



# Regional Food Systems: Challenges and Opportunities

**Lindsay Smith**

COG Regional Food Systems  
Value Chain Coordinator

**James Barham, PhD**

Agricultural Economist – Food Systems Specialist  
USDA Rural Development – Washington, DC





# What is a Local/Regional Food System?

All phases  
of the lifecycle of food...



Take place within a  
specific region (county,  
state, multi-state area)



And the benefits  
(economic, social,  
environmental,  
nutritional) accrue to  
the local community



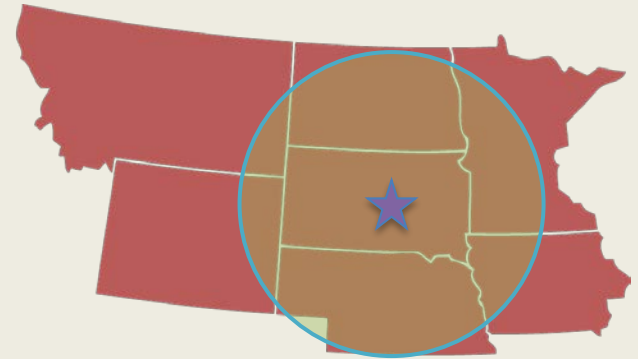
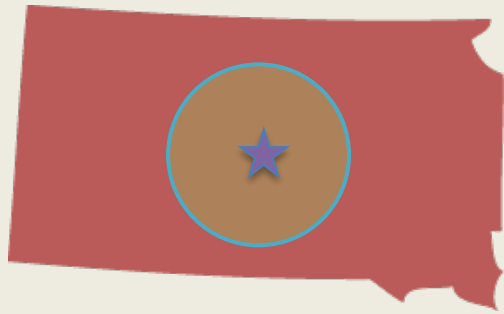
\*Products are marketed as LOCAL so that consumers can choose to support local businesses with their purchase\*



# Defining Local Food?

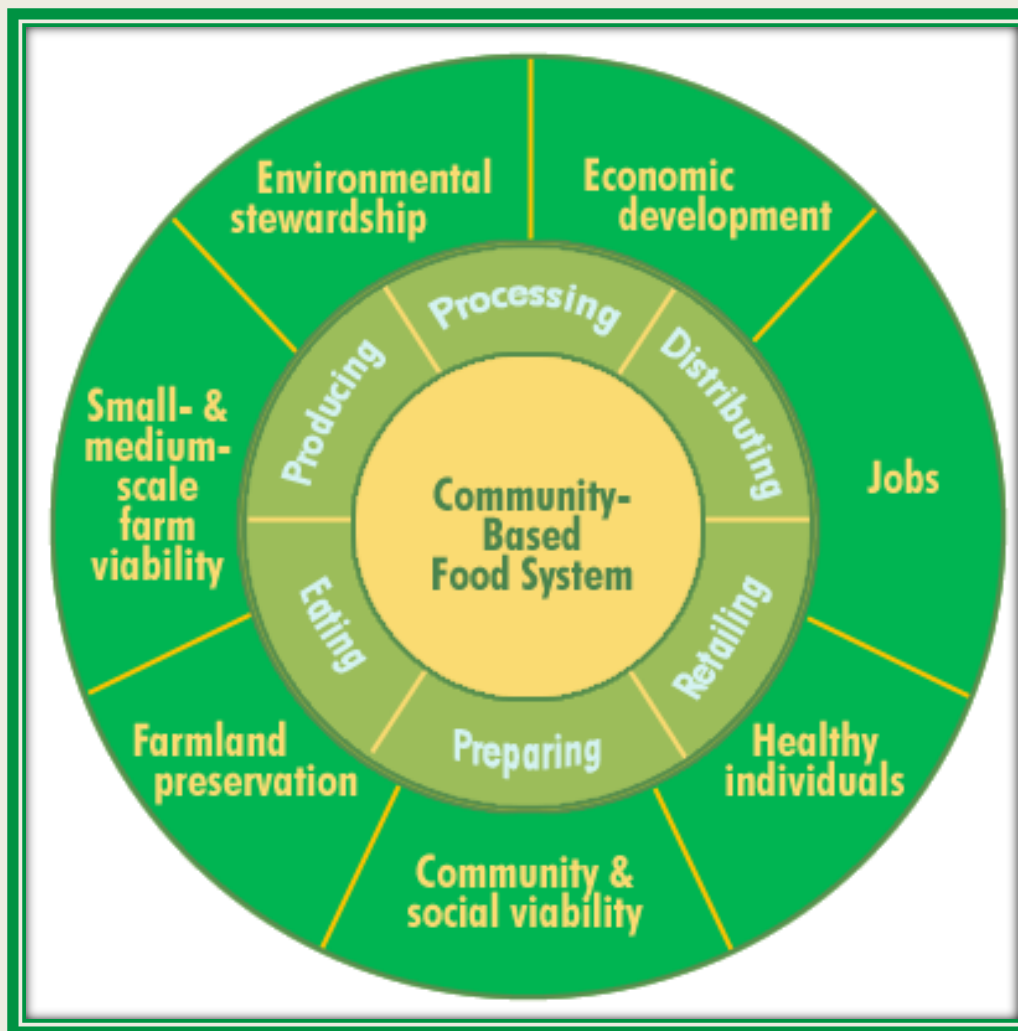
Ways that “Local” has been defined:

