FROM CONVENTIONAL SUPPLY CHANNELS TO REGENERATIVE VALUE NETWORKS: A NEW MODEL FOR A REGENERATIVE MARKETPLACE

FORUM

Tools to reconfigure relationships, reimagine how regenerative products are sold and bought, and cultivate new, equitable marketplaces for regenerative goods.

From conventional supply channels to Regenerative Value Networks: A new model for a regenerative marketplace

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Context

As regenerative agriculture commitments are increasingly adopted, it has become clear that the current marketplace is not suited to facilitate the necessary scale of practical transformation needed to get regenerative products to consumers. These regenerative products encompass a wide range of agricultural goods, including food, fiber, crops, and value-added goods, that are cultivated through practices that restore and enhance soil health, biodiversity, and ecosystem services, as well as thriving communities.

Potential buyers of regenerative products – especially corporations looking to expand their procurement of regenerative products – have limited options to do so in their current supply network. They also face multiple challenges, these include lack of visibility of and access to regenerative farm communities as well as internal sourcing policy constraints around scale and cost. At the same time, regenerative sellers – farm communities producing regenerative products – are faced with multiple challenges related to producing and selling diverse crops, including limited infrastructure to distribute their products, inadequate access to potential buyers, a lack of standardized certifications to validate their regenerative practices, and a marketplace that has yet to fully value the ecological, social, and health benefits that regenerative agriculture brings.

A new model is necessary to truly transform our agriculture system to one that is regenerative and just; one that enables improved incomes and environmentally sound practices, and supports people and ecosystems to thrive. The Growing our Future initiative has taken the first steps toward redefining an approach to regenerative marketplaces, guided by the central question: "What if we reimagined how regenerative products are sold and bought? How might reconfiguring relationships within a new marketplace model be the 'secret sauce' for strengthening regenerative marketplaces?"

Through a series of workshops, in-person and virtual meetings, and one-on-one interviews, Growing our Future project participants have embarked on an exploration of the conventional supply channel model, how it might be rethought to embody and enable regenerative practice, and, excitingly, have developed a new concept called the "Regenerative Value Network" (RVN) model. This work has been grounded in the understanding that a new, decentralized model for the marketplace; one that reconfigures relationships between all actors in the food system, particularly buyers and sellers; is an essential requirement for the future of our food and agriculture system. RVNs represent a marketplace model that aligns with the principles of regenerative agriculture¹ and of the value network model², underscoring the interdependence of all players within the network. Unlike the traditional supply channel model, RVNs provide more of a holistic understanding of value proposition, generation, and distribution. The model acknowledges the importance of relationships within the network – from food and farming businesses, intermediaries, distributors, processors, to end consumers. It also recognizes the tangible and intangible benefits provided to society and the economy, like ecosystems services. RVNs emphasize collaboration, shared value creation, and the holistic well-being of participants, fostering a regenerative marketplace that benefits society, the environment, and the economy.

About This Toolkit

The aim of this toolkit and the work surrounding it is to propose a credible, clear, and captivating narrative that clarifies the RVN model, sparking a shift in collective perception and involvement in regenerative marketplaces. It provides an overview of findings across three sections:

- 1. Part 1: An exploration of the barriers to buying and selling regenerative products within the current, conventional model and recommended solutions to addressing shared barriers.
- 2. Part 2: An assessment of the principles, value generating opportunities, and pillars underpinning these emerging networks.
- 3. Part 3: A presentation of the RVN model implementation guide, to provide guidance and recommendations for buyers and sellers to implement the RVN model.



¹ Part 3 of this toolkit details some of the emerging definitions and foundational elements of regenerative principles. If you are unfamiliar with common principles, please reference Growing our Future's 2022 report, <u>What's next for regenerative agriculture in the US</u>.

² Bovet, D. and Martha, J. (2000b), "Value nets: reinventing the rusty supply chain for competitive advantage", Strategy & Leadership, Vol. 28 No. 4, pp. 21-6.

Using This Toolkit

- Embrace a New Mindset:
 - As you explore the sections, remember that creating a regenerative and just marketplace requires a different way of *being* as well as *doing*. Adopt a mindset that values sustainability, equity, and resilience, understanding that your actions can have a positive impact on the food system. Approach the outputs with openness, curiosity, and a willingness to challenge existing norms and systems.
- Use the Outputs as a Catalyst:
 - Whether you are seeking to understand the barriers and opportunities in the current marketplace or fully committed to implementing a new model, the tools herein serve as a catalyst for change and innovation. They provide valuable insights and actionable steps applicable to a wide range of stakeholders, including buyers, sellers, policymakers, and organizations across the food system. Utilize them as a launching pad to inspire transformative ideas and initiatives.
- Foster Collaboration and Relationships:
 - Implementing an RVN is not a solitary endeavor; it requires building strong relationships both internally and externally, and shifting
 massive and entrenched ways of working; including hierarchical and imbalanced power dynamics. To begin this work, engage
 stakeholders across the value network, cultivate partnerships, and collaborate with like-minded individuals and organizations. Seek
 opportunities to share knowledge, exchange ideas, and collectively work towards a regenerative and just marketplace.
- Tailor Your Approach:
 - Recognize that each organization and context is unique. Focus on the areas of momentum within this toolkit that align with your strategic direction, capabilities, and goals. Tailor your approach, adapting the recommendations and strategies to fit your specific circumstances. Consider the diverse perspectives and needs of your stakeholders, implementation efforts should be inclusive and fair.
- Champion Systemic Change:
 - Leverage this toolkit to drive systemic change within the food system. Promote the integration of regenerative principles (detailed in Part 3 of this toolkit) into the marketplace, challenge existing norms and structures, and collectively <u>advocate for policies</u> that support regeneration and justice in the marketplace. Embrace a long-term perspective, understanding that true transformation requires collective action and a commitment to continuous improvement.



Part 1 – Barriers to Buying and Selling Regenerative Products in the Current Marketplace: Challenges and Opportunities

Strengthening and proliferating regenerative marketplaces requires a clear understanding of the barriers faced by buyers and sellers. This section delves into the barriers to buying and selling regenerative products, and highlights the complexities of financing, contractual agreements, pricing models, certification procedures, and infrastructure. It demonstrates the barriers that are unique buyers and to sellers, as well as the shared barriers that both buyers and sellers face. It also proposes shared solutions that might be attempted by buyers and sellers in partnership, to overcome those shared barriers.

