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MAINE AGRICULTURE, FOOD & FOREST PRODUCTS INVESTMENT FUND ASSESSMENT

INTERIM REPORT DECEMBER 1, 2021

Research & report development conducted by Jo D. Saffeir in collaboration with
the Maine Department of Agriculture, Conservation & Forestry.



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Interim Report: Maine Agriculture, Food & Forest Products Investment Fund Assessment

December 1, 2021

I. Overview & Establishment of Fund

The Maine Agriculture, Food & Forest Products Investment Fund was established under LD 1733 (P.L. 2021, ch. 483, §§ KK-1-3), “An Act To Provide Allocations for the Distribution of State Fiscal Recovery Funds.” This legislation directs the Department of Agriculture, Conservation & Forestry (DACF) to support public-private partnerships to carry out the purposes of the Fund. It specifies that the Fund may consist of money appropriated to the Fund or received from any other private or public source. The legislation also establishes the Maine Agriculture, Food System, and Forest Products Infrastructure Investment Advisory Board to oversee and determine expenditures from the Fund.

Prior to launching the Fund, DACF must “undertake...an assessment to identify specific opportunities for investment in agricultural, food, and forest products industries to inform development and structuring of disbursements from the Maine Agriculture, Food and Forest Products Investment Fund.”

The assessment must be designed and conducted in collaboration with the Department of Economic and Community Development (DECD) and other relevant state agencies, community and economic development organizations, industry stakeholder groups, financial institutions, and experts in related subjects. The assessment must also be in alignment with a state 10-year economic development strategy produced by DECD.

Legislation requires that the assessment:

- A. Identify the highest priority areas for policy interventions, including legislation, capital investments, technical assistance, and value chain coordination in agricultural, food, and forest products industries;
- B. Recommend how State Government may collaborate with other entities to minimize duplication in efforts and programs and bridge gaps in technical assistance, services, education, research, and development;
- C. Recommend initiatives that improve regulation, marketing, transportation, or distribution systems that enhance market opportunities for state agricultural, food, and forest products industries;
- D. Balance the State’s desire for near-term returns on investment with the State’s commitments to redress racial and other inequities;
- E. Gather new information and leverage existing research, data, and understanding related to current state grant and loan programs, gaps or market failures surrounding existing processing infrastructure, stakeholder perspectives, and any other relevant informational resources;

- F. Determine key criteria relative to a state food system investment or fund, including eligibility, size, scale, type, and other parameters as appropriate;
- G. Determine key criteria relative to a business technical assistance program to support a state food system investment fund, including eligibility, size, scale, type, and other parameters as appropriate; and
- H. Determine how to best support additional investments in the agricultural, food, and forest products industries, including recommendations for multiple funds and a variety of investment tools and mechanisms.

This interim report to the Joint Standing Committee on Agriculture, Conservation and Forestry describes the assessment structure established by the Department to address the above requirements; details the assessment timeline, including tasks and deliverables; contains the deliverables completed thus far; and offers preliminary findings to date.

II. Assessment Structure

The assessment consists of three distinct sections, with work underway in sections 1 and 2, as described later in this report under Timeline, Tasks & Deliverables:

1. Landscape & Gap Analysis

The primary objective of the Landscape & Gap Analysis is to evaluate the ecosystem of currently available funding resources for agriculture, food, and forest products businesses and to identify gaps or areas where additional and/or alternative instruments would prove valuable and impactful. It is essential that the support offered under the Maine Agriculture, Food & Forest Products Investment Fund complement existing opportunities and not be duplicative.

The Landscape & Gap Analysis will evaluate financial resources for each sector, specifically assessing federal, state, quasi-government, non-profit, private, and philanthropic funding programs (including supporting services, such as technical assistance) that target Maine agriculture, food, and forest products.

