financing
- Product development and testing
- Operating support for professional services, marketing activities, employee training, and other purposes to help portfolio firms
- Machinery, equipment, and other fixed asset acquisition, including transportation/delivery and installation costs
- Construction, alteration, modification, repair, and renovation of existing or new facilities
- Refinancing existing debt
- Land acquisition that is an integral part of a project
- Acquisition of an existing business

Ineligible Loans and Equity Investments Uses

- Loans or equity investments to themselves or a subsidiary. Subsidiaries are organizations under common control through common officers, directors, members, or employees.
- Land acquisition, except as noted above.
- Loans or equity investments in ARC designated Attainment Counties. ARC funds or the funds used as a match cannot be used for loans and equity investments in an attainment county. A list of ARC counties and their economic status, updated every fiscal year, can be found at www.arc.gov.
- Loans that assist the relocation of businesses from other labor areas are prohibited by law (40 USC 14524(b)).
- Loans or equity investments that provide the mandatory equity contribution required of borrowers for other federal loan programs.
- Loans or equity investments that refinance existing debt solely to reduce the risk to existing lenders.

Responsibility for Equity Investment and Lending Decisions

The responsibility for approving loans and investments and setting terms and conditions consistent with these guidelines resides entirely with the grantee.

Grantees must follow the loan and/or investment guidelines that they submit with their final grant applications. The grantee's governing board must approve the guidelines before application submittal. If any material amendments are made at any point, the grantee is required to submit the amended guidelines for ARC approval.

Depositing Funds in Grantee's Account

Grantees must place funds advanced from ARC, or returned to the fund, in interest earning accounts pending the closing of new investments and/or loans. Interest earning accounts must be Federally insured deposits, short term certificates of deposit that are covered by deposit insurance, or other secure instruments.

Please see the Audit section for more information on required financial control systems.

Federal Reversionary Interest

It is essential to note that ARC funds used for loans and equity investments will always be considered federal funds and therefore bound by requirements imposed by the Commission and the U.S. government. While subject to change, the grant agreement will typically have the following language reflecting this federal requirement:

The Federal Government, through the Appalachian Regional Commission, shall retain a reversionary interest in all loans made, or equity shares purchased, with ARC grant funds under this grant agreement. The extent of the Government's reversionary interest in a particular loan or equity share shall be equal to the percentage of such loan or share made or purchased with ARC grant funds. Annually, both during the period of performance and thereafter for the life of the loan fund or equity share fund supported by this grant, Grantee shall submit to ARC a report on the value and status of all funds, loans,

and shares in which the Federal Government retains an interest through the Appalachian Regional Commission.

Interest Rates

Grantees may make loans to eligible borrowers at interest rates and under conditions determined by the grantee to be most appropriate in achieving the goals of the loan and/or investment fund. The minimum positive interest rate an ATC grantee can charge is four percentage points below the current U.S. Treasury rate for issues of similar size and maturity, or the maximum interest rate allowed under state law, whichever is lower. The U.S. Treasury rate is found as a graph titled "Treasury Yield Curve," which is calculated daily by the US Treasury and can be found on its website <https://www.treasury.gov>. Percentage rates below this would have to be requested and approved by the Federal Co-Chair and would only be granted if extraordinary economic difficulties can be demonstrated, which would be provided on a temporary basis.

Conflicts of Interest

ARC Code Chapter 8, *Grant Administration*, applies to all ARC projects. Section 8.3—*Conflict of Interest*—governs requirements relating to prohibited conflicts of interest:

- a. No official nor employee of an ARC grantee nor subgrantee shall participate personally through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or through other actions in any proceeding, application, request for a ruling or other determination, contract award, cooperative agreement, claim, controversy, or other particular matter in which grant funds (including program income or other funds generated by ARC-funded activities) are used; where to his knowledge, he or his immediate family, partners, organization (other than a public agency) in which he is serving as an officer, director, trustee, partner, or employee; or any person or organization with whom he is negotiating, or has any arrangement concerning prospective employment; has a financial interest or less than arms-length involvement.
- b. In the use of ARC grant funds, officials or employees of grantees or subgrantees shall avoid any action that might result in, or create the appearance of:
 - a. using official position for private gain;
 - b. giving preferential treatment to any person;
 - c. losing complete independence or impartiality;
 - d. making an official decision outside official channels; or
 - e. affecting adversely the confidence of the public in the integrity of the government or the program.
- c. Pursuant to federal regulations at 2 CFR 200.318(c), each grantee and subgrantee must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees who select, award, and administer contracts. Any potential conflict of interest must be disclosed to ARC.
- d. In addition, an Interested Party shall not receive any direct or indirect financial or personal benefits in connection with any ATC grant or loan; and shall not lend funds to or invest equity in an Interested Party. Interested Party means any officer, employee or member of the board of directors or other governing board of the award recipient, including any other parties that advise, approve, recommend or otherwise participate in the business decisions of the recipient, such as agents, advisors,

consultants, attorneys, accountants or shareholders. An Interested Party also includes the Interested Party's family and other persons directly connected to the Interested Party by law or through a business arrangement.