It is important to acknowledge the multitude of challenges facing buyers and sellers in the wider context of regenerative agriculture, which are covered in Growing our Future's 2020 report, <u>Scaling regenerative agriculture in the United States of America</u>. The barriers explored here focus specifically on the buying and selling of regenerative products within the US agricultural marketplace. While there are broader structural challenges, such as the policy environment, consumer demand, the climate crisis, and government subsidies, as well as broader risks associated with the transition to regenerative agriculture, this inquiry focuses on the specific barriers within the current marketplace model.

Beyond just identifying these barriers, the aim is to demonstrate that, although often seen in opposition, both buyers and sellers face similar barriers in regenerative markets. Buyers and sellers have much to gain in working together, redefining their relationships, fostering mutual comprehension, shared accountability, and co-creation of value. By co-constructing solutions, **buyers and sellers can collaboratively transform the marketplace into a space that embodies the principles of regenerative agriculture and justice, sustains livelihoods, and actively contributes to ecological regeneration**.



EXPLAINED SELLERS & SELLERS BUYERS BUYERS Inefficient supply channels. INFRASTRUCTURE Lack of awareness of on-farm difficulties. Limited access to required facilities Infrastructure is built around conventional Infrastructure investment bias towards and distribution networks. agriculture and is equipped to serve a small conventional agriculture. Limited availability of regenerative products. number of crops and productions systems, often prioritizing larger orders. Lack of tailored resources. Lack of facilities, capabilities, and labor. Lack of standardized certifications and definitions. CERTIFICATION & DATA Cost and complexity of certifications. Certifications are currently the best tool available for trust and the exchange of Laborious certification process and data Difficulty proving regenerative claims. impact data. management. PRICING Current prices for food and fiber do not support Potentially higher production costs. farm community livelihoods or account for their Systemic focus on lowest cost. true cost. Regeneratively produced goods, which account Difficulty in achieving fair prices. for the true cost, are more expensive and are more difficult for companies to justify.

FINANCING A lack of standardized measurements makes the return on investment difficult to quantify and compare. Regenerative practices require longer-term investments, often at odds with

short-term profit maximization paradigms.

KEY BARRIER AREAS

CONTRACTING

Contracting terms do not often help producers manage the risk that they take on with regeneratively produced goods.

Overburdened by debt and other liabilities.

High upfront costs.

Limited access to capital.

Uneven risk distribution.

BARRIERS FOR

Conventional contractual expectations.

Current contracting and assurance protocols.

Lack of dedicated financial instruments.

Difficulty providing financial viability of

regenerative agriculture.

SHARED BY

Burden of managing contract complexities. Contracting terms defined by middle actors.

What are the barriers to buying and selling regenerative products? Barriers faced by sellers, by buyers, and barriers shared by both across five different areas.



BARRIERS FOR

Trust in regenerative claims.

Managing muliple certifications.

Internal sourcing policy contraints.

Higher sourcing costs.

Burden of managing additional relationships.

Onerous, multi-source financing models.



KEY BARRIER AREAS EXPLAINED

INFRASTRUCTURE

Infrastructure is built around conventional agriculture and is equipped to serve a small number of crops and productions systems, often prioritizing larger orders.

CERTIFICATION & DATA

Certifications are currently the best tool available for trust and the exchange of impact data.

PRICING

Current prices for food and fiber do not support farm community livelihoods or account for their true cost. Regeneratively produced goods, which account for the true cost, are more expensive and are more difficult for companies to justify.

FINANCING

A lack of standardized measurements makes the return on investment difficult to quantify and compare. Regenerative practices require longer-term investments, often at odds with short-term profit maximization paradigms.

CONTRACTING

Contracting terms do not often help producers manage the risk that they take on with regeneratively produced goods. BARRIERS SHARED BY SELLERS & BUYERS

Infrastructure investment bias.

Lack of facilities, capabilities, and labor.

Lack of standardized certifications and definitions.

Systemic focus on lowest cost.

Difficulty providng financial viability of regenerative agriculture.

Current contracting and assurance protocols. SOLUTIONS FOR BUYERS AND SELLERS

Develop Shared Infrastructure. Collaborate in advocacy for policy changes.

Align on standardized outcomes-based frameworks.

Collaborate in advocacy for policy changes.

Implement true cost pricing structures.

Establish transparent pricing models.

Build the business case.

Foster collaborative financing.

Stimulate investment and support.

Communicate value and impact.

Establish long-term contracts.

Distribute risk equitably.

What are the potential solutions that both buyers and sellers can implement to address the shared barriers they face?



Understanding the Five Barrier Areas

1. INFRASTRUCTURE

Summary: Regenerative agriculture, being diverse and varied, struggles with the conventional infrastructure that primarily serves monoculture and large-scale production systems. This infrastructure is primarily geared towards a narrow range of crops and production methods, often prioritizing larger orders, leaving regenerative agriculture at a disadvantage. The shared challenge for both buyers and sellers lies in the lack of tailored facilities, resources, and networks. However, collaborating to <u>develop shared infrastructure</u>, such as regional distribution centers or mixed-crop processing facilities, can help overcome these barriers.

For Sellers:

- Limited access to processing facilities and distribution networks: Sellers face logistical challenges in getting regenerative products to market, particularly if their production is diverse and doesn't fit well within monoculture-focused infrastructure.
- Lack of tailored resources: Conventional agriculture infrastructure is not designed to support the needs of regenerative farming and ranching approaches, leaving sellers with limited access to necessary resources and equipment.

For Buyers:

• Limited availability of regenerative products: Given the infrastructure constraints faced by sellers, buyers often struggle with inconsistent availability and limited variety of regeneratively grown or raised products.



Shared Barriers:

- **Inefficient supply channels**: With limited infrastructure tailored to regenerative sourcing, supply channels can become inefficient and cumbersome to manage.
- Lack of awareness of on-farm difficulties: Buyers lack awareness of the problems facing aggregation and distribution and where there are solutions. Buyers do not have sight of such farm-level operations as their relationships are with conventional aggregators and distributors.
- Infrastructure investment bias: Infrastructure investments (including federal & state) often prioritize efficiency improvements of monoculture production systems over diverse farming systems, creating systemic barriers for both buyers and sellers of regenerative products.

Possible Solutions for Buyers and Sellers:

- **Develop shared infrastructure**: Collaborate to develop and invest in shared infrastructure tailored to regenerative agriculture. This might involve creating regional distribution centers, mixed-crop processing facilities, and supporting farmer cooperatives that provide access to shared resources and equipment.
- **Collaborate in advocacy for policy changes**: Buyers, as powerful stakeholders, could lobby for federal and state <u>investment in</u> <u>infrastructure that supports diverse farming systems</u> over monoculture ones. This could help create a more conducive environment for regenerative practices to thrive.

