Food LINC

Leveraging Investment for Network Coordination
Food LINC: Background

- **Purpose:** Fund Value Chain Coordinators (VCCs) to link primarily rural producers to urban markets where demand is high for local food.

- **Public-Private Partnership:** $1M initial USDA investment unlocking $1.7M in other Federal* funds and $2.8M from private funders to date

- **Expected Outcomes:** Increased revenue to local producers, job creation along the value chain, and increased access to healthy, affordable food.

- **Vision:** Elevate the value of this work, leading to longer-term support from public & private funders.

*Federal Partners include Rural Development, Agricultural Marketing Service, Natural Resources Conservation Service, Appalachian Regional Commission, and Delta Regional Authority. The Wallace Center at Winrock International’s Food LINC work is funded through a cooperative agreement with USDA Rural Development.*
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Produced by the Wallace Center with support from USDA Rural Development
January 2016-June 2017

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What is a Value Chain?
Stages of Regional Food Economic Development

Food LINC is a response to the latest wave of food systems development, which grew out of earlier efforts.

### Direct to Consumer Markets
- E.g.: Farmers’ Markets, CSAs
- Pros: High value back to farmer, short supply chain
- Cons: Labor intensive

### Intermediated Markets
- E.g.: Food hubs, institutional markets
- Pros: Access to larger markets, farmer responsible for less of the supply chain
- Cons: Expensive hard infrastructure, more complicated!

### Value Chains
- Pros: Ensures coordination, provides better information to all supply chain actors
- Cons: Relationship based and therefore time intensive
What is a Value Chain?

The food value chain may look a lot like a traditional supply chain on the surface, but in *value chains*. . .

- Businesses intentionally structure their core operations to **produce both financial success and social benefit**
- **Shared mission and operational values** support decisions and processes
- Investments go into **human capital** before hard infrastructure:
  
  Value Chain Coordinators!
Roles of a Value Chain Coordinator (VCC)

- **Market Matchmaker**: Identify and connect key stakeholders through referral services and other forms of short-term or one-off engagement. This “public interest broker” role is key to development of food value chains because many businesses are stepping outside their normal channels to find new collaborators.

- **Convener/Relationship Builder**: Build the necessary relationships across the food value chain by engaging key stakeholders, maintaining communication channels, and fostering a trusting environment. Examples include convening stakeholder meetings, forming working groups, and implementing other forms of longer-term engagement.

- **Technical Assistance**: Work with food value chain members to build capacity through education and training programs in such areas as sustainable production practices, food safety, marketing/branding, etc.

- **Policy Thought Leader**: Raise policy issues and partner with others to address policies and procurement requirements, such as bidding procedures and preferred-vendor practices that may interfere with the ability of food value chains to access certain marketing channels.

- **Resource Prospector**: Identify and pursue resources, such as grants, loans, and services to support value-chain collaborators as they develop their enterprise.

- **Catalyst/Innovator**: As a resource prospector, value chain coordinators can also utilize grants and other external resources to test new business models and thus lower the financial risk of the businesses engaged in the value chain.
The Food LINC Pilot Program
What is Food LINC?

- In 2016, USDA funded a group of 13 Value Chain Coordinators (VCCs) to conduct a pilot program to test the efficacy of value chain coordination as a community and economic development strategy.

- Wallace Center at Winrock International joined this group to facilitate and manage a Community of Practice with these 13 groups with funding from the Surdna Foundation and USDA Rural Development.

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<tr>
<th>5 Federal Partners ($2.7M)</th>
<th>18 Philanthropic Partners ($2.8M)</th>
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<tr>
<td>USDA Rural Development</td>
<td>Agua Fund</td>
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<td>USDA Natural Resources</td>
<td>Assisi Foundation</td>
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<td>Conservation Service</td>
<td>CoBank</td>
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<td>USDA Agricultural Marketing Service</td>
<td>The Duke Endowment</td>
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<td>Appalachian Regional Commission</td>
<td>Gates Family Foundation</td>
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<td>Delta Regional Authority</td>
<td>Hyde Family Foundation</td>
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<td>Kate B. Reynolds</td>
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<td>Charitable Trust</td>
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<td>Kentucky Agricultural Development Board</td>
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<td>Oak Foundation</td>
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<td>The One Foundation</td>
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<td>Prince Charitable Trusts</td>
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<td>RSF Social Finance</td>
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<td>11th Hour Project of the Schmidt Family Foundation</td>
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<td>Surdna Foundation</td>
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<td>Thornburg Foundation</td>
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<td>Town Creek Foundation</td>
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<td>Z Smith Reynolds Foundation</td>
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Value Chain Coordinators