- e. Former members of the board or governing body, former officials, employees, or members of the staff, and former members of the loan review committee are barred from receiving ARC RLF loan assistance for one year from the date of termination of their service. Loan activities that directly or indirectly benefit these individuals or people related to them by blood, marriage, law or business arrangement are prohibited for a period of one year from the date of termination of service of such related person.

Match and Private Capital Raise Requirements

ARC grants traditionally require match or cost-share. Access to Capital project grants may require match and a private capital raise.

Non-POWER Grants

- **Match:** Non-POWER grants follow ARC's traditional match requirements found at <https://www.arc.gov/wp-content/uploads/2020/09/Match-Requirements-for-ARC-Grants.pdf>.
- **Capital Raise:** There is no capital raise requirement.

POWER Grants

- **Match:** Dollars dedicated to operations/technical assistance-related project activities follow ARC's traditional match requirements found at <https://www.arc.gov/wp-content/uploads/2020/09/Match-Requirements-for-ARC-Grants.pdf>.
- **Capital Raise:** To increase the attraction of private sector capital to the Region, all POWER awards used for ATC projects, i.e., loans or equity investment awards, require private capital raise. A portion of the capital raise may be used to meet these match requirements. Currently, ATC projects funded through POWER require a 3:1 private capital raise. This requirement is subject to change.
- The capital raise may **not** count towards the match requirement of any operations/technical assistance project activities.
- The applicant must submit a letter stating that the private capital raise has been completed. If all of the capital is not raised by time of grant approval, the applicant must provide a detailed letter showing progress on current private capital raise. The letter must also contain a commitment to complete the raise within an expected date.
- The private capital raise will count toward the leveraged private investment performance measurement.

Post Award Management and Monitoring

Requesting Payments from ARC and Submitting Progress Reports

All grantees must follow the ARC Grant Administration Manual for ARC Non-Construction Projects provided to every grantee for requesting payments and submitting reports. The Manual can be found here: <https://www.arc.gov/resource/grant-administration-manual-for-arc-non-construction-grants/>.

ATC grants follow those guidelines but also require some special determinations:

ATC-Specific Report Requirements

- Working with the ARC project coordinator, the grantee may choose to submit interim progress reports and payment requests at a minimum of every 3 months.
- The required forms include, note special requirements are in parenthesis:
 - SF 270, *Request for Advance or Reimbursement* (grantees must mark the "advance" payment option)
 - Advance backup worksheet (required to use this form versus the reimbursement backup worksheet)
 - SF-PPR - Performance Progress Report
 - A progress report narrative (must include loan defaults, cash on hand, pending loans, and a description of any technical assistance).
- If the grant is on the project reporting tool, as determined by the relevant ARC project coordinator, then the grantee will submit the same information online through ARCnet. For funds deployed as loan or equity investments, the grantee must select the "advance" option on the Financial Report Set up tab in the project reporting tool.
- For POWER projects, payment requests should reflect a proportional disbursement of capital raised to ARC funds disbursed at a ratio set by ARC, which is currently 3:1. If a grantee misses this proportional disbursement, then the ARC coordinator may withhold the payment until the requirement is met.

Annual Reporting

Following final disbursement, grantees will transition to submitting annual reports rather than interim reports. The first report will be due within 90 days of the grantee's first fiscal year-end after the final disbursement. Annual reports shall continue for a period of not less than seven (7) years after the first report that follows the final disbursement of the grant. At this 7-year date, grantees may request the closure of the grant and cessation of annual reporting as outlined below in "Release from Reporting."

Reporting should reflect the entire fund. Grantees are not required to report ARC grant funds and program income separately.