2. CERTIFICATION & DATA

Summary: The diverse landscape of certifications and lack of standardized definitions for regenerative agriculture create considerable confusion and challenges for both buyers and sellers. Sellers find it difficult to validate their regenerative claims, and buyers struggle to verify these claims, leading to barriers in trust-building. Increased collaboration could lead to identifying relevant certifications, supporting the requirements needed to obtain

certifications, and <u>developing internal verification systems</u> demonstrating commitment to regenerative practices, thus reducing reliance on multiple certifications.

For Sellers:

- **Cost and complexity of meeting requirements**: Sellers may struggle with the financial and administrative burden of obtaining multiple certifications to demonstrate their regenerative practices. Limited capacity or resources to carry out monitoring and verification needs that meet the requirements or expectations of buyers and other stakeholders. Often limited support from buyers to sellers to fulfill, monitor, and verify commitments.
- **Difficulty proving regenerative claims**: Without standardized definitions and certifications for regenerative agriculture, sellers may find it challenging to prove their regenerative claims and differentiate their products in the market.

For Buyers:

- **Trust in regenerative claims**: Buyers may find it difficult to identify and verify regenerative claims due to a lack of standardized definitions and certifications. Assurance provided through third-party certifications, which are emerging at the time of publication, is crucial for companies to achieve their sourcing commitments.
- Managing multiple certifications and monitoring frameworks: Navigating the various certifications and monitoring and verification frameworks can be confusing and burdensome, potentially deterring buyers from sourcing regenerative products. Buyers may also receive conflicting guidance regarding which metrics should be used.



Shared Barriers:

- Lack of standardized certifications and definitions: The absence of unified certifications and definitions creates confusion and increases administrative burden for both sellers and buyers.
- Laborious certification process and data management: The intricacies and varied requirements of obtaining and maintaining certifications and 3rd party audits, coupled with the complexities of data handling, impose significant time and administrative pressure on both buyers and sellers, necessitating additional resources and affecting operational efficiency.

Possible Solutions for Buyers and Sellers:

- Align on standardized outcomes-based frameworks: Align with upcoming outcome-based frameworks for regenerative agriculture to set, track, and measure the <u>outcomes</u>. This alignment helps overcome certification challenges by standardizing measurement criteria.
- **Collaborate in advocacy for policy changes**: Collectively advocate for policy reforms that support regenerative agriculture, thereby shaping policies that incentivize and reward regenerative practices, reducing the certification burden, and ensuring that the true value of regenerative products is recognized and rewarded in the marketplace.

3. PRICING

Summary: Current pricing structures fail to account for the <u>full environmental and social costs of production</u>, making regenerative products more expensive and hard to justify for companies. This gap poses a significant challenge for sellers seeking fair compensation and buyers striving to source sustainably. However, establishing collaborative, transparent pricing models that reflect the true costs can promote trust and create mutually beneficial relationships in the regenerative marketplace.



For Sellers:

- **Higher production costs**: The costs associated with regenerative farming practices are often higher, making it challenging for sellers to compete with conventionally produced goods on price.
- **Difficulty in achieving fair prices**: Sellers may struggle to achieve a price that reflects the true cost of production, including environmental and social benefits, due to market expectations set by conventionally produced goods. Sellers demanding the true price of their products may be limited to price premium markets, restricting wider marketplace access.

For Buyers:

- **Higher sourcing costs**: The premium prices of regenerative products, which account for their true cost of production, can pose a financial challenge for buyers.
- Internal sourcing policy constraints: Corporate policies around cost and scale may inhibit buyers from sourcing regenerative products, despite their sustainability commitments. Buyers often face a dilemma between low-cost operating models and delivering on sustainability goals, which hinders their ability to source regenerative products.

Shared Barriers:

• Systemic focus on lowest cost: Current supply chain paradigms prioritize 'least cost' models and <u>shareholder primacy</u>, creating a systemic barrier to pricing regenerative products that reflects their true cost of production. Buyers and sellers operating within Regenerative Value Networks are constrained by the prevailing shareholder primacy and the least cost model, limiting the ability to establish pricing that accurately represents the holistic value of regenerative practices and products.



Possible Solutions for Buyers and Sellers:

- Implement true cost pricing structures: Work together to establish pricing structures that fairly compensate farm communities for the true cost of regenerative production, including environmental and social benefits to weather financial shocks and exposures. This would mean moving beyond the conventional pricing model that only considers direct costs of production.
- Establish transparent pricing models: Co-create transparent pricing models that make it clear where costs come from and where premiums go. This could be facilitated through open-book contracts or third-party verification of cost structures.
- **Build the business case**: Work in partnership to demonstrate the business case for future-fit procurement strategies that deliver more impactful and integrated approaches to working with complex ecosystems.

4. FINANCING

Summary: Financing forms a critical barrier within the regenerative marketplace. Sellers typically encounter multifaceted, burdensome financing models, making the progression of operations challenging. On the other hand, buyers struggle with the financial aspects of securing consistent supplies and the costs associated with establishing and upholding resilient domestic supply channels dedicated to regenerative products. Collaborative financing models that share risks and rewards, such as patient capital, blended finance, or crowdfunded investments, could provide a way forward.

For Sellers:

• **High upfront costs**: Transitioning to regenerative practices often requires substantial upfront investment. This can include costs for new equipment, training, and a transition period during which yields may decrease before they improve. These costs can be particularly challenging for small farmers who may lack access to capital.

- Limited access to capital: Traditional financial institutions often view regenerative agriculture as a risky investment due to its long-term return horizon and lack of established markets. This makes it difficult for farmers and other suppliers to secure loans or other financing needed to invest in regenerative practices.
- **Overburdened by debt and other liabilities**: Sellers often grapple with considerable debt from loans and are further strained by other financial obligations (such as salaries and accounts payable, taxes due, etc.). This heavy financial burden restricts their capacity to secure additional financing to invest in their production or to access markets.

For Buyers:

- **Higher costs of sourcing regenerative products**: Buyers face higher costs when sourcing regeneratively produced goods, stemming from the premium prices needed to cover the true cost of production, including environmental and social benefits. This financial barrier is often passed onto the consumer, which can impact market competitiveness.
- **Burdensome, multi-source financing models**: The complexity and burden of navigating financing models involving multiple sources can be prohibitive for buyers looking to develop and secure domestic supply channels dedicated to products produced with regenerative attributes.