- » Miles
- » State
- » County
- » Region





# What is a Local Food System?



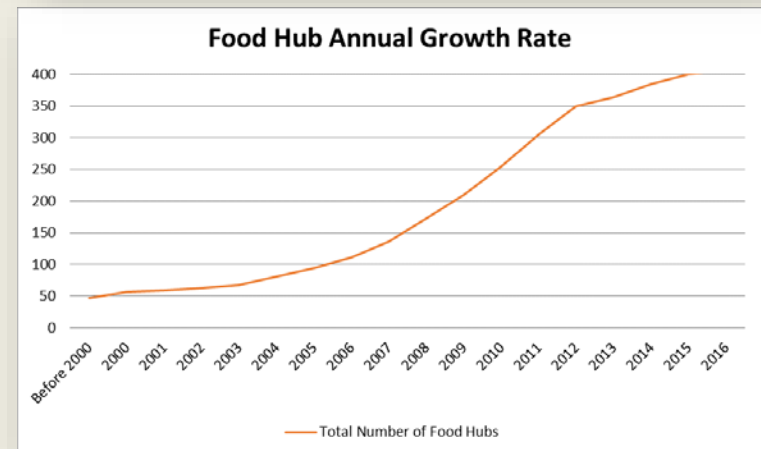
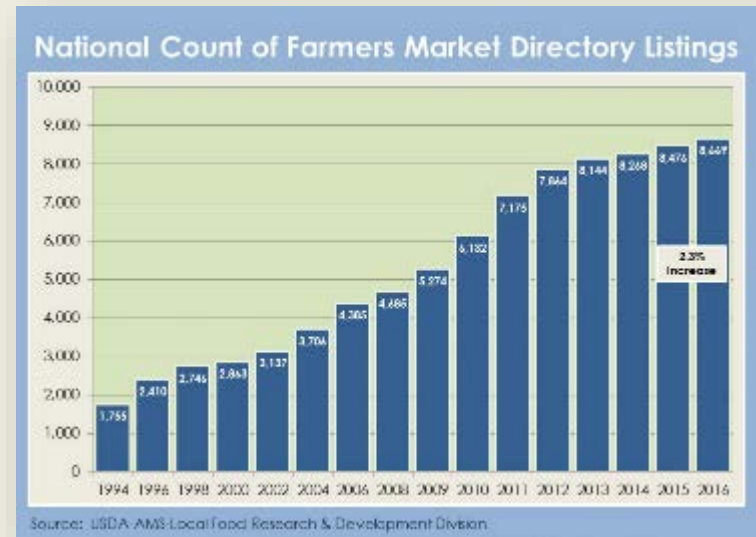
Source: CS Mott Group for Sustainable Food Systems at Michigan State University

# Consumers Demand to “Buy Local”

## Market Demand

**Over 167,000 producers selling locally**

- 87% of shoppers consider whether grocery store sources local food (Nat’l Grocers Assn)
- #1 trend on “What’s Hot” survey of chefs for past 7 years (Nat’l Restaurant Assn)
- 85% increase in farmers markets since 2008 and 110% increase in food hubs during same period (USDA AMS)
- Schools bought close to \$800m in local food in 2013-14 – over 100% increase from 2011-2012 (USDA FNS)
- **Local Food Market Size: \$8.7b in 2015** (USDA NASS)



# Benefits to Local Producers/Economies

In mainstream supply chains, farmers **retain only 15.6 cents** of the consumer food dollar.

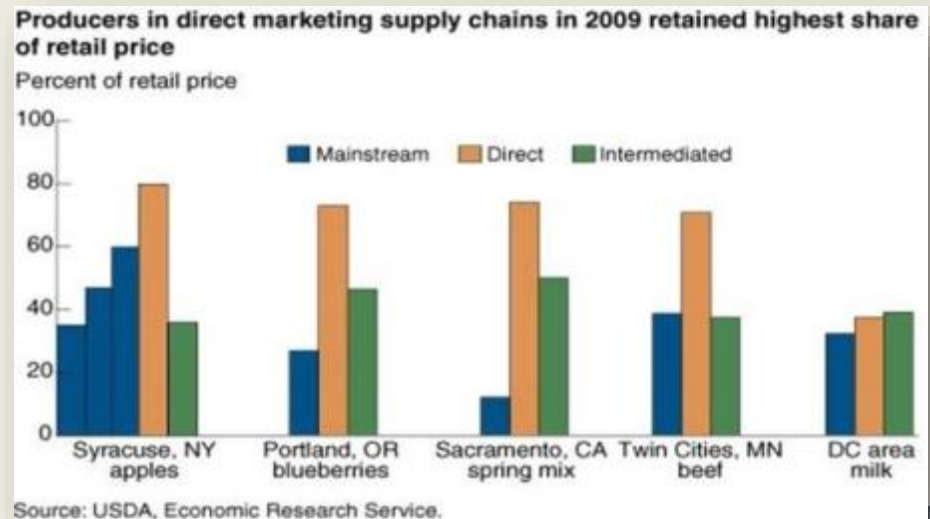
Farm Share of U.S. Consumer Food Dollar (2015)



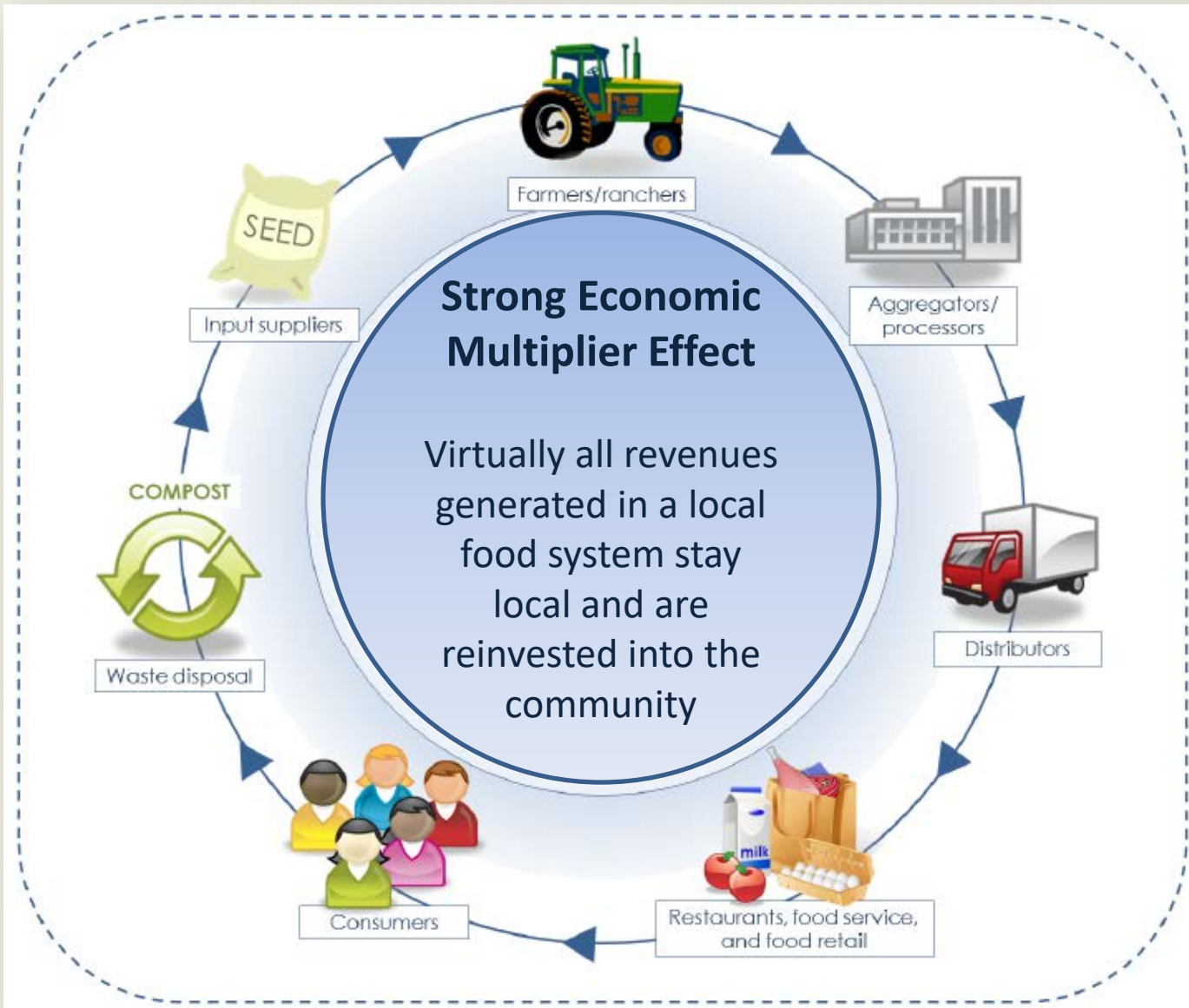
<https://www.ers.usda.gov/data-products/food-dollar-series/documentation.aspx>