The following must be included in the annual report:

- **Brief background (1-2 paragraphs) on the original purpose of the grant to provide context.**
- **Current status (as of fiscal year-end):**
 - Balance of invested/lent funds
 - Number of investments/loans
 - Funds available for investing/lending
 - Loan loss percentage
 - Past due percentage
 - Return on investments
- **Report Period (since last report/over last fiscal year):**
 - Jobs created and retained
 - Number of loans disbursed/investments
 - Amount of loans disbursed/investments

- **Cumulative (since the start of the grant):**
 - Jobs created and retained
 - Number of loans disbursed/investments
 - Amount of loans disbursed/investments

In addition to providing required information on required reports, grantees must provide timely and accurate information to ARC upon request at any point, including after final disbursement. This includes responding with responsive information to any ARC request for success stories.

Release from Reporting

An ATC grantee may request release from reporting and the closing of the grant not less than seven (7) years after the final disbursement of the grant, excluding any subsequent return and disbursement of funds due to excess cash held or other reasons. Requests must be in writing and be signed and submitted by the organization's governing board. An ARC project coordinator will review the grantee's request and make a recommendation based on the programmatic and reporting performance. Following the state's concurrence, the Federal Co-Chair may approve the grantee's request.

If a grantee continues to operate a loan or investment fund after release from reporting and closing the grant, the grantee will submit an operating plan to ARC. The grantee's authorized representative shall sign an agreement that acknowledges the following:

- The federal reversionary interest continues to apply
- Program income shall remain in the project for lending and administrative costs
- The project shall continue to be subject to ARC, Office of Inspector General (OIG), and single audits (if applicable—see 2 CFR Part 200, Subpart F)
- The grantee will submit and must receive ARC approval of any future revisions of the operating plan, and
- The grantee will continue compliance with all applicable federal laws, regulations, and ARC requirements.

The grantee's authorized representative will be required to annually submit to ARC a signed declaration that it continues to operate as a revolving loan/equity fund.

Program Income

For auditing purposes, grantees must track program income:

- Program income typically includes but is not limited to the following: return on investments, loan interest, fees, penalties and interest caused by the borrower's late payment, proceeds from the sale of collateral in excess of the unpaid balance of the original loan, and interest earned on cash balances held while awaiting relending or reinvestment.
- Program income must be added to the fund to expand lending or investment or cover reasonable and necessary administrative costs. Income added to the capital base may not be withdrawn, other than for the purposes stated above, without the prior written consent of the Commission.

Annual Audit Requirements

The following requirements pertain to any grantee, subgrantee, or recipient or subrecipient of federal financial assistance, regardless of which federal agency makes the award, as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200, Subpart F.

A grantee that expends \$750,000 or more in its fiscal year in federal awards or financial assistance, including but not limited to the ARC contribution, shall have a single or program-specific audit conducted for that year. Grantees should notify auditors that the Catalog of Federal Domestic Assistance number for ARC programs is 23.011, Appalachian State Research, Technical Assistance and Demonstration Projects.

To determine when a federal award is expended, the grantee must examine when the activity related to the federal award occurs. See 2 CFR 200.502(a). Generally, the activity pertains to events that require the non-federal entity to comply with federal statutes, regulations, and the terms and conditions of federal awards, such as:

- expenditure/expense transactions associated with awards (including grants, cost-reimbursement contracts under the FAR, compacts with Indian Tribes, cooperative agreements, and direct appropriations);
- the disbursement of funds to subrecipients;
- the use of loan proceeds under loan and loan guarantee programs;
- the receipt of property or surplus property;
- the receipt or use of program income;
- the distribution or use of food commodities;
- the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and
- the period when insurance is in force.

The following guidelines must be used to calculate the value of the federal awards expended under loan programs:

- Value of new loans made or received during the audit period; plus
- Beginning of the audit period balance of loans from previous years for which the federal government imposes continuing compliance requirements; plus
- Any interest subsidy, cash, or administrative cost allowance received. 2 CFR 200.502(b).

Grantees that expend less than \$750,000 a fiscal year in federal awards, including ARC's contribution, are exempt from the single audit for that year. Records must be available for review or audit by appropriate officials of ARC, including the OIG. No program income or grant funds will be expended for audit in these cases.

Audits must be performed by a public accountant or a federal, state or local government audit organization which meets the general standards specified in Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States (known as the Yellow Book). Audits must conform to these standards. Auditors are required to follow the provisions of 2 CFR Part 200, subpart F, and the Compliance Supplement at Appendix XI to 2 CFR Part 200.