Shared Barriers:

- Lack of dedicated financial instruments: There is currently a limited range of financial products that are specifically designed to support the unique requirements and timelines of regenerative agricultural practices. This can limit the ability of both buyers and sellers to finance the transition to regenerative operations and place added strain on their regular financing channels.
- **Difficulty proving financial viability**: Both buyers and sellers face the challenge of demonstrating the financial viability of regenerative practices to stakeholders, investors, and financial institutions. This includes providing evidence of long-term returns, resilience against market volatility, and tangible benefits that warrant premium prices.

5. CONTRACTING

Summary: Conventional contracting falls short in managing the unique risks associated with regenerative production, often leading to an uneven distribution of risk and value within the supply chain. These traditional terms leave sellers exposed to significant risks and provide insufficient stability for both parties. By collaborating to develop equitable contracting terms that distribute risk fairly and foster long-term contracts, buyers and sellers can build a more stable and value-creating regenerative marketplace.

For Sellers:

- **Risk distribution**: Traditional contracting terms often fail to account for the risks associated with regenerative farming, leading to an uneven distribution of risk that disadvantages sellers.
- **Conventional contractual expectations:** Sellers grapple with the uncertainties of short-term contracts and the rigid requirements of volume, consistency, and pricing, which hinder their ability to invest in and gain from diversified and regenerative production methods.

For Buyers:

- **Burden of managing contract complexities**: Buyers may struggle to manage the complexities of contracts that incorporate considerations for the specific risks and longer timelines of regenerative farming.
- **Contracting terms defined by middle actors**: Buyers are disconnected from farm communities, often relying on accepting contracting terms made by distributors, who often do not have sustainability commitments related to <u>Scope 3 emissions tracking</u>, or the indirect impact a business has on the climate through emissions across their supply chain.



Shared Barrier:

• **Current contracting and assurance protocols**: These protocols often fail to equitably share value and risk, or incorporate long-term considerations, creating challenges for both buyers and sellers.

Possible Solutions for Buyers and Sellers:

- Establish long-term contracts: Establish long-term contracts that provide both parties the confidence to invest in regenerative practices, fostering stability and shared value creation. These contracts can include stipulations about price stability and volume of purchase, providing some security for both parties.
- **Distribute risk equitably**: Collaborate on contracting terms that distribute risk equitably, incorporating clauses that protect producers against unforeseen challenges like adverse weather events. This would ensure that sellers do not bear the brunt of these risks.

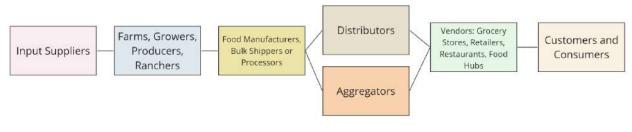
Possible Solutions for Buyers and Sellers:

- **Foster collaborative financing**: Drive the development of financing models that align with the long-term benefits of regenerative agriculture, such as patient capital, blended finance, or crowdfunding, through collaboration with supply chain partners and public and private finance.
- **Stimulate investment and support:** Demonstrate a reliable demand for regenerative products to attract capital for regenerative operations. Provide training, support, and guidance to grower partners, enabling them to access suitable financial products based on farm type, size, and crop. Act as guarantors for loans with direct suppliers, ensuring financial security and facilitating funding accessibility.
- **Communicate value and impact**: Develop effective tools to capture and communicate the comprehensive value and returns of regenerative practices to investors and stakeholders. This includes highlighting not only financial returns but also environmental and <u>social impacts</u>. By effectively communicating the holistic value of regenerative agriculture, buyers and sellers can attract investment and support for regenerative operations.



Part 2 – Regenerative Value Networks: Principles and Pillars Deep Dive

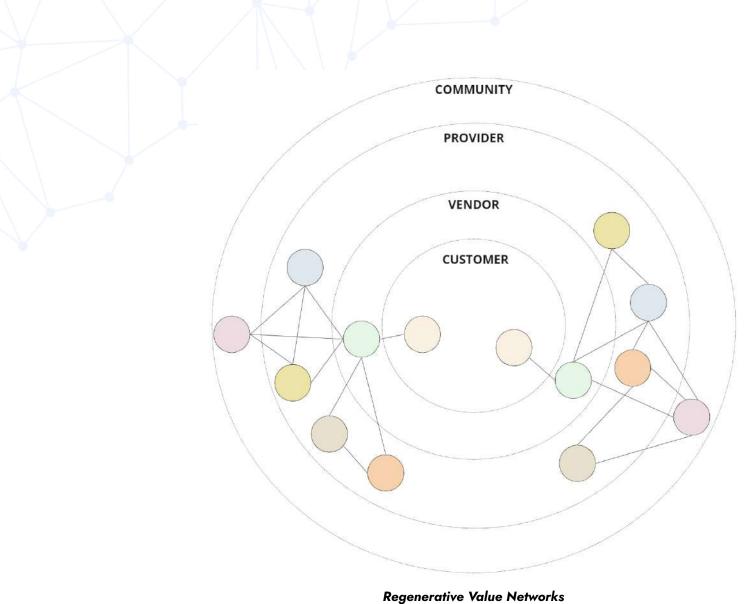
Regenerative Value Networks (RVNs) represent a fundamental reimagining of the traditional supply channel model, constructed to align with the principles of regenerative agriculture. Unlike the traditional linear supply channel model, RVNs emphasize the interconnectedness of all actors involved in the production, distribution, and purchasing of regenerative products, recognizing the value of relationships within the network. By crafting a demand-driven approach, RVNs prioritize creating superior value for customers while ensuring profitability for partners, with real-time flows of information, resources, and money to meet dynamic customer needs.



Conventional food supply channel model

RVNs, emerging from Growing our Future's inquiry, embody a holistic understanding of value proposition, generation, and distribution. They acknowledge the importance of relationships within the network, encompassing food and farming businesses, intermediaries, distributors, processors, and end consumers. RVNs foster collaboration, shared value creation, and the holistic well-being of participants, benefiting society, the environment, and the economy.





(modified from Bovet and Martha 2000b³)



³ Bovet, D. and Martha, J. (2000b), "Value nets: reinventing the rusty supply chain for competitive advantage", Strategy & Leadership, Vol. 28 No. 4, pp. 21-6.

At the core of RVNs is the customer-centric design, where value is tailored to meet customer needs. These networks facilitate powerful collaborations that optimize the entire network, going beyond isolated transactions. By focusing on value creation instead of cost, RVNs drive collaborative strategies that generate shared benefits for all actors involved. This customer-centric design continuously evolves to adapt to changing customer demands and trends. The main characteristics of RVNs, therefore, are as follows:

- operate within planetary boundaries
- uphold principles of regeneration and justice;
- collaborative;
- flexible;
- agile and dynamic;
- focus on end-customers;
- use of technology;

- intangible assets value, power, ecosystem services, knowledge, innovation;
- ability to respond rapidly;
- information sharing;
- focus on value-creating activities;
- future-oriented; and
- constant development.