## Different story in local food systems...

- In “short” supply chains, local producers received up to **seven times the price** compared to mainstream chains - USDA ERS report [http://www.ers.usda.gov/media/122609/err99\\_1\\_.pdf](http://www.ers.usda.gov/media/122609/err99_1_.pdf)
- Food Hubs often **return between 75 to 85 percent** of their wholesale sales revenues to their producers - USDA AMS report <http://dx.doi.org/10.9752/MS046.04-2012>



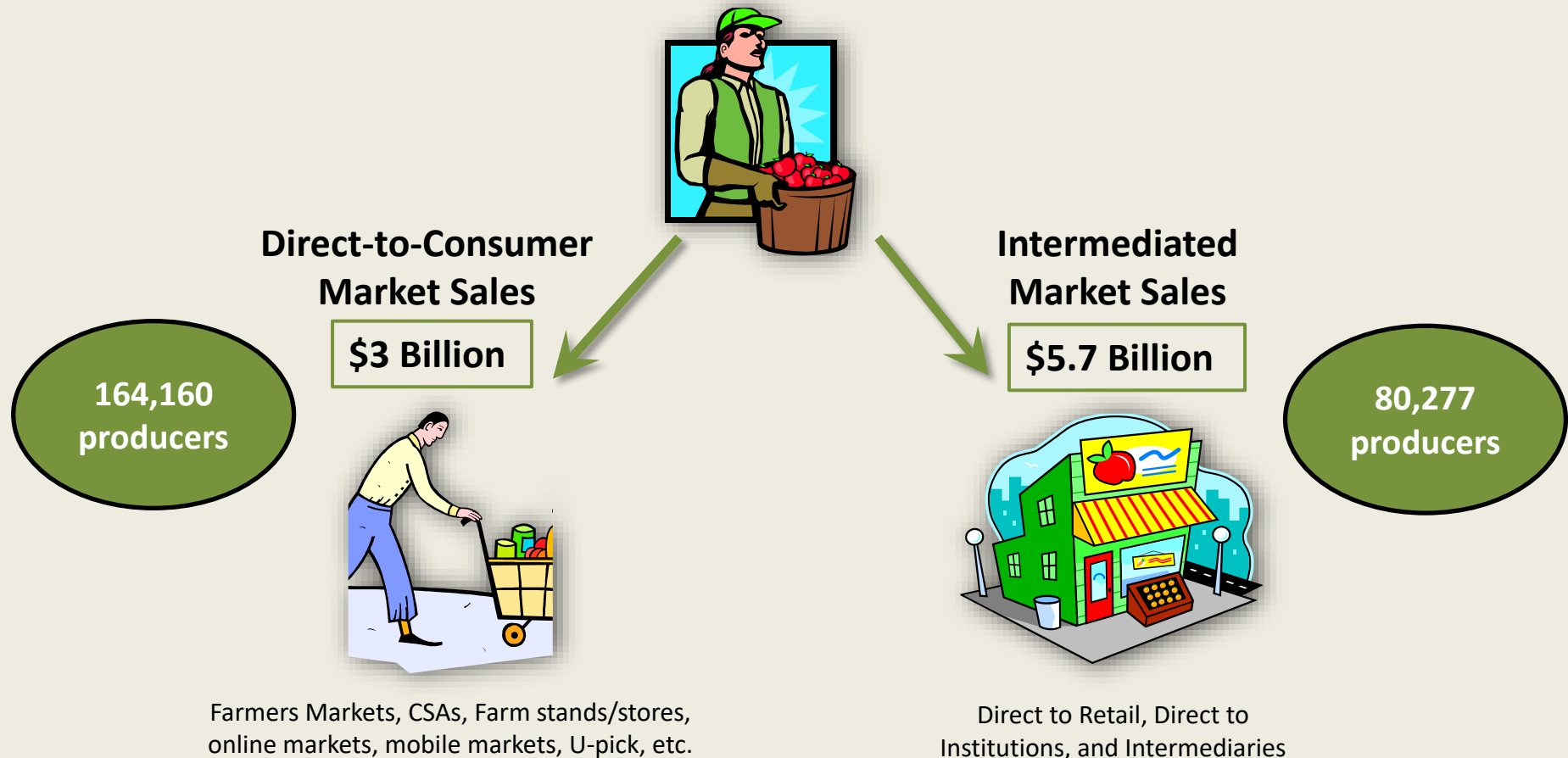
# Local Food as an Economic Driver for Rural America