This analysis will leverage existing information and reports, including those provided by DACF, DECD, Coastal Enterprises, Inc. (CEI), and other institutions and organizations as relevant. The analysis will also involve consideration of Maine's 10-Year Economic Development Strategy and recommendations issued by the Governor's Economic Recovery Committee ("Recommendations to Sustain and Grow Maine's Economy"). The Landscape & Gap Analysis will help build a foundation upon which a targeted Stakeholder Assessment can be conducted. Findings and output from the Landscape & Gap Analysis may also potentially be used to develop a resource catalog or database that Maine farmers, business owners, service providers, and institutions could access on an ongoing basis.

2. Stakeholder Assessment

The Stakeholder Assessment will engage with a sample of representatives from businesses, industry groups, financial institutions, state and federal agencies, regional and local economic and community development organizations, and other critical stakeholder groups in Maine's

agriculture, food, and forest products sectors. Stakeholder identification methodology will include a mix of targeted selection (e.g., based on relevant expertise) and other approaches.

The sample for each sector will reflect a diversity of perspectives across the aforementioned roles, with a minimum sample size of 10 participants per sector. Perspectives from historically underrepresented or underserved populations will be included.

Primary data collected through interviews and other means of direct stakeholder engagement will be analyzed in aggregate and distilled into a series of Key Findings aligned with the assessment requirements. This section will provide critical primary data from individuals in the field that, when combined with existing information and insights previously collected by DACF and other institutional partners, will help inform recommendations for fund structure.

3. Investment Fund Recommendations

Findings gathered through the Landscape & Gap Analysis and Stakeholder Assessment will directly inform development of recommendations for fund structure. Recommendations will map directly to items A-H (above), including thoughtful consideration of how the Fund will address the State's commitments to redress racial and other inequities.

Specifically, recommendations will speak to the following: 1) general organization of the fund including overarching objectives; 2) management and operational procedures; 3) scale and type of fund, including specific investment instruments; 4) metrics for determining success; 5) eligibility parameters; 6) reporting and/or monitoring requirements; 7) focus and organization of any supporting technical assistance programs; 8) areas of collaboration surrounding fund administration and support services; and 9) any suggested policy intervention.

III. Timeline, Tasks & Deliverables

Phase 1 (to be completed by December, 2021)

Task 1: Collect and synthesize information on currently available financial resources.

Deliverables: Prepare spreadsheets that provide a comprehensive landscape analysis of funding opportunities and programs across the funding landscape at all relevant scales (e.g., federal, state, private, non-profit, other) and across the three target sectors (agriculture, food, and forest products).

Task 2: Develop stakeholder assessment interview protocols.

Deliverables: Draft interview protocols for participants across the three target sectors (food, agriculture, forest products).

Task 3: Develop stakeholder outreach strategy.

Deliverables: Draft outreach strategy for engaging participants across the three target sectors, including representatives from underserved or underrepresented communities.

Task 4: Develop interim report for Maine State Legislature.

Deliverables: A detailed report outlining progress to date on the assessment, including any preliminary findings and next steps.

Phase 2 (to be completed by April 1, 2022)

Task 1: Continued collection and synthesis of stakeholder interview data.

Deliverables: Draft report that includes stakeholder feedback (organized by sector), as well as an overview of trends and key takeaways.

Task 2: Development of key recommendations for fund structure.

Deliverables: Draft report that includes recommendations for fund structure, including but not limited to financial model(s), mission criteria (e.g., social, environmental, economic), instrumentation, funding magnitude, sustainability or return mechanism(s), risk tolerance, organization/staffing, and terms.

Task 3: Collaborative review and refinement of key deliverables and recommendations for the investment fund.

Deliverables: Final report outlining progress to date, including landscape analysis, preliminary stakeholder assessment findings, and recommendations.

Task 4: Project wrap-up and any additional activities related to generation of a final report for the Maine Legislature.

Deliverables: Final report.