These networks function in accordance with a unique set of principles that are aligned with principles of regeneration. Understanding these principles is not just a theoretical exercise, but a necessity for engaging effectively with and within RVNs, and with regenerative agriculture more broadly. They are the pillars that support and give shape to RVNs, acting as guiding lights for their strategy and operation.

Regenerative Value Network Principles⁴:

• **Relational Respect**: Humanity is inextricably entwined in a web of life where reciprocity, mutualism, and an appreciation for interconnectedness are core principles. RVNs build on mutual respect, understanding, and collaboration among all participants. They recognize interdependencies and aim to create synergies that ripple through this web and benefit society and the environment.

⁴ Modified from <u>Capital Institute's</u> Eight Principles of regenerative vitality.

- Holistic Prosperity: True wealth in RVNs extends beyond monetary value, encompassing social, relational, cultural, experiential, and spiritual dimensions. All these forms of capital rest on the foundation of natural capital—healthy ecosystem function is paramount to the strength of the whole regenerative marketplace.
- **Dynamic Innovation**: The ability to adapt and innovate is vital in an ever-changing world. RVNs harness the dynamism of the marketplace, aligning it with the requirements for systemic health and steering away from short-term thinking. By approaching the marketplace in a decentralized and diversified way, RVNs are dynamic and flexible. They encourage innovation and adapt to changing conditions and feedback to support continuous learning and improvement.
- Inclusive Contributions: In RVNs, every participant contributes to the overall health of the whole marketplace. Inclusive participation is critical, enabling all actors to feel empowered to negotiate their needs while adding their unique input to the collective well-being, contributing to a sense of ownership and commitment.
- **Place-based Nurturing**: RVNs honor the uniqueness of communities, cultures, traditions, and local environments, nurturing resilient regions each shaped by their own history and ecology. While universal principles guide RVNs, the unique application of these principles reflects the specific qualities and needs of different places. They help to strengthen community ties, build community wealth, and promote place-based solutions.
- **Collaborative Innovation**: Like in nature where the most productive and diverse ecosystems exist at the edges of two different environments, RVNs thrive on the creativity and abundance found at the edges of the dominant system. This fosters innovation and cross-fertilization, enabling transformative collaborations, improved adaptive capacities, and stronger resilience within the regenerative marketplace.
- **Robust Circulatory Flow**: Just like a healthy metabolism in a living organism, RVNs ensure the robust circulation of all elements energy, materials, information, empathy, and money maintaining a healthy system that treats waste as a resource. RVNs facilitate the efficient and equitable flow of resources, information, and value.



• Striving Towards Equilibrium: Dynamic balance is the key to systemic health in RVNs. They seek harmony among paradoxes, balancing analytical with intuitive, competition with collaboration, efficiency with resilience, diversity with coherence. RVNs nurture the balance between organizations of different sizes, all in service of the health of the whole regenerative marketplace.

As part of this inquiry, Growing our Future sought to assess whether there were existing examples of regenerative actors — farm communities, distributors, processors, food hubs, slaughterhouses, buyers — within a food network collaborating in ways that would be aligned with the principles laid out above. Were there examples of emerging RVNs already starting to emerge across the country, reimagining new routes to market, reconfiguring relationships, and delivering on the goals of regenerative agriculture?

Below, you will find examples of networks — partnerships between multiple actors in a regenerative supply base — that are working together in non-conventional ways to bring products to market. These examples show who is involved, where they are based, and what they are working towards. These examples serve as inspiration for other regenerative food system actors wanting to engage with their marketplace in a different way.

Map of Emerging Regenerative Value Networks Across the US

Мар	Organizations Involved	Location	Summary
NTT	Regional Agriculture in	Basil's Harvest:	A Farm-to-Hospital institutional procurement model in the upper Midwest
Ma Diring of	the Heartland:	OSF HealthCare Saint	created by Basil's Harvest in partnership with Healthcare Without Harm,
MATH BEE		Francis Medical	who coordinate the project as part of a national farm-to-hospital pilot
1 CLT + CLO	<u>Basil's Harvest; Health</u>	Center: Peoria, Illinois	program.
	Care Without Harm; OSF	Doubting Thomas	The hospital center uses a value-based procurement approach, sourcing
and the	HealthCare Saint Francis	Farms: Moorhead,	4,000lbs of regenerative oats to make granola, oatmeal and other foods
in the second states of	Medical Center;	Minnesota	for patients, staff, and visitors.
	Doubting Thomas Farms;	Janie's Mill: Ashkum,	The oats grown at Doubting Thomas Farms, and processed by Janie's Hill.
	Janie's Mill	Illinois	The hospital serves three meals a day, seven days a week and provides
	-	Health Care Without	patients with more nutrient dense foods.

Мар	Organizations Involved	Location	Summary
		Harm: Reston, Virginia	
	The Georgia ACRE Collective: The Common Market; producers; Georgia Organics; The Conservation Fund; Emory University's Turner Environmental Law Clinic; and Health Care Without Harm.	Common Market: East Point, Georgia Georgia Organics: Atlanta, Georgia The Conservation Fund: Atlanta, Georgia Emory University's Turner Environmental Law Clinic: Atlanta, Georgia Health Care Without Harm: Reston, Virginia	The Common Market connects vulnerable urban communities and institutions in the Southeast, Texas, and Mid-Atlantic US with healthy food from local family farms. It aggregates and distributes wholesale fruits, vegetables, animal products, and artisanal goods from small farms, giving them access to large regional vendor markets, mostly public and private institutions, including schools, higher ed, and healthcare. It increases food system efficiency and adaptability by dynamically engaging producers in crop-planning and vendors in menu-planning, building short- and long-term synergies. The Georgia ACRE Collective works on garnering purchasing commitments from Atlanta-area anchor institutions, while shifting procurement to sustainably grown food produced by Black farmers, women farmers and others historically excluded from wholesale markets. It works to provide capacity investments, land access, forward contracts, and technical assistance to producers. Aside from producers, local and regional partners include Georgia Organics, The Conservation Fund, Emory University's Turner Environmental Law Clinic, and Health Care Without Harm.