Organizations and Locations

1. La Montanita Co-op
2. Rocky Mountain Farmers Union
3. Communities Unlimited
4. The Conservation Fund
5. Louisville Farm to Table
6. Common Market Georgia
7. Appalachian Sustainable Development
8. Metro Washington Council of Governments
9. Fair Food
10. Soul City Hospitality
11. Family Farmed
12. Texas Center for Local Food
13. Food Commons Fresno
Two emerging subsets of Value Chain Coordinators (VCCs) – **Social Enterprise VCCs** and **Relational VCCs**. Social Enterprise VCCs are part of an organization with hard infrastructure assets, such as being housed in a food hub or kitchen incubator. Relational VCCs are not part of an organization with infrastructure assets. They tend to be housed in community development organizations, conservation organizations, or local governments, and they focus more on connecting existing businesses and stakeholders.
The National Support Team convenes the VCCs to provide technical assistance, in addition to conducting monitoring and evaluation and communications with external stakeholders.

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<thead>
<tr>
<th>Name</th>
<th>Organization</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Barham</td>
<td>USDA Rural Development</td>
<td>Oversight, program guidance, funding</td>
</tr>
<tr>
<td>John Fisk</td>
<td>The Wallace Center</td>
<td>Strategic support, liaison with funders</td>
</tr>
<tr>
<td>Jeff Farbman</td>
<td>The Wallace Center</td>
<td>Networking, value chain expertise</td>
</tr>
<tr>
<td>Ellie Bomstein</td>
<td>The Wallace Center</td>
<td>Logistics, communications, programmatic support</td>
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<tr>
<td>Steve Warshawer</td>
<td>MT Agricultural Enterprises</td>
<td>Facilitation, value chain expertise, technical assistance</td>
</tr>
<tr>
<td>Rebecca Dunning</td>
<td>Food Project Planning and Evaluation</td>
<td>Evaluation, value chain expertise</td>
</tr>
<tr>
<td>Sarah Rocker</td>
<td>Penn State University</td>
<td>Social network analysis</td>
</tr>
</tbody>
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What is a Community of Practice?

“Communities of practice are groups of people who share a concern or a passion for something they do and interact regularly to learn how to do it better.”
– Etienne and Beverly Wenger-Traynor

Organizations in a CoP work together to:

- Benefit from each other's experiences, tools, strategies
- Share information, resources and developments
- Problem solve
- Co-identify gaps in the groups knowledge and fill with external expertise
- Develop/ Coordinate strategies
Connecting Across the Distance

The Community of Practice connects via:

- Technical assistance webinars
- Conference calls
- One-on-one consultations with Wallace staff, evaluator, and experts
- Affinity groups around particular geographies, products, interests
- Site visits and convenings

VCCs learning about the Redd value chain in Portland, OR, January 2017
Trainings and Convenings

- January 2016, Food LINC Kickoff, Washington, DC
- March 2016, NGFN Conference, Atlanta
- September 2016, Economic Impacts of Local Food Systems, New Orleans, LA
- January 2017, Site Visit to the Redd, Portland, OR
- September 2017, Upcoming Site Visit TBD

VCCs learning about the Redd value chain in Portland, OR, January 2017
Value Chain Coordinator (VCC) Community of Practice is **diverse by design.** The VCCs can learn best practices and avoid pitfalls from similar organizations, while being prompted to think creatively and explore innovative practices by the organizations that are different.

**Early Lessons from the COP members:**
- The **Social Enterprise VCCs** generally have more capacity to collect data from suppliers and buyers since these data are accessible from the social enterprise they work with.
- The **Relational VCCs** generally have more flexibility in developing new business and stakeholder relationships than social enterprise VCCs, but face more challenges collecting financial and other supply chain data.
Building Connections within the CoP

“In Portland, I was able to dig a little deeper into the relationship I'm trying to develop with Appalachian Harvest. It was a great setting for me to promote the work that I'm doing as a peer with the work that AH is doing, rather than as an outsider, which is how I felt when I visited their facility before joining the [CoP].”

-Survey feedback from a VCC after the site visit
Social Network Analysis
Food LINC Community of Practice

Acquaintance Ties (Who knows whom?)

Pre- Food LINC (Jan. 2016)
- Several Isolates
- Food LINC Support Team most central

Total Ties: 84
Density: 7%

Month 9 of Food LINC (Sept. 2016)
- No Isolates
- Food LINC Support Team no longer most central

Total Ties: 224
Density: 26%

Blue = Value Chain Coordinator (VCC) Purple = Food LINC Support Team
Social Network Analysis
Food LINC Community of Practice

Advice Ties (Who shares business advice with whom?)