# 2015 Local Food Market Sales

**167,009 Producers / \$8.7 Billion in Food Sales**

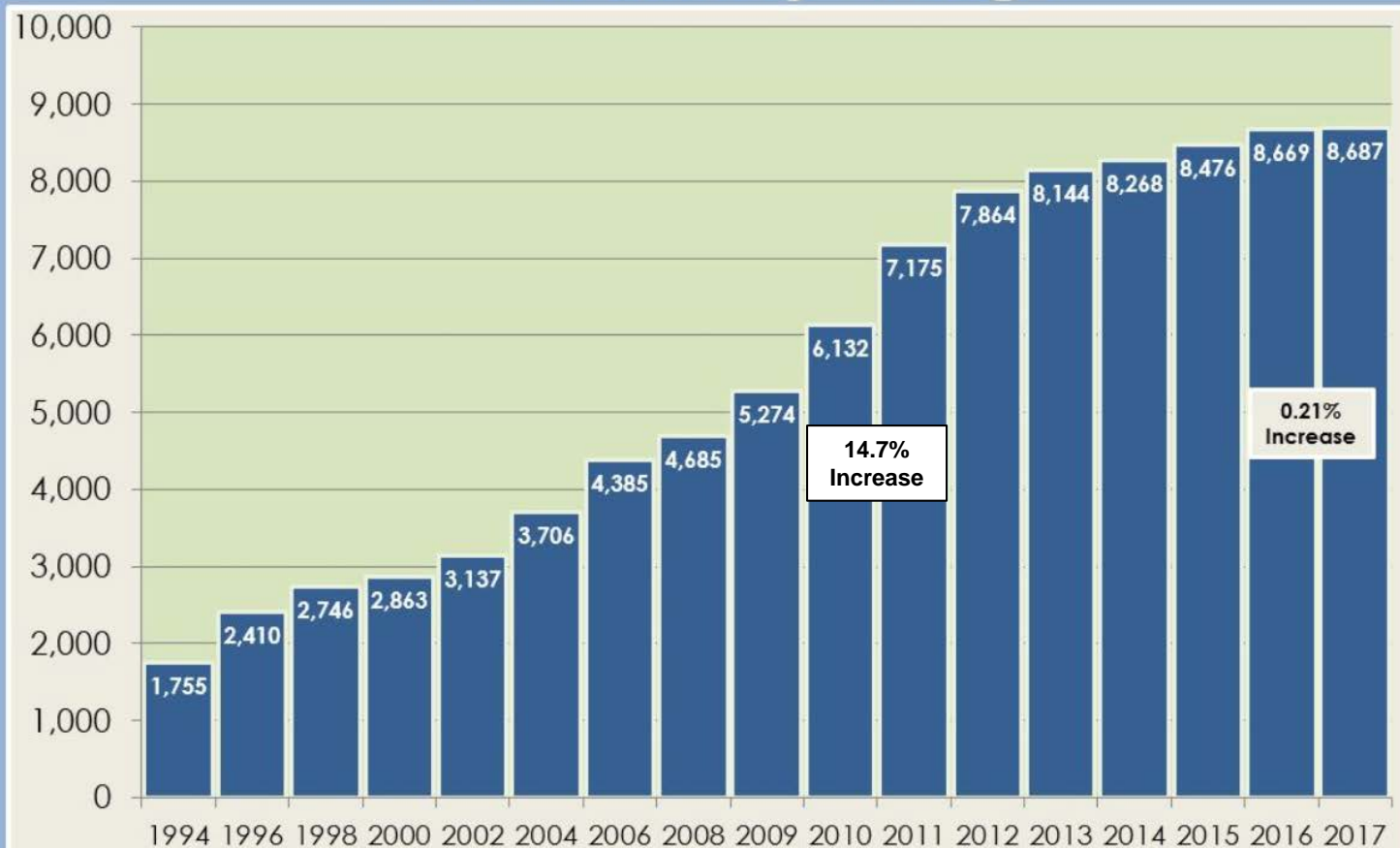






# Farmers Market Growth Trends

## National Count of Farmers Market Directory Listings



Source: USDA-AMS-Marketing Services Division

Farmers Market information is voluntary and self-reported to USDA-AMS-Marketing Services Division

