

Introduction



A ROADMAP TO THE TOOLKIT

Toolkit: Seven Modules



- Two stages of food system planning, assessment and evaluation.
- The first set of modules (1-4) guides the preliminary stages of an impact assessment
 - Framing the system, relevant economic activities and assessment process as well as collecting and analyzing relevant primary and secondary data.
- Second set of modules (5-7) provides a more technical set of practices
 - Discussion of how to use the information collected in stage one to conduct a more rigorous analysis.
 - For those seeking a more robust economic impact assessment

Structure of the Toolkit



- Set the stage for your community to frame and implement its economic impact assessment
 - Module(s) of value and interest will vary depending on the stage and expertise of the assessment team.
- This toolkit is meant to be used in its whole or in parts, but does not necessarily need to be utilized from start to finish
 - Dependent on the background of the assessment team.
 - Each module is intended to stand alone, but later modules assume knowledge of and findings from prior modules.

Module 1: *Framing your community economic assessment process*



- Key steps:
 1. How to organize an effective team
 2. Identify the parameters of your study and priority issues.
- Leading questions are provided to guide you through the process of building a team and appropriately scoping your project.
- Thoughtful discussion and understanding of the economic outcomes appropriate for and expected by stakeholders will catalyze an effective community process.

Module 1: *Defining your local food system*



- Provides examples and discussion of visual schematics of food systems
 - Supports a better understanding of the complex planning and implementation process
 - These schematics are useful for the project team during the planning process as well as for members outside of the team during the outreach process of the project.
- The activities outlined in module 1 are essential for a successful assessment

Module 2: Using secondary data



- Overview of the key secondary data sources that have proven useful in performing local food system assessments
 - Data that someone else has obtained and compiled into an ordered, meaningful format
 - Understand what is available already before investing resources into primary data gathering.
- Intended to help teams to:
 - Identify and access the available data sets,
 - Determine the data sets that are likely to be most useful in your project, and
 - Evaluate key strengths and drawbacks of each data set.

Module 3: Generating & Using Primary Data



- Description of how to gather primary data to conduct your economic impact assessment
 - Collecting your own data may be needed if no secondary data exist to answer your research questions
 - Resource intensive so important to have clear idea of how primary data will be useful to your process
- Identification and definition of three guiding components of data collection:
 1. Dimensions are the broad questions you want to answer
 2. Variables can be a set of questions on a survey or interview,
 3. Attributes as the individual responses to those questions.

Module 3: Primary Data



- Provides guidance on the three primary approaches in determining the study sample
 - People or organizations who/that will be asked to respond to your questions
 - This will often require you to revisit the key objectives of your assessment process
- Provides a detailed description of:
 - Data collection methods
 - Techniques for coding qualitative and quantitative data so it is ready to use in analysis.

Module 4: Engaging your Community Process with Data



- Reflect on and analyze the data gathered, by characterizing trends, changes, and sectors that warrant further attention and exploration.
- How to develop a shared project team mission centered on key data findings from modules 2 and 3,
 - Discussion points for the leadership team on how to examine initial data and findings
 - Use those findings to revisit the discussion from module 1
- How to prioritize data collected to focus your efforts

Module 4 Continued



- Common methods used to reduce data into thematic findings of interest to general audiences. Lastly, some methods to
- Effective ways to present your initial findings to the community:
 - Suggestions for ball parking potential economic impacts –
 - Whetting the whistle of community members before undertaking the full scope of an economic impact analysis
 - If the depth of the analysis is not sufficient, it may motivate the need to continue on to modules 5 and 7

Module 5: Analyzing Linkages through I-O Analysis

- Background on the rationale for and basic principles of economic impact studies
- Basic education on input-output modeling
 - Tracks the interdependence among the producing and consuming sectors of an economy
 - Most commonly used method to conduct economic impact studies
- Introduces more technical discussion
 - Interactive video guide on steps to follow in analysis
 - Guidance on choosing the appropriate study area and scenarios

Module 5: Analyzing Linkages through I-O Analysis



- Local food system expansion in the context of economic impact studies.
 - Important economic impact concepts of linkages, leakages, and multipliers in the context of local food systems.
 - The appropriate study area and scenarios should be informed by steps and process in earlier modules
 - Related implications for multipliers
- Limitations of input-output analysis lead one to consider need for more refined analyses defined in Modules 6-7