Мар	Organizations Involved	Location	Summary
	Farm Stops: Local Roots Market and Café, 150 local producers, College of Wooster	Local Roots: Wooster, Ohio College of Wooster: Wooster, Ohio	Farm Stops are year-round markets that source products primarily from local, small-scale producers. They operate on consignment. Producers own their goods until they're sold. Local Roots Market and Café is a member-owned cooperative market and cafe operating on consignment – producers sell through the market, not to it. Local Roots provides local producers with between 70-82% of the retail price, depending on the perishability of the goods. Members, including producers, pay an annual \$50 membership fee. The market is open seven days a week to customers and they also provide a weekly food box subscription. There is a commercial kitchen available for producers to rent. They launched FoodSphere: the Entrepreneurial Center to provide business and development support to local producers. They collaborate with the College of Wooster to educate others about their food distribution model.
	Central Appalachian Food Corridor: Appalachian Harvest Food Hub; ACEnet; Unlimited Future Inc.; Refresh Appalachia; The Southwest Virginia Farmers Market; The Value Chain Cluster Initiative; Community Farm Alliance; New	Central Appalachia: Southwest Virginia, Eastern Kentucky, West Virginia, Eastern Tennessee and Southeast Ohio	The Central Appalachian Food Corridor is a cross-state partnership providing training, support services, technical support, processing facilities, aggregation and distribution services to local farmers. It also facilitates entry into wholesale markets by connecting food hubs, food enterprise centers, produce auctions, and regional distributors, enabling increased production and higher income opportunities. It also helps shift historic coal mining communities through a just transition. It has received funding from the United States Department of Agriculture (USDA), Appalachian Regional Commission POWER Initiative, the Just Transition Fund, and Co-Bank.



Мар	Organiz	zations Involved	Location	Summary
	Strategic	Advisors; <u>Kallan</u> <u>Partners</u> ; 200+ ood enterprise neurs		
	Cooperative States and Cyp	oots Farmers' ative (19), Heifer USA, ress Valley / ak Pastures	Cypress Valley: central Arkansas (outside LIttle Rock) White Oak Pastures: southwest Georgia Heifer USA: Little Rock, Arkansas Grass Roots Farmers Cooperative: Arkansas	Heifer trains the producers in regenerative agriculture, Cypress Valley or White Oak Pastures slaughters animals humanely. Grass Roots Farmers Cooperative buys the beef and pays farmers \$0.90 per pound. They process the meat and sell products across the country direct-to-consumer.
	USA; Sc Cumberl	ood Network outh land's Farmers 48 producers	Open Food Network: sites across the US South Cumberland's Farmers Market: Sewanee, Tennessee	The Open Food Network is an open source software designed to help farmers collaborate and create thriving enterprises. Farmers can set up an online shop and sell directly to customers. Farmer cooperatives can manage sales and distribution together on the platform. Food Hubs, multi-farm CSAs, Farmers' Markets can set up profiles and directly collaborate with farmers and eaters to organize sales and distribution. The platform provides price transparency, traceability, aggregation, reporting, and inventory provided by the platform. As an example, South Cumberland's Farmers Market is a farmers market aggregating and selling produce from 48 local producers. It sells both at the market but also on the online OFN store for pick-up or delivery.



Мар	Organizations Involved	Location	Summary
	Patagonia Provisions with <u>Regenerative</u> Organic Alliance, The Land Institute, and suppliers (beans: Timeless Natural Foods, buffalo: Wild Idea Buffalo,brewers: Hopworks	Timeless Natural Foods: Ulm, Montana Wild Idea Buffalo: Rapid City, South Dakota Hopworks Urban Brewery: Portland, Oregon SSI: San Francisco, California	Patagonia Provisions (food-focused spin-off brand of Patagonia that focuses on sustainable and ethical food sourcing) as the buyer uses the Regenerative Organic Certification for its diverse suppliers. It sources, among others, regenerative buffalo for buffalo jerky, lentils for soups and snacks, and organic grains and the Kernza perennial grain (developed in the US in partnership with The Land Institute) for the Patagonia Provisions Long Root IPA. Patagonia Provisions sells direct-to-consumer or in select Patagonia and retail stores.
the second secon	Oatly , <u>Sustainable</u> <u>Sourcing Initiative</u> , Plagge Farm, <u>Grain</u> <u>Millers</u> , <u>Practical</u> <u>Farmers of Iowa</u>	Oatly: New York, New York Sustainable Sourcing Initiative: San Francisco, California Plagge Farm: Latimer, Iowa Grain Millers: St Ansgar, Iowa Practical Farmers of Iowa: Ames, Iowa	Oatly, an oat drink company, in seeking to source their oats from American farms, partnered with Sustainable Sourcing Initiative to build partnerships. Practical Farmers of Iowa (PFI) connected Oatly to Plagge Farm and through PFI's small grain cost share program, they were able to diversify their rotation with oats. Additionally, the partnership also involved Grain Millers, a regional milling company, to mill the oats for Oatly. Oatly products can be found in both retailers and e-retailers.



Мар	Organizations Involved	Location	Summary
	99 Counties Practical Farmers of Iowa, 23 livestock farmers, 6 small processors	99 Counties: Keystone, Iowa Practical Farmers of Iowa: Ames, Iowa	 99 Counties are a direct-to-consumer brand working with Iowa farmers to connect regenerative ranchers with consumers. PFI provides 99 Counties with assistance and access to its farmer network. Together they applied for USDA – Ag Marketing Services grant to set up the business and provide marketing support. Its partner processors butcher steaks, smoke ham, and craft sausages. 99 Counties' delivers to customers through a subscription service.
	King Arthur Baking Company, Farmer Direct Foods, Ardent Mills, Washington State University Breadlab	King Arthur Baking Company: Norwich, Vermont Farmer Direct Foods: New Cambria, Kansas Ardent Mills: Newton & Wichita WSU Breadlab: Burlington, Washington	King Arthur Baking Company, an employee-owned B Corp, has committed to 100% regenerative flour by 2030. It already sources regenerative flour for its white whole wheat flour from suppliers Farmer Direct Foods, a collective that sources wheat from regenerative farmers. King Arthur has also enrolled in a 20,000 acre regenerative pilot program with Ardent Mills, in Kansas and with WSU's Breadlab, to support the breeding of climate-resilient wheat to bring more resilience to wheat supplies. King Arthur products can be found in both retailers and e-retailers.
	Mad Markets, Perennial Promise Growers Cooperative, 27 Kernza farmers, Regenerative Organic Alliance	Mad Markets: Boulder, Colorado Perennial Promise Growers Cooperative: Madison, Montana 27 farmers: upper Midwest	Kernza is the first commercially available perennial grain. Perennial Promise Growers Cooperative (PPGC) is a farmer-led cooperative providing technical assistance, collective marketing and grower events. It represents more than 30 farmers spread across eight states: Minnesota, Nebraska, Montana, Wisconsin, North and South Dakota, Iowa, and Wyoming. PPGC supplies brands and processors with Kernza that is