IV. Completed Deliverables

DACF has engaged the services of a Maine-based natural resource consultant from October, 2021 to April, 2022 to complete this assessment. They are working closely with a highly knowledgeable advisory team consisting of DACF and DECD staff and representation from CEI. Weekly meetings ensure that the assessment work remains focused and on track.

Currently Available Financial Resources. Attached (Attachment A) are three spreadsheets that synthesize information on over 100 currently available state, federal, and private/philanthropic financial and technical assistance resources for Maine's agriculture, food, and forestry sectors. This information was gathered from a wide range of sources, including existing compilations of state, federal, and private funding programs; individual program websites; and interviews with select public and private service providers. Data are organized by administering entity and include the funding program, program scope, sector(s) served, funding instrument(s), underserved communities preference (if any), and other eligibility criteria where available. Funding instruments captured include grants, loans, equity sources, and tax incentives. Funding programs include those specifically targeted to agriculture, food, and forestry sectors, and also many that are broadly available to other sectors but accessible to these three sectors as well.

Stakeholder Assessment Interview Protocol and Outreach Strategy. Within each of the three target sectors of agriculture, food, and forestry, five categories of potential interviewees for Phase II have been identified: 1) Underserved Communities, 2) Business Owners/Representatives, 3) Policy Makers, 4) Sector Representatives, and 5) Financial Institutions/Capital Providers. Attached (Attachment B) are tailored interview questions developed for each of these categories to facilitate targeted conversations. It is anticipated that questions will be modified based on experience and feedback from initial interviews.

An initial list of over 100 possible interviewees has been compiled based on the knowledge and networks of DACF and DECD staff and those of its public and private partners. Network gaps have been identified, and outreach is ongoing to ensure these areas are addressed. A near-final list of 30 interviewees will be created from the initial list, with a priority placed on ensuring as diverse a range of perspectives as possible. The Department is committed to ensuring that individuals from underserved communities represent a meaningful portion of the interviewees. Interviews will take place via Zoom or phone, facilitating access to individuals no matter where in the state they are located.

V. Preliminary Findings

- The completed Landscape & Gap Analysis confirms that there are many existing funding and technical assistance resources that support Maine’s agriculture, food, and forestry sectors.
- Some of these resources are tailored to agriculture, food, and forestry sectors specifically, but many of the most heavily relied upon funding sources are not specific to these sectors. Rather, they are funding sources that support businesses of any type that meet certain job growth, economic development, or community revitalization criteria.
- The existence of funding sources, however, does not necessarily translate to programs being accessible to many start-up or growth-oriented agriculture, food, or forest sector businesses. Barriers to access may include:
 - a business not meeting a particular mandatory size threshold;
 - insufficient grant funds available to meet the scale of the demand;
 - a business not being located in a particular preferred geographic location;
 - the funding window not aligning with the timing of a business’s need;
 - lack of flexibility in loan terms;
 - a rapidly changing funding environment that is difficult to track;
 - time-consuming application and reporting requirements; and others.

The Stakeholder Assessment process is designed to ground-truth the Landscape Analysis, to move beyond an understanding of what sources of funding are *available*, to a clearer picture of what funding is actually *accessible*. Stakeholder interviews will focus on identifying the most critical funding gaps that currently exist for the agriculture, food, and forestry sectors and the types of instruments and investment areas that would have the greatest impact on growing these natural-resource sectors in Maine. This will directly inform the design of the Investment Fund and the Advisory Board, as will the State’s economic development strategy, economic recovery recommendations, and climate action plan, all of which speak to Maine’s economic growth priorities.

For more information on the Maine Agriculture, Food and Forest Products Investment Fund assessment, please contact Claire Eaton, Director, Natural Resource Markets & Economic Development, Maine Department of Agriculture, Conservation & Forestry, claire.eaton@maine.gov

ATTACHMENTS:

1. Landscape Analysis: Maine Agriculture, Food & Forest Products Funding Sources (Excel Workbook)
2. Preliminary Stakeholder Questions (Word Document)
3. P.L. 2021, ch. 483, § KK.