# Food Systems Evolving

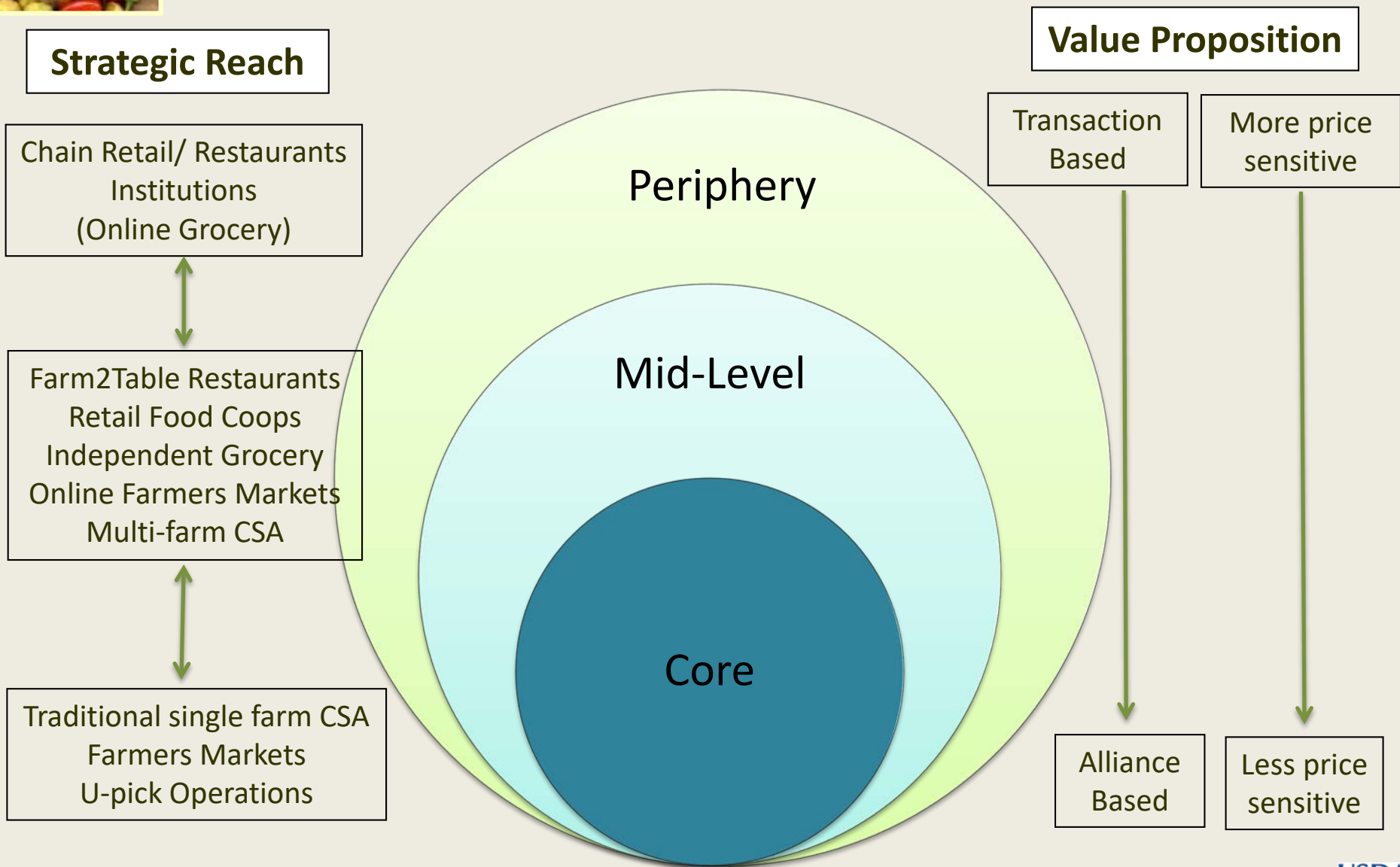
## Evolving Role of Farmers Market

- **Value in Visibility** – most visceral part of the food system, directly connecting farmers and consumers
- **Low Barriers to Entry** – vital for new and beginning farmers
- **Business Incubator** – the place to start and build a new business
- **Living Laboratory** – product testing, immediate customer feedback
- **Market Cross-Promotion** – with CSAs, restaurants, u-pick operations, agritourism, etc.
- **Community Economic Driver** – spillover effects to other businesses in the area



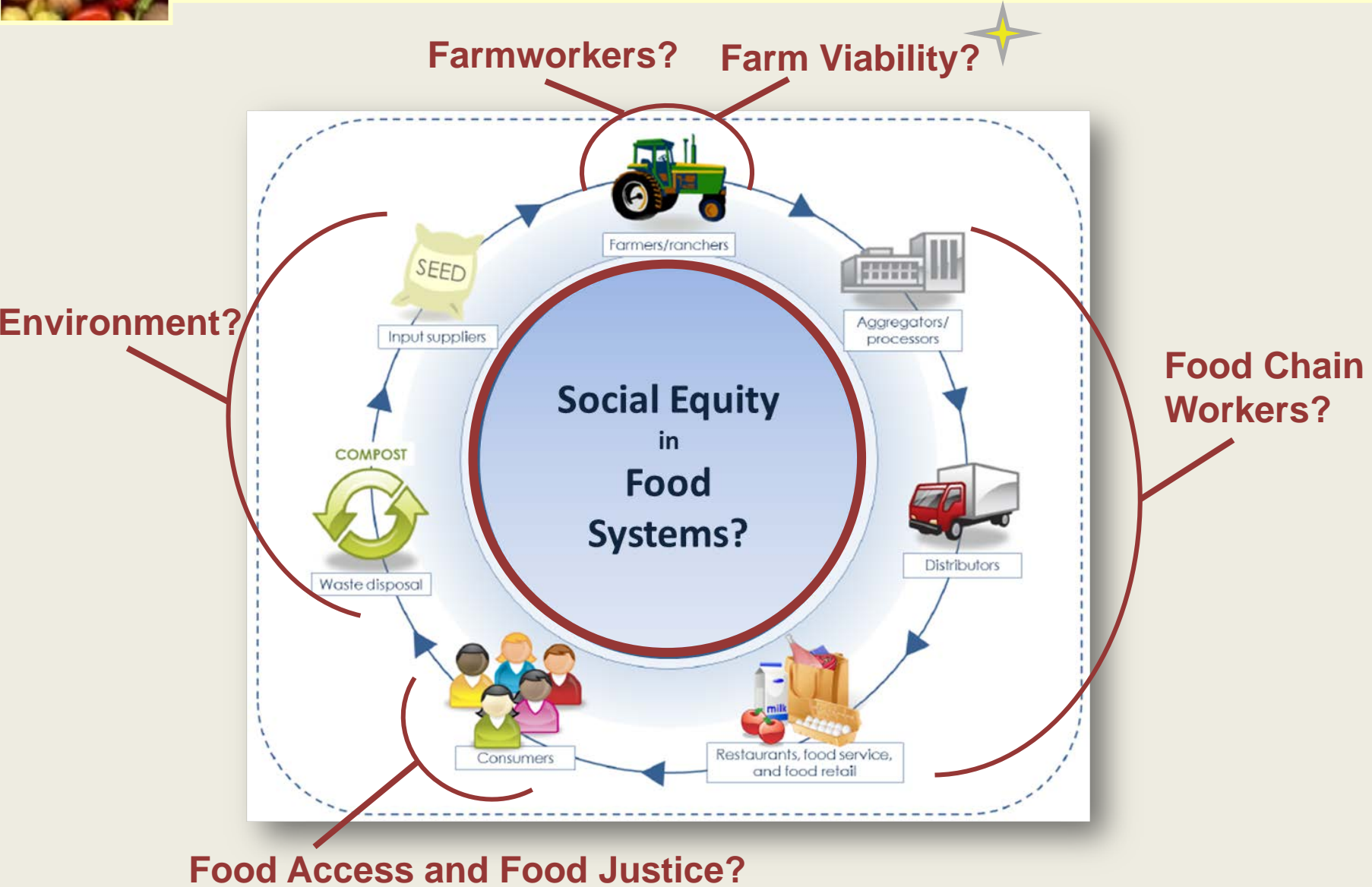


# Local Food Shareholders





# Social Equity in Food Systems?



# Food Systems and Regional Councils

## Economic Impact of Local Food Producers in Central Oregon

A survey based IMPLAN model incorporating the USDA AMS Toolkit guidelines

October 2017

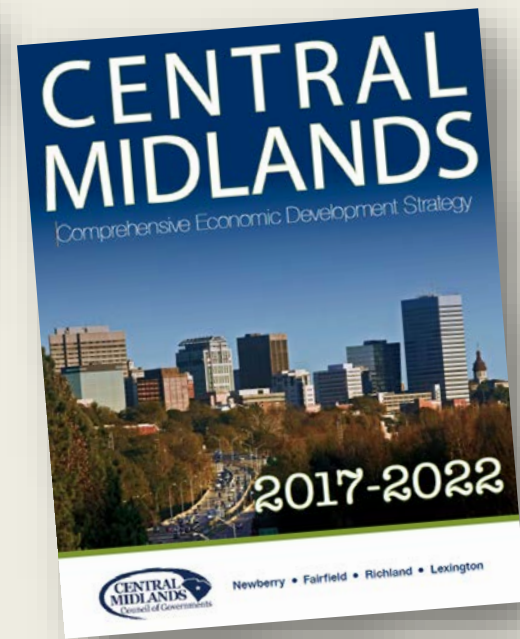
Mallory Rahe, Oregon State University Extension Service  
Katrina Van Dis, Central Oregon Intergovernmental Council  
Jess Weiland, High Desert Food and Farm Alliance  
Lauren Gwin, Center for Small Farms and Community Food Systems, Oregon State University



Center for Small Farms & Community Food Systems



Partial funding for this study provided by The Ford Family Foundation and USDA Local Food Promotion Program Grant. We gratefully acknowledge the time of local food producers in Central Oregon who provided data for this study.