Мар	Organizations Involved	Location	Summary
			Regenerative Organic Certified by Regenerative Organic Alliance. Mad Markets provides technical assistance, logistical and processing networks, services and expertise to market Kernza within the cooperative.
	Lupii , Deakin Farms, <u>Timeless Natural Foods</u> , <u>Sustainable Sourcing</u> <u>Initiative</u> ,	Lupii: New York, New York Timeless Natural Food: Ulm, Montana Deakin Farms: Pondera County, Montana SSI: San Francisco, California	Lupii, a plant-based snack company, in seeking to source the lupini bean from American farms, partnered with Sustainable Sourcing Initiative to build partnerships. Deakin Farm, an organic farm transitioning to regenerative, grows the legumes. Timeless Natural Foods provides the processing capabilities. Lupii products can be found in both retailers and e-retailers.
	Applegate , Savory Institute's <u>Land to</u> <u>Market</u> , <u>SunFed Ranch</u>	SunFed Ranch: Woodland, California Applegate: Bridgewater, New Jersey (HQ) Land to Market: Durango, Colorado	Applegate, a food company, partnered with the Savory Institute's Land to Market – a regenerative sourcing seal to source regenerative beef for their Do Good Dog – a sausage that sources beef from cattle raised using regenerative practices. The beef is sourced from SunFed Ranch in California, which manages 1.5 million acres of verified regenerative grasslands. Applegate products can be found in both retailers and e-retailers.



Context-Specific Scaling: Embracing the Uniqueness of Regenerative Solutions

Growing our Future's inquiry is rooted in understanding regenerative agriculture and its practical implementation in the marketplace through Regenerative Value Networks (RVNs). However, it is crucial to clarify that our focus is not on advocating for the 'scaling up' of individual examples, per se. Scaling up any single partnership or network to a national model in some ways contradicts the inherent principles of regenerative agriculture, which emphasize context-specific sourcing and production tailored to community needs and the unique characteristics of the land. In other words, scaling may require multiple replications and adaptations of the model and these examples — these are simply illustrations of how the RVN model can be practically achieved.

The essence of regenerative solutions lies in their ability to originate from the cultural and ecological uniqueness of a place. Rather than pursuing a top-down, expansionist approach, the key is to 'scale out' by strengthening and proliferating the patterns that work: enhancing health, vitality, resilience, and adaptive capacity. This requires careful attention to the specific cultural and ecological context of each location, aligning with regenerative principles and fostering decentralized and distributed systems with a high degree of redundancy and, therefore, resilience to external disruption.

Strengthening Patterns for Resilient Growth: Scaling Out, Not Up

Instead of focusing on scaling the networks themselves, Growing our Future's ambition is to support the replication and proliferation of the shared characteristics that underpin all RVNs. The goal is to enable communities and bioregions to embrace the RVN model, adapting it to their unique needs and circumstances. This approach ensures the preservation and celebration of context-specificity, which is critical to upholding regenerative principles.



By recognizing and valuing the diversity and uniqueness of each place, we can foster regenerative agriculture that is deeply rooted in its cultural and ecological context, while simultaneously creating a network of interconnected and adaptable RVNs that collectively contribute to a regenerative marketplace.

As businesses scale out and spread the RVN model, they can unlock a world of possibilities for sustainable success. Embracing the RVN model is not just a means to reshape the marketplace, but also a strategic opportunity for businesses to tap into the full potential of value creation.

Shifting to a New Marketplace Model: Unlocking Value Creation through Regenerative Value Networks

In today's evolving business landscape, embracing the RVN model is not just the right thing to do, but a compelling business opportunity for value creation. By embracing the RVN model, businesses can tap into the full potential of value creation. Building a strong reputation, attracting investment, optimizing margins, securing a competitive advantage, and fostering customer preference are all achievable outcomes through the adoption of regenerative practices within an RVN. Furthermore, the collaborative nature of RVNs enables businesses to unlock shared value creation opportunities, innovative approaches, and synergistic partnerships that drive sustainable growth and resilience. The Pillars and RVN model, both outlined below, work together to provide the foundation and framework for this transformative journey. With an RVN, businesses can build a strong reputation, attract investment, optimize margins, secure a competitive edge, and foster customer preference. By engaging with this new marketplace model, businesses unlock a world of possibilities for sustainable success.

Unlocking Value Levers: Shaping a Resilient and Competitive Business

- **Risk Reduction**: Embrace RVNs to build a strong reputation and secure the license to operate, mitigating the risks of reputation damage and regulatory scrutiny.
- **Reduced Cost of Capital**: Position your business as forward-thinking and well-managed by adopting regenerative approaches, attracting investors and reducing the cost of capital.



- Margin Growth: Participate in RVNs to drive efficiency, minimize waste, and optimize resource use, improving operational margins and safeguarding profitability.
- **Competitive Advantage**: Access a network of like-minded partners in RVNs, fostering innovation and attracting top talent to secure a competitive edge and adapt to evolving market dynamics.
- **Turnover Growth**: Capture the growing demand for regenerative products and services by embracing RVNs, building brand equity, differentiating your business, and driving revenue growth.

Seizing the Opportunity: Transforming the Marketplace with RVNs

The RVN model offers businesses a tangible solution to unlock value and align with regenerative principles. By actively participating in RVNs, businesses can leverage collective intelligence, expertise, and resources to reshape the marketplace. Collaboration, knowledge exchange, and innovation within RVNs contribute to positive systemic change, enabling businesses to seize new opportunities and unlock the immense value of a regenerative marketplace.

In order to fully harness the potential of RVNs, it is crucial to explore the underlying pillars that provide the framework for these networks. These pillars serve as the guiding principles and essential components that shape the operation and success of RVNs. By examining and understanding these pillars, businesses can gain insights into the practices, procedures, and conditions necessary to engage meaningfully with Regenerative Value Networks. This understanding, combined with the compelling business case for RVNs, empowers businesses to navigate the transformative journey towards a regenerative marketplace with clarity and strategic direction.

The Pillars: Conditions for Strengthening and Proliferating Regenerative Value Networks

Growing our Future has identified ten Pillars, detailed further below. The Pillars set up the external environment and conditions for an RVN to operate. They are about creating the right foundational conditions – the enabling environment – for RVNs to strengthen, replicate, and proliferate.