Module 6: *Addressing opportunity costs*



- Two key assumptions of input-output models are explored:
 - 1) the “no resource constraints” assumption on the supply side; and,
 - 2) the “no opportunity cost of spending” assumption on the demand side.
- This module provides detailed examples of how a modeler can correctly incorporate these key concepts into their input-output analysis

Module 6: *Addressing opportunity costs*



- **Assumption of no resource constraints –**
 - i.e., increases in local food production likely reflect changes in land use or the reallocation of existing uses of agricultural land
- **Assumption of no opportunity cost of spending –**
 - i.e., farmers directly marketing their crops to local consumers constitutes a positive economic impact
 - but may also result in negative impacts due to lost sales (consumer spending) in other sectors of the economy (typically the wholesale and retail sectors)

Module 7: *Advanced IMPLAN analysis*



- Tutorial of how to modify IMPLAN, including the data you will need
- Guides reader through how to approach their impact assessment, providing examples along the way
 - Begin by discussing why a team might want to modify IMPLAN
- More technical and detailed information
 - Modify input-output models in a specific data package and software platform, IMPLAN

Purpose of the Toolkit



- USDA AMS expanding its role as a technical assistance provider to food system practitioners, economic developers, and community stakeholders.
 - Support more targeted financial investments, as this toolkit is designed to help communities better measure the expected economic impact of food system activities
- Customized nature of these assessment strategies can be expected to help identify and support the development of specific economic, infrastructure or regulatory needs

Module 7: *Advanced IMPLAN analysis*



- **This is the most technical module**
 - Recommended for users with expertise in the field of regional economics and input-output modeling,
 - Or recruit a partner with such expertise

- **Few who may need this information directly,**
 - May guide the use of technical assistance partners who support teams by providing a roadmap of best practices
 - This may even be shared with consultants to share acceptable methods of completing assessments

Defining your Local Food System



- What do you define as your Local Food System?
 - The definition of 'local' is inherently a local one
 - Geography matters
- The set of relevant sectors and functions matter
 - Soil to soil? Do you include land and compost?
 - Do nonprofits and governmental matter to an economic measurement of food system industries?



Why Perform an Assessment?



- Offer policymakers specific estimates that will help them consider whether to invest in initiatives that increase local food activity
 - Might suggest that investing in a specific sector would create a certain number of jobs, or generate a certain level of additional personal income.
- Beyond providing impact estimates to local policymakers, economic impact assessments allow you to better determine which types of interventions are likely to be most appropriate, cost-effective, and result in the priority outcome(s) that your community desires

Example Role of Assessment



- Asset mapping exercise of pre-existing community assets
 - Existing assets that can be deployed without additional investment in bricks and mortar
 - ‘Value chain facilitation’ (i.e., building relationships between farmers, processors, and distributors) rather than building new food hubs (i.e., local food aggregation and distribution business).
- Asset mapping may encourage related local businesses to build new linkages, forming business clusters