...and at least 37 other Regional Councils doing food systems work...



**NARC**

*Building Regional Communities*

**National Association of Regional Councils**



# Fed Reserve – USDA Collaboration



## Harvesting Opportunity

*The Power of Regional Food Economies to Transform Communities*

- One of the editors, and co-author of the chapter “Getting the Margin to Meet the Mission: Food Hub Financial Viability”

[www.stlouisfed.org/community-development/publications/harvesting-opportunity](http://www.stlouisfed.org/community-development/publications/harvesting-opportunity)  
or just search: “Harvesting Opportunity Fed Reserve”



# That's It!

## **Jim Barham**

Community Economic Development Division  
Rural Business-Cooperative Service  
USDA Rural Development

[James.Barham@wdc.usda.gov](mailto:James.Barham@wdc.usda.gov)

**[www.rd.usda.gov/about-rd/initiatives/community-economic-development](http://www.rd.usda.gov/about-rd/initiatives/community-economic-development)**



# USDA Resources to Support Food Systems Development

**James Barham, PhD**

Rural Business-Cooperative Service

USDA Rural Development – Washington, DC

[James.Barham@wdc.usda.gov](mailto:James.Barham@wdc.usda.gov)







# Support along the Supply Chain

- Seasonal High Tunnel initiative (hoop houses)
- Farm loans, microloans and Farm Storage Facility Loans
- Regional food hubs and other local food infrastructure
- Marketing and retail opportunities





United States  
Department of  
Agriculture

# USDA PROGRAMS IN THE LOCAL FOOD SUPPLY CHAIN

USDA is committed to supporting robust regional food economies across the food chain through the programs noted below.



## LAND CONSERVATION

- Agricultural Conservation Easement Program
- Conservation Reserve Program
- Conservation Stewardship Program
- Environmental Quality Incentives Program



## PRODUCTION

- Environmental Quality Incentives Program
- Farm Microloans
- Farm Storage Facility Loans
- Grass-fed Verification
- Noninsured Crop Disaster Assistance Program
- Organic Cost Share
- Rural Energy for America Program
- Whole Farm Revenue Protection



## PROCESSING

- Business and Industry Guaranteed Loans
- Community Facilities Loans and Grants
- Local Food Promotion Program
- Rural Business Development Grants
- Value-Added Producer Grants



## AGGREGATION/ DISTRIBUTION

- Business and Industry Guaranteed Loans
- Community Facilities Loans and Grants
- Local Food Promotion Program
- Rural Business Development Grants
- Specialty Crop Block Grants



## MARKETS/ CONSUMERS

- Community Food Projects Competitive Grants
- Farmers Market Promotion Program
- Farm to School Grant Program
- Food Insecurity Nutrition Incentive Grant Program
- Senior Farmers' Market Nutrition Program
- Specialty Crop Block Grants
- WIC Farmers' Market Nutrition Program

### Research, Education, and Technical Assistance Programs Along the Supply Chain:

- Agriculture and Food Research Initiative
- Beginning Farmer and Rancher Development Program
- Conservation Technical Assistance
- Federal State Marketing Improvement Program
- Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program (2501 Program)
- Risk Management Education Program
- Rural Cooperative Development Grants
- Small Business Innovation Research
- Specialty Crop Block Grants
- Specialty Crop Research Initiative
- Sustainable Agriculture Research and Education Program

### Color Key

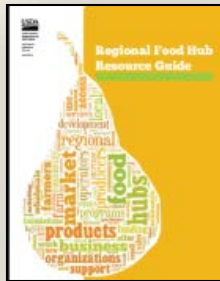
- Agricultural Marketing Service
- Farm Service Agency
- Food and Nutrition Service
- National Institute of Food and Agriculture
- Natural Resources Conservation Service
- Office of Advocacy and Outreach
- Rural Development
- Risk Management Agency

[www.ams.usda.gov/localfood](http://www.ams.usda.gov/localfood)



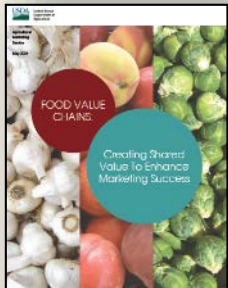


# Other Food Systems Resources



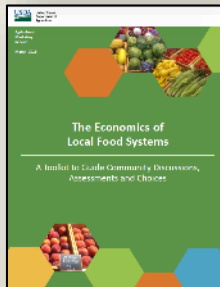
## Regional Food Hub Resource Guide

Food hub impacts on regional food systems, and the resources available to support their growth and development



## Food Value Chains

Creating Shared Value to Enhance Marketing Success



## The Economics of Local Food

A Toolkit to Guide Community Discussions, Assessments and Choices



# USDA Reports

## Food Hub Technical Report Series



- *Running a Food Hub: Lessons Learned from the Field*
- *Running a Food Hub: Business Operations Guide*
- *Running a Food Hub: Assessing Financial Viability*
- **NEW!** *Running a Food Hub: Learning from Food Hub Closures*

Electronic copies of these publications can be downloaded for free at [www.rd.usda.gov/publications/publications-cooperatives](http://www.rd.usda.gov/publications/publications-cooperatives)



# USDA Co-op Resources

## Rural Development's Cooperative Programs

[www.rd.usda.gov/programs-services/all-programs/cooperative-programs](http://www.rd.usda.gov/programs-services/all-programs/cooperative-programs)

Professional staff conduct research and provide educational trainings and grant support to co-ops across the country.