Pre- Food LINC (Jan. 2016)

- Pockets of isolated individuals and pairs
  
  Total Ties: 44
  Density: 4%

Month 9 of Food LINC (Sept. 2016)

- No isolates
- Potential new ‘hubs’ of information sharing among VCCs

  Total Ties: 104
  Density: 8%

Blue = Value Chain Coordinator (VCC)  Purple = Food LINC Support Team
**Equity and Inclusion**

VCCs are all working to build equity and inclusion into their value chains by thinking critically about who they bring to the table. Here are some examples:

<table>
<thead>
<tr>
<th>Value Chain</th>
<th>How they incorporate equity</th>
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</table>
| **Communities Unlimited (TN, MS, AR)** | ▪ Focus on small-scale and minority farmers  
▪ TA and VC coordination to expand rural farmer access to urban markets |
| **Common Market Georgia (GA)**     | ▪ Majority of vendors to the hub are African-American, refugee, or immigrant farmers  
▪ Lead community education programs to increase healthy food access  
▪ Increase access with sales to low-income school districts |
| **La Montañita (NM)**              | ▪ Intentional sourcing from limited-resource farmers  
▪ Microloans to food producers at below-market rates through LaM FUND  
▪ Matching SNAP incentives for New Mexico fruits and vegetables  
▪ Partner with local charities through its Donate-A-Dime bag program |
| **Louisville Farm to Table (KY)**  | ▪ Provides technical assistance to small and limited-resource farmers in the persistent poverty counties of Eastern Kentucky  
▪ Engages produce distributor and food manufacture that sell to KY school districts |
Equity and Inclusion

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<td>Fair Food Philly (PA)</td>
<td>▪ Connects smaller-scale farmers to the Fair Food Farmstand in Reading Terminal Market</td>
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<td>▪ Expanding access through Double Dollars for SNAP recipients at the Farmstand</td>
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<tr>
<td>Soul City/Up in Farms Food Hub (MS)</td>
<td>▪ Food hub focuses on creating predictable demand for farmers of color and existing African-American farm cooperatives</td>
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<td>▪ Working in tandem with NRCS to identify and bring conservation training and funding to limited-resource farmers</td>
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<tr>
<td>Conservation Fund - Resourceful Communities (NC)</td>
<td>▪ Key VC partners are community and faith-based organizations working in low-income communities, with communities of color, and with limited-resource farmers and business owners</td>
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<td>▪ Focus on community self-provisioning as well as market sales</td>
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| Rocky Mountain Farmers Union (CO)                | - Works primarily in rural and remote areas in Colorado, New Mexico, and Wyoming  
- Increased focus on empowering beginning, female, limited-resource, and Hispanic farmers and ranchers                                                                                                                   |
| Appalachian Sustainable Development / Appalachian Harvest (VA) | - Building a food corridor from Ohio to Virginia, through Central Appalachia, to increase market access for small and limited-resource farmers  
- Partners with grassroots Appalachian farm and community development organizations to build trust                                                                                                                     |
| Metropolitan Washington Council of Government    | - Addressing regional food access issues in the District of Columbia, suburban Maryland, and Northern Virginia  
- Building market ties and addressing transportation challenges for transport of product from rural areas into metro region                                                                                           |
Monitoring and Evaluation
Because Food LINC is a new and complex social change initiative with diverse organizations testing an innovative approach, over the first year we adopted techniques used in Developmental Evaluation. These techniques explore and track innovations. The evaluator, rather than acting as an outsider observing and judging success or failure, participates as part of the project team, bringing evaluation thinking to the group.
Return on Investment

Expected Project Outcomes

- Increased revenue to local producers
- Job creation along the value chain
- Increased access to healthy, affordable food

Expected Return on Investment

5x ROI after 3 years based on:

1. Increased market sales to producers
2. Grants/Loans secured by producers
3. Technical assistance provided to producers
Return on Investment & Benchmarking

Benchmarking ROI for VCCs

Example – $200K initial investment leads to 5x return of $1M over 3 years to local producers, with exponential growth expected:

- Year 1: $200K sales & additional resources
- Year 2: $300K sales & additional resources
- Year 3: $500K sales & additional resources

Case of La Montañita – VCC in NM

USDA/Philanthropic investment of $225K in La Montañita over 3 years ≈ $1.2M expected ROI

- Year 1 (benchmark): $200K
- Year 2 (benchmark): $400K
- Year 3 (benchmark): $600K