Records Retention

Grantees shall maintain complete records of all activities related to the award, including closed loan and investment files and all related documents, books of account, computer data files and other records over the term of the closed loan or investment, and for a three-year period from the date of final disposition of such closed loan or investment. The date of final disposition of a closed loan or investment is the date: principal, interest, fees, penalties and all other costs associated with the closed loan have been paid in full; or final settlement or discharge and cessation of collection efforts of any unpaid amounts associated with the closed loan or investment have occurred. However, if any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

Grantees must at all times:

1. Maintain adequate accounting records and source documentation to substantiate the amount and percent of loan or investment income expended for eligible administrative costs;
2. Retain records of administrative expenses incurred for any and all activities, and any and all equipment or property, relating to the operation of the loan or investment fund for three years from the actual submission date of the report that covers the fiscal year in which such costs were claimed; and
3. For the duration of loan or investment fund operations, maintain records to demonstrate the adequacy of the grantee's accounting system to identify, safeguard and account for the entire capital base, outstanding loans and other operations.

Grantees must ensure that standard loan and investment documents reasonably necessary or advisable for lending or investment are in place; and fidelity bond coverage for persons authorized to handle funds under the grant award in an amount sufficient to protect the interests of ARC and the grantee.

Grantees must also make available for prompt and timely inspection retained records, including those retained for longer than the required period. The record retention periods described in this section are minimum periods and such prescription does not limit any other record retention requirement of law or agreement.

Noncompliance

ARC will take appropriate compliance actions for a grantee's failure to operate the fund in accordance with the terms and conditions of the grant agreement, or ARC policies and guidelines, including but not limited to failure to obtain ARC approval to material changes in the investment guidelines; failing to submit timely reports as required by these guidelines; failing to manage the grant prudently; making an ineligible loan or investment; failing to comply with audit requirements or implement timely resolutions to audit findings; having or not reporting a conflict of interest; or failing to comply with any other requirement.

If noncompliance is found, ARC may require any of the following (not an exclusive list): increased reporting; implementation of a corrective action plan; an audit; repayment of ineligible loans or costs to ARC; transfer or merger of the ARC's funds to another entity; suspension of the grant; or termination of the grant, in whole or in part.

ARC assistance must be withdrawn if for any reason the activity financed or the economic benefit is moved from the Appalachian Region.

In certain circumstances, ARC may disallow a proportion of the grant or direct the grantee to transfer loans to a third party for liquidation.

ARC shall determine the manner and timing of any suspension or termination action. ARC may require the grantee to repay the federal share in a lump-sum payment or enter into a sale, or ARC may agree to enter into a repayment agreement with the grantee for repayment of the federal share.

Appendix A: Applying for a Grant

ARC awards grants to projects that address one or more of the five goals identified by ARC in its strategic plan and that can demonstrate measurable results.

Applicants must follow all ARC application guidelines and checklists specific to access to capital projects. Applicants must include the following in their narrative proposals:

1. SF 424a Form: The applicant will show the private capital raise in the "Other" line item in the application's budget forms (SF 424a) and budget narrative as part of the application.
2. Project Description:
 - a. Provide a brief statement that describes the project's primary purpose, main activities, and expected impacts.
 - b. Describe in detail what activities and processes the project will engage in, who will conduct the activities, and who will participate.
 - c. Outline the proposed financial products and/or services.
 - d. Describe one or two sample projects and how the deals might be structured.
 - e. Detail technical assistance to be provided to borrowers.
3. Strategic Rationale:
 - a. Describe the gaps in currently available capital for the targeted communities. Summarize local and regional demand, including the number of projects, types of projects, and total dollars needed.
 - b. If applicable, provide the deployment rate for currently available assets and outline restricted and unrestricted asset allocation.
 - c. Upload a document (no more than one page) outlining a pipeline of loan or equity investment opportunities, including the type of business (e.g., retail, restaurant, manufacturing, etc.), amount requested (if available), and brief description (1-4 sentences) of the intended use of financing.
 - d. Include any feasibility studies or other assessments substantiating the demand for this project.
 - e. Provide at least two letters of demand from businesses and other community stakeholders that attest to the need and impact of the proposed project.
 - f. Describe traditional sources of financing or financial services available to the target communities and how the proposed product/services are superior or complementary.
4. Regional Strategy/Plan
 - a. Explain how the proposed project represents progress toward addressing a regional strategy, such as a comprehensive economic development strategy or a local visioning process.
 - b. Describe other project benefits likely to result from the project (e.g., positive impact on future economic development activity in the area).
5. Collaborative Partnerships
 - a. Describe any partnerships or collaborations with other local community, state, regional, and federal partners in developing the proposal, particularly outlining key organizations within the Region's entrepreneurial ecosystem that will support effective service delivery.
 - b. Describe the Applicant's ownership, including the following information if applicable: For organizations that have affiliated companies (e.g., parents, affiliates, subsidiaries), please provide a list of the individual owners with their contact information of those entities. Briefly describe the relationship between