Assessment



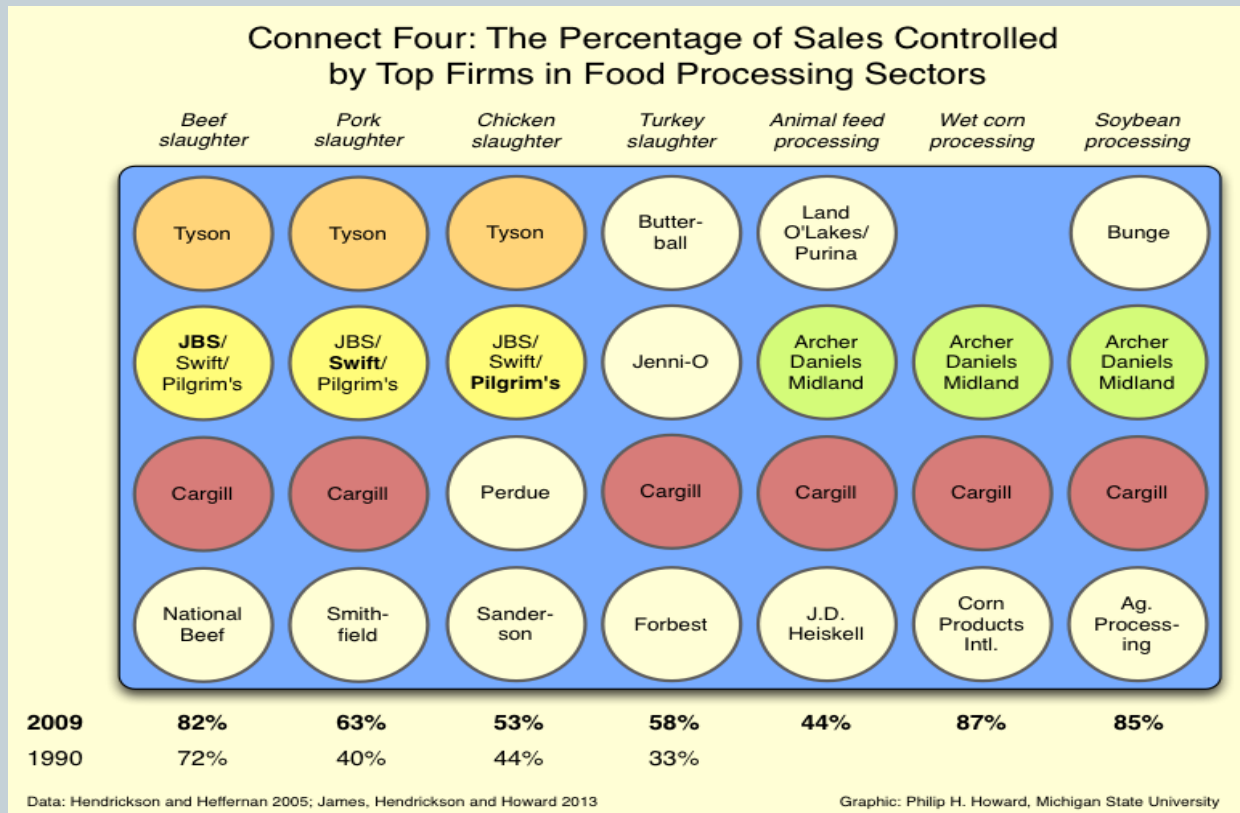
- Guiding the initiation and implementation of socially or environmentally driven goals.
 - Identify core dynamics in your community's food system, and “system levers” that can be pulled
- Track economic conditions to measure the economic impacts of any linkages or
 - For example, a new market may sell \$200,000 of locally raised food in its first year
 - But if your local economic multiplier for this store is estimated as 1.3, you could also claim the new market yielded \$260,000 in economic impacts

Evolution of Food System Drivers



- Provide incentives for entrepreneurship and innovation
- Expand consumer choice and fresh food access
- Improve pricing and other market negotiating power to local producers
- Support rural economic revitalization
- Protect the food system against severe shocks through decentralization of production.

Concerns about Market Concentration



Alternatives Market Channels



Modified from Stephenson, Ag of the Middle, www.agofthemiddle.org

Assessments Can Address Concerns



- Though there are many potential positive outcomes from food system innovations, more rigorous assessments are needed
 - For example, the length of food supply chains may affect other public issues, such as the environmental impact from transportation and processing of products
 - However, a rigorous assessment of the distribution system may yield surprising information about how sustainable alternative food hub models may be
 - Instead encourage communities to consider partnering with existing institutions where possible to avoid potential inefficiencies

Evolution of Economic Development



- Early in the 20th century, firm location decisions based on costs of shipping inputs and outputs
 - The “metric of success” remains simple: how many new firms and jobs are created.
- Community economic development shifts
 - 1950’s-housing and community services.
 - 1960s and 1970s-job growth needed to be balanced with concerns about environmental protection)
- Scale concerns led US to promote small businesses
 - Technical assistance for local firms, revolving loan funds, and tax increment financing, among others.

Evolution of Economic Development



- In the 1990s, two concurrent changes:
 - Agglomeration– or industry clusters within a single geographic area – include the computer technology industry in Silicon Valley, CA or the wine industry in Napa Valley, CA.
 - New Governance school of thinking, which emphasizes the use of public-private partnerships to increase industrial competitiveness by leveraging capital, investing in human resources, and providing appropriate education and training high-skill, well-paying jobs
- These recent drivers may align with food system redevelopment

In Summary



- Focus on examining the myriad benefits offered by local and regional food systems.
 - These benefits may result from shifts in economic development principles and practices
 - Augmented by changes in consumer and investor behavior.
- We suggest users review the whole toolkit
 - Move among modules to align with the stage of discussions in their community, or address the specificity of economic measures required for the decisions to be considered.
 - Users will benefit from reviewing different modules throughout planning discussions as clarification of the shared vision of the community process is needed.