Year 1 (actual): $445K in producer benefits – $115K in new producer sales, and $330K in grants to producers
Year 1 Financial Outcomes and Impacts

$1 million
- USDA initial investment in 13 VCCs

$4.5 million
- Additional public ($1.7M) and private sector ($2.8M) investments. Initial investment leveraged 4.5 to 1

$423,764
- Reported year-over-year increase in sales to new value chains (year 1 of initiative)

VCCs have:
- secured financial and technical assistance resources for supply chain actors,
- established and strengthened business relationships, and
- built producer capacity to be wholesale market ready, thereby
  ➢ primed the pump for greater returns to producers and supply chain businesses in Years 2 and 3
VCC Profiles
Approaches and Impacts
**APPRAOCH:** Appalachian Sustainable Development (ASD) catalyzes emerging value chains by communicating openly and transparently with growers (and value-added producers), serving as a conduit for information, and providing the sales-related technical assistance to build grower capacity to participate in market channels that would otherwise not be available to them.

**IMPACTS:** In 2016 ASD’s Appalachian Harvest food hub piloted its hard squash value chain with five growers in WV, bringing GAP training and hands-on squash storage tunnel training to each. By October, all had received GAP certification and had constructed their storage facilities. A construction manual was created to be used by additional growers as the chain expands.

**VCCs:** Katie Commender, Robin Robbins
**Common Market Georgia**
Atlanta, GA

**APPROACH:** Common Market Georgia is a food hub that aggregates and distributes product from Atlanta-area farmers into grocery and food service markets in metro Atlanta. They are connecting with a base of large-scale growers that can supply consistent volume to establish institutional customers, while also continuing to work with smaller growers to move their product into the marketplace.

**IMPACTS:** CMG is working with two grower cooperatives through technical assistance on packing/grading and leveraging buying power that lowers the barriers to entry for these growers to sell into wholesale markets. CMG reports 2016 gross sales through the hub of $164,230, with 72% of this paid to producers. 82% (by value) of its product sourced in 2016 derived from two cooperatives comprised of African American and refugee farmers.

**VCC:** Lily Rolader, Katie Chatham
**APPROACH:** The Conservation Fund/Resourceful Communities works with a network of community-based organizations to address the inter-related economic, social and environmental challenges in their communities. Their small-grant programs and relationship with a partner CDFI enable Resourceful Communities to make strategic grant and loan investments in the value chain in ways that support pro-poor community development.

**IMPACTS:** CF/RC has provided funding through its small grants program to the three non-profit organizations identified for value chain work—Working Landscapes, Conetoe Family Life Center, Coalition for Healthier Eating. In 2016, CF/RC reported $40,670 in VC sales from partner social enterprise Working Landscapes.

**VCCs:** Mikki Sager, Jazmin Varela
Communities Unlimited
Memphis, TN

APPROACH: Communities Unlimited is a Community Developmental Financial Institution providing capacity building to entrepreneurs and communities in the Mid-South. They work with food hub Memphis Tilth to connect small and mid-scale produce farmers to Memphis-area institutional markets. CU is the market development facilitator and business technical assistance provider to support and expand the work of Memphis Tilth.

IMPACTS: CU’s first Food LINC convening in December 2016 included representation from the Memphis Tilth food hub and St. Jude Hospital dining services, its core business partners for Food LINC. CU worked with these partners to identify five produce items area farmers could grow that are in high demand by St Jude. CU is presently supporting growers in obtaining needed food safety certifications, and conducting a feasibility study of light processing to better meet the needs of St. Jude and other institutions.

VCC: Brenda Williams
Fair Food Philly
Philadelphia, PA

**APPROACH:** Fair Food is dedicated to preserving and protecting sustainable, productive farmland in the Delaware Valley through market-based strategies, and bringing healthy local food to all residents of the Philadelphia area. Their goal is to build value chains for artisanal, regionally produced cheese, and malt and heritage grains.

**IMPACTS:** Fair Food’s cheese value chain saw a year-over-year increase of $31,800 in gross sales of cheese; estimated $21,306 in returns to cheese producers. Businesses in the supply chain are a group of 16 independent cheese makers and current list of 12 restaurant buyers. Fair Food also hosted the Philadelphia Grain and Malt Symposium in 2017 to bring grain growers, processors, and buyers together, and created a Mid-Atlantic Grain Map to capture value chain participants.