- the Applicant and these other entities and individuals, including management and products/services exchanged.
- c. Briefly describe the applicant's capacity to manage the funds and conduct associated programmatic activities effectively. Describe the applicant's experience with similar activities and length of time involved.
 - d. Provide an overview of underwriting/investment guidelines and portfolio management systems. Please upload underwriting and investment guidelines and policies.
 - e. Discuss whether the applicant is a member of any finance associations or organizations and the level of involvement.
 - f. If an existing financial organization, please provide historical financial statements prepared according to Generally Accepted Accounting Principles (GAAP) for the past 3 years, including income statements and balance sheets and a current balance sheet and income statement according to GAAP and dated within 90 days of the application.
6. Organizational Experience
 - a. Grants Management: Describe ability to adhere to grant compliance and reporting requirements by describing any (1) experience in managing a previous grant(s); (2) familiarity with federal grants regulations; and/or (3) experience managing federal awards.
 - b. Staff Qualifications: Briefly describe the qualifications of key individuals who will manage and operate the project including staff and the members of the investment committee. Attach position descriptions (if not hired) or brief resumes of these individuals.
 - c. Please attach the loan and/or investment operating plan.
 7. Outside Personnel Qualifications: If you plan on procuring the services of contractors or consultants to conduct any part of the project, describe the competitive procedures that will be used to select them. (You will be required to submit qualifications of all consultants and subcontractors once procured.)
 8. Project Sustainability: Explain how the project will achieve long-term sustainability once ARC support is no longer available. Include a plan and timeline of efforts to secure other sources of support for future operations.
 9. Please upload a five-year pro forma balance sheet that reflects the use of the loan proceeds or grant award; indicating the necessary start-up capital, operating capital, and short-term credit; and projected cash flow and income statements for five years supported by a list of assumptions showing the basis for the projections.
 10. If the applicant has a business plan, please attach it to the application.

Performance Measures

All ARC projects must have documented output and outcome performance measures. Estimated measures are included in project applications and actual measures are reported in the project closeout reports. Every ARC project must have at least one output measure and one outcome measure from the lists below. Some output measures can be used with a range of outcome measures (these are called "standalone measures"), and some output measures must be used with specific outcome measures (these are called "paired measures"). Projects that have paired output and outcome measures may also have a stand-alone output or outcome measure with no corresponding measure.

Typical performance measures include:

1. Businesses served - The number of businesses served by an ARC project. This includes businesses receiving technical assistance or participating in training, entrepreneurship, export, or other business development and improvement programs. Additionally, with access to capital grants, a borrower and an investee may be counted as a business served.
2. Businesses improved - The number of businesses with a measurable improvement as a result of an ARC project. The grant applicant and ARC project manager must agree on what constitutes "measurable improvement" and a method for measuring the degree of improvement must be provided. Typically, this may include jobs created, revenue generated, new customers, new markets, and other measures. For each project this number is always a subset of, or the same as, the "businesses served" output measure.
3. Businesses created - The number of new businesses created as a result of an ARC project. This measure should only be used to measure new business creation, not the number of existing businesses recruited or otherwise relocated from other areas. The grant applicant should estimate how many new businesses will be created within **three years** of the project end date.
4. Leveraged private investment (LPI) - The dollar amount of private-sector financial commitments, outside of project costs that result from an ARC project, measured during the project period and up to **three years** after the project end date. Committed private investment partners should provide letters of intent. Private capital raise should be reflected in this measure.
5. Jobs Created - The number of jobs created (direct hires, excluding construction jobs) because of an ARC project, measured during the project period and up to **three years** after the project end date. Part-time and seasonal jobs should be converted to full-time equivalents and rounded up to whole numbers. Applicants should estimate the number of jobs that will be created by the organizations expected to benefit from the project.
6. Jobs Retained - The number of jobs retained as a result of an ARC project. These are existing jobs that would be lost or relocated if the ARC project were not undertaken. Grant applicants should estimate the number of existing jobs that would be at risk, due to relocation or loss of competitiveness, without the ARC-funded project.