The screenshot shows the USDA Rural Development website. The main heading is "Cooperative Programs". Below this, there is a paragraph explaining that cooperatives are an essential part of the U.S. economy and that USDA Cooperative Programs is the national agency for information about cooperatives. A list of services is provided, including:

- Helping people decide if they should form a co-op and how to do so.
- Agriculture and business classes taught in secondary schools and colleges.
- Cooperative director training and member education.
- Enhancing the skills of co-op managers and other co-op employees.
- Professionals who work with co-ops, such as accountants, lawyers and consultants.
- Education, agents and economic development practitioners.
- Visit groups of all types, such as FFA and 4-H.
- Trade associations and co-op centers.

Other sections on the page include "Education", "Funding for Cooperatives", "Cooperative Data and Statistics", and "Research".

[www.rd.usda.gov](http://www.rd.usda.gov)



# USDA Co-op Resources

## Library of Co-op Publications

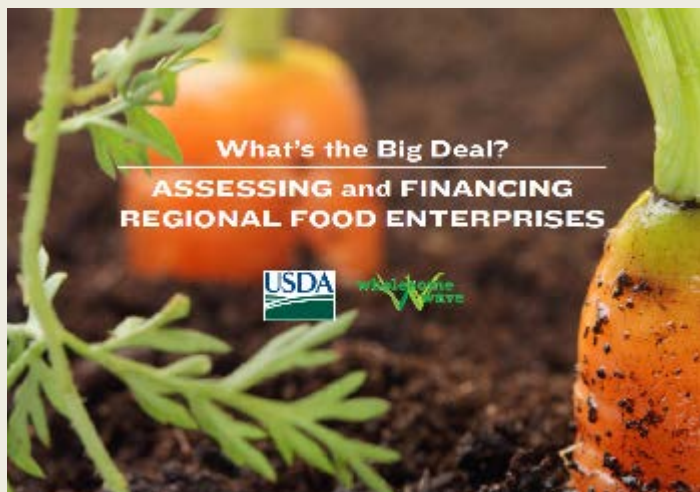
[www.rd.usda.gov/publications/publications-cooperatives](http://www.rd.usda.gov/publications/publications-cooperatives)

Extensive library of over 150 publications, including *Rural Cooperatives* magazine, and many “how to” guides like:





# Online Training Opportunity!



## Online Training on Assessing and Financing Regional Food Enterprises

*Learn how to use Wholesome Wave's Food Hub Business Assessment Toolkit through a case-based interactive training.*

*Directly Access the food financing training here:*

[http://aglearn.usda.gov/customcontent/RD/RD-FOOD-HUB-ASSESS-WEBONLY/startCourse\\_RD-FOOD-HUB-ASSESS\\_2713.html](http://aglearn.usda.gov/customcontent/RD/RD-FOOD-HUB-ASSESS-WEBONLY/startCourse_RD-FOOD-HUB-ASSESS_2713.html)

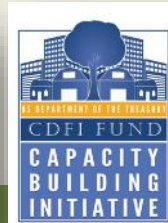
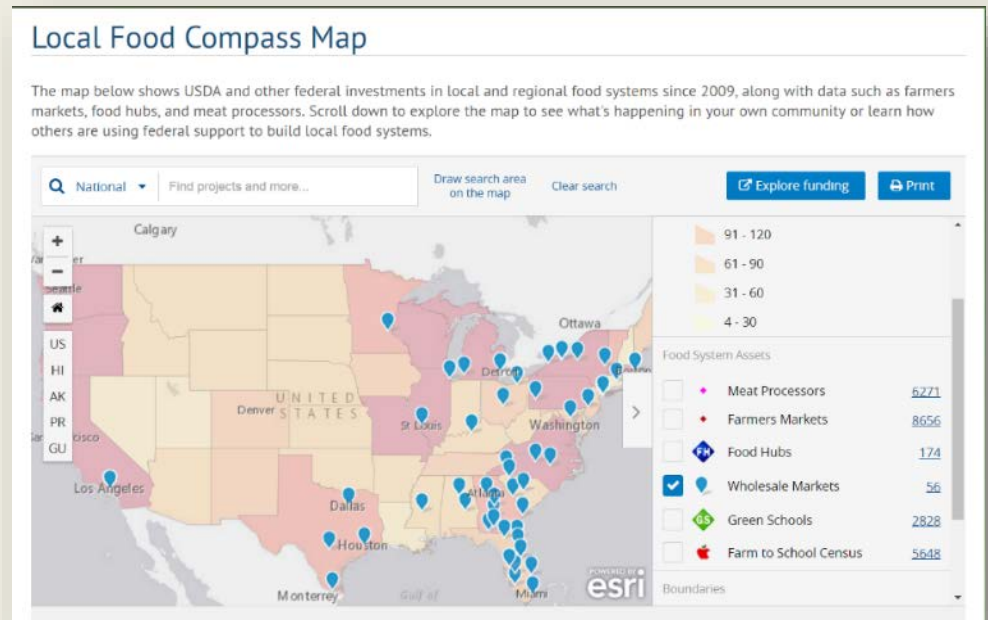
SUMMARY ASSESSMENT		COMMENTS AND NOTES
BUSINESS MODEL & STRATEGY		It is hard to separate out which costs belong to which activities. Strong value prop. Need to strengthen competitive advantage.
IMPACT POTENTIAL		This company provides affordable produce for WIC and SNAP users
MARKET OVERVIEW		Suppliers use sustainable practices, not clear how many, and if these practices are widespread
MARKETING & SALES		This company provides clear growth opportunities for farmers, and quality jobs for employees
OPERATIONS		It is not clear if there is a strong, diverse base of customers in this geographic region
ORGANIZATION & MANAGEMENT		The company does not have a clear sales strategy. But knows go-to-market strategy
RISK MITIGATION		The operations meet current needs, but the company needs to establish a scalable operation strategy
TECHNOLOGY & SYSTEMS		The management has deep commitment to creating impact, and diverse range of relevant experience
FINANCES		The team does not have diverse sales, or detailed risk management plans
		The company is underutilizing available technology, and needs more efficient strategies
		Strong sales track record, but needs to control expenses. And really large existing debt.