**VCC:** Ann Karlen
Louisville Farm to Table
Louisville, KY

**APPROACH:** “For Louisville Farm to Table’s first three years, we worked on linking farmers to restaurants…the thing we are looking at now [with FoodLINC] is how to coordinate growers to grow the same thing for a single market… the big assumption is that farmers in Eastern Kentucky are looking for coordination… we have found that everything takes two years to materialize” Theresa Zawacki, VCC

**IMPACTS:** Louisville Farm to Table connected growers with Churchill Downs to supply $11,000 in local produce to the Kentucky Derby in May 2017 ([morningagclips.com/a-tasty-derby](http://morningagclips.com/a-tasty-derby)). LFT has also helped establish weekly Grass Fed Fridays supplied with local beef at Norton Hospitals, in addition to consistent produce sales to the hospitals.

**VCCs:** Sarah Fritschner, Theresa Zawacki
Social Network Analysis
Organic Agriculture Convening in Louisville, KY

Pre-Convening:
• High clustering of resource organizations with each other
• Very few buyer/producer pairs
• Network structure: core and pendants

Post-Convening:
• Resource organizations ties became more diversified, especially to producers
• Increase of producer - buyer ties
• Diversified networking for producer to multiple buyers and resource organizations
• Network structure: more diversity in core ties and higher degree of interconnection among pendants
La Montañita
Albuquerque, NM

**APPROACH:** La Montañita has six retail stores and a distribution center in Albuquerque. In addition to functioning as a buyer for New Mexico products, it offers technical assistance to producers and matches producers with other buyers and intermediaries. It also provides micro-loans to producers and engages in community projects including food and funds donated to area charities.

**IMPACTS:** LM’s value chain work yielded a reported increase of $147,869 in sales in 2016 compared to 2015, with an estimated 78% of that figure to producers. The proportion of purchases from Hispanic and Native American growers increased from 1% in 2015 to 11% in 2016. 3% of the value paid to producers were associated with seconds. LM tracks SNAP recipient purchases made at the co-op grocery stores. LM reports $6,678 in purchases by SNAP recipients. An additional $8,804 in apples were purchased by schools. LM assisted two value chain partners in winning $330k of VAPG funds.

**VCC:** Benjamin Bartley
The Core Washington Agricultural Region

Metropolitan Washington Council of Governments
Washington, DC

APPROACH: The COG is an independent, nonprofit association that brings area leaders together to address issues in the DC region. The COG has access to governmental planning and economic development personnel, and is using this unique position to use their resources to support local food producers and businesses. Their main goal is to create and manage a Regional Food Distribution Working Group.

IMPACTS: In 2016, MWCOG held multiple convenings, including a Food Policy Council event; a regional agricultural workgroup meeting with Extension, non-profits, and economic developers and planners; Farmer Chef Speed Sourcing; and the Local Food Distribution in the Capital Region Conference in April 2017, which brought together distributors, farmers, retailers and planners, to address issues impeding local food from getting to market in DC.

VCC: Lindsay Smith
APPROACH: “We have three food hubs--two cooperatives and one is a non-profit--that have started buying and selling to each other, and a third party distributor that is collaborating, as well. It all started with a convening of the group in early May [2016], we did an action plan, identified the priorities, talked through pricing, then our staff put together all the logistics, playing the facilitative role, making sure people got their orders in on time, holding the process.” –Dan Hobbs

IMPACTS: RMFU coordinates the members of the food hub network: three hubs in southern Colorado, one across the border east of Denver, and a distributor that links the hubs together. The hub to hub sales increase for the 2016 pilot totaled $28,195 with an estimated 69% of the gross sales returned to producers.

VCC: Dan Hobbs
Up In Farms/Soul City Hospitality
Jackson, MS

**APPROACH:** Soul City started Up In Farms Food Hub in 2016. They are working with farmers and community organizations to increase the capacity of small and mid-scale minority farmers to produce and provide healthy foods for Mississippi residents.

**IMPACTS:** Up In Farms sold roughly $30,000 in fresh produce to 8 restaurants and 20 grocery stores in the Jackson area, compared to a baseline of 0 in 2015. An estimated 80% of this was paid to primary producers. Up In Farms was also able to hire a part-time internal food safety expert to increase GAP certified producers in the Delta region. They have also connected farmers to the Mississippi State University extension service horticulturist Bill Neal for variety trials of broccoli and other crops.

**VCC:** David Watkins
Next Steps for the CoP

- Site visit in Fall 2017
- Panel discussion and focused track at the 2018 NGFN Conference
- Continued delivery of tailored TA, including to affinity groups
- Continued monitoring and evaluation tools and gathering of key metrics
- Provide capacity building and tools on equity and inclusion

Food Commons staff and volunteers at their warehouse in Fresno, CA
For more information, visit wallacecenter.org/food-linc