# Local Food Compass Map

## Includes data on:

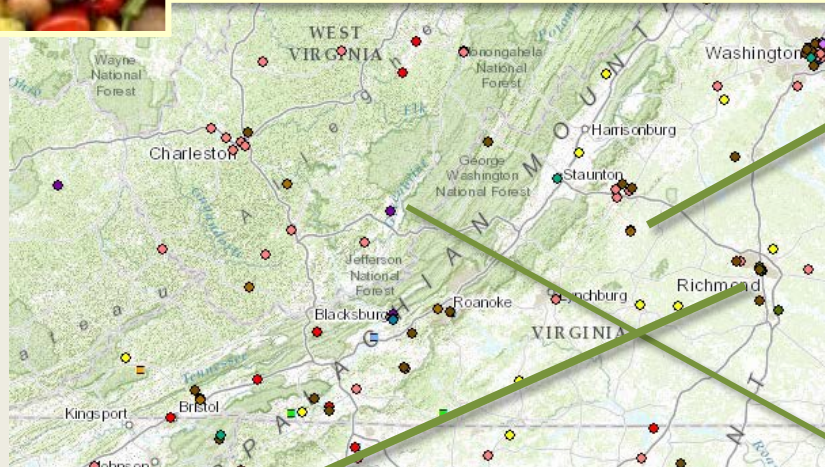
- USDA-funded local food projects
- Farmers markets, food hubs, meat processors, and other “context data” gathered by USDA agencies
- Projects and resources from 9 other Federal Departments



[www.ams.usda.gov/local-food-sector/compass-map](http://www.ams.usda.gov/local-food-sector/compass-map)



# Explore Opportunities and Partnerships



(1 of 2)

## USDA Project: Farmers Market

**Description** To construct a permanent farmers market pavilion for the citizens of Albemarle County and surrounding areas. Help small and emerging producers increase their incomes by giving them the opportunities to sell their products directly to the consumers.

**Recipient** Town of Scottsville

**Year** 2009

**More Information** [More Info](#)

**Funding Amount (\$)** \$50,000

**Program Name** Rural Business Enterprise Grant

**Funding** Grant

(2 of 8)

## USDA Project: Virginia FAIRS

**Description** Grant funds used to support/develop a center for cooperative development, helping with local food marketing among other things.

**Recipient** Virginia Foundation For Ag, Innovation, & Rural Sustainability (Fairs)

**Year** 2009

**More Information** [More Info](#)

**Funding Amount (\$)** \$200,000

**Program Name** Rural Cooperative Development Grant

**Funding Type** Grant

**USDA Agency** RBS

**USDA Mission** Rural Development

**Area**

**Compass** Marketing and Promotion

**Zoom to**

## USDA Project: Shenandoah Valley Beef Initiative

**Description** Conduct a feasibility study to determine if selling meat products directly to consumers under a branded label vs. their current marketing live animals as a commodity through traditional marketing channels such as auction markets brings added value.

**Recipient** Shenandoah Valley Beef Initiative

**Year** 2010

**More Information** [More Info](#)

**Funding Amount (\$)** \$46,500

**Program Name** Value Added Producer Grant

**Funding Type** Grant

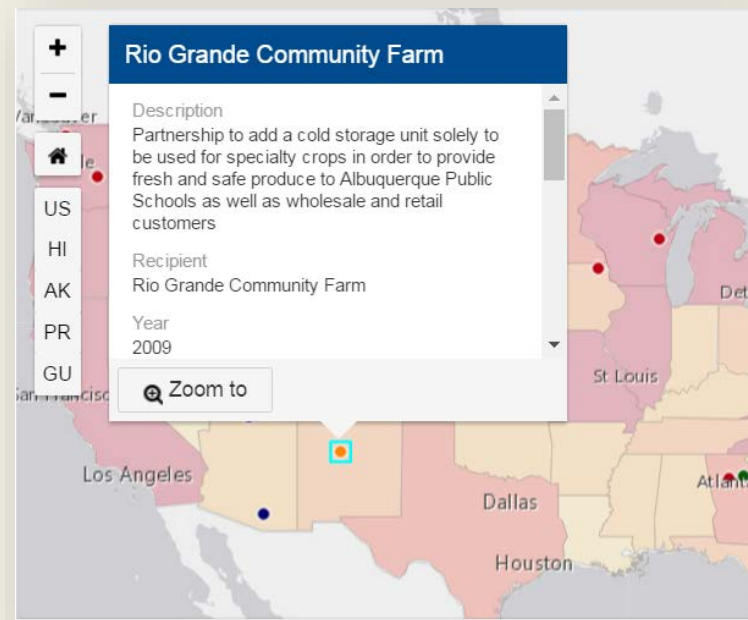
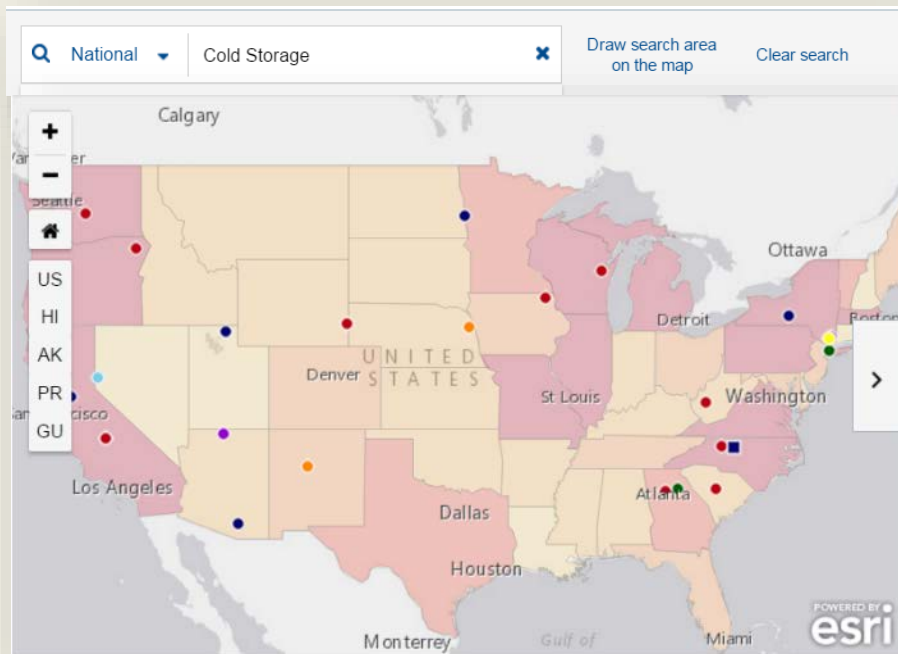
**USDA Agency** RBS

**USDA** Rural Development

**Zoom to**



# Find Resources to Fit the Need



[www.ams.usda.gov/local-food-sector/compass-map](http://www.ams.usda.gov/local-food-sector/compass-map)



*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W. , Washington , D.C. 20250-9410 , or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.*