1. Establish Accessible Infrastructure:

- a. Create robust, regenerative markets through ensuring access to necessary infrastructure such as processing and storage facilities, slaughterhouses, and commercial kitchens.
- b. Support local supply networks including smaller slaughterhouses, grain mills, and other businesses that cater to regenerative products.
- c. Invest in essential equipment and technology to bolster these infrastructures, making operations more efficient and reducing waste.

2. Form Impact-Driven Partnerships:

- a. Align with organizations that share a commitment to regenerative agriculture, enhancing transparency and traceability.
- b. Cultivate strong collaborations between brands, suppliers, farmers, and other stakeholders, jointly creating value in the regenerative agriculture ecosystem.
- c. Implement comprehensive monitoring, tracking, and evaluation frameworks for transparency and credibility.
- d. Utilize technology and data sharing for real-time tracking, measuring impact, and spotting opportunities for continuous improvement.

3. Promote Equitable Compensation:

- a. Set up mechanisms for fair compensation, including long-term contracts, guaranteed pricing, and access to affordable finance and insurance options.
- b. Offer ongoing training and capacity-building programs, improving skills and resilience of farm communities.
- c. Uphold fair labor practices, ensuring living wages, benefits, and safe working conditions across the value network.

4. Strengthen Local and Regional Impact:

- a. Advocate for direct investments and federal, state, and municipal funding into regional and local food hubs, stimulating local economies and job creation.
- b. Build the network with local and regional partners to minimize emissions, maximize food quality, and strengthen rural economies.

5. Customer-Centric Design:

- a. Strive to ensure the network's design, strategy, and actions are driven by the needs and wants of the end customer.
- b. Make the customer the center of the value network and maintain a dynamic understanding of their changing demands.
- c. Encourage feedback and active engagement from customers to continuously improve and adapt.

6. Center the Needs of Farm Communities:

- a. Create the enabling conditions for farm communities to self-organize into cooperatives or associations, amplifying bargaining power and ability to aggregate diverse produce.
- b. Promote community engagement and food education initiatives, raising awareness and generating local buy-in.
- c. Incorporate <u>community wealth building</u> principles, contributing to local job creation, improved health and well-being, and stronger community ties.

7. Enhance Buyer-Seller Relationship:

- a. Develop innovative marketing and communication strategies to increase consumer awareness and demand for regenerative products.
- b. Foster direct relationships or networks, shortening supply channels and reducing environmental impact.
- c. Provide opportunities for consumers to learn about and engage with the regenerative agriculture process, fostering a greater sense of connection and trust.



8. Implement Consistent Volume Mechanisms:

- a. Devise strategies to ensure consistent supply and availability of regenerative products, enhancing consumer confidence and business continuity.
- b. Engage with various stakeholders to understand and address potential bottlenecks or disruptions in supply channels, building resilience.

9. Facilitate Information Flow:

- a. Enhance information flow between value networks and regenerative companies, enabling more informed sourcing decisions.
- b. Set up mechanisms for real-time and reliable flows of information, material, resources, and money within RVNs, catering to the dynamic needs of customers and fostering a customer-centric approach.

10. Promote Risk Sharing:

- a. Establish cooperative agreements with regulatory bodies such as agencies within the USDA, developing RVNs and offering incentives such as grants and low-interest loans to mitigate risks and support stakeholders.
- b. Set up mechanisms for risk-sharing, encouraging participation, and reducing potential losses for individual stakeholders, fostering a more resilient and robust regenerative network.
- c. Share best practices and knowledge exchange among stakeholders, promoting transparency and facilitating collective learning to mitigate risks and enhance resilience within the Regenerative Value Network.



Part 3 – Regenerative Value Networks Implementation Guide: Recommendations for a New Marketplace Model

The RVN model presented in this implementation guide responds to the need to reconfigure relationships between buyers and sellers – in order to accelerate the transition to a just and regenerative food and agriculture system in the US. The model provides a decentralized framework for how these new Regenerative Value Networks can be structured and operated, built on a foundation of shared power, continuous learning, and dynamic innovation. It emphasizes not just the vision – the creation of regenerative marketplaces – but also on how to get there: through collaboration, transparency, and equity in all aspects of the value network.

The model is distinct yet integrally linked to the Pillars described in Part 2 of this toolkit; the two serve different, complementary roles. The Pillars set up the external environment and conditions for an RVN to operate. They are about creating the right foundational conditions – the enabling environment – for RVNs to thrive. Meanwhile, the components of the RVN model are the internal elements that an RVN itself needs to develop, manage, and continuously improve. They serve as a starting point to guide the operation, management, and strengthening of an RVN, providing the framework for the internal workings of these networks.

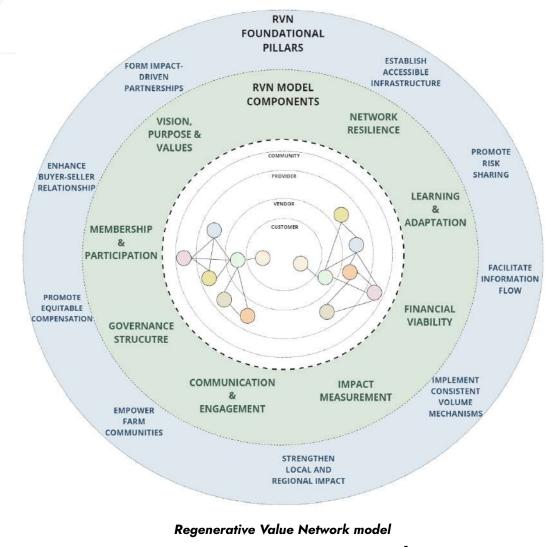
In the body of this implementation guide, more detailed guidance is provided across the eight key model components that are essential in creating and operationalizing Regenerative Value Networks, namely:

- Vision, Purpose, Values;
- Governance Structure;
- Membership and Participation;
- Financial Viability;
- Impact Measurement;
- Communication and Engagement;
- Network Resilience;
- Continuous Learning and Adaptation.

These components aim to embed the principles of regeneration, collaboration, decentralization, and equity at the heart of the network. They have been carefully selected and explained to provide practical guidance on creating an RVN. While each component is individually important, they are also interconnected — each reinforcing and being reinforced by the others. Together, they provide a holistic framework for how a RVN can function and thrive.

While this implementation guide provides a starting point for implementing the RVN model, it is worth pointing out that more needs to be done to test and refine this model. The creation of Regenerative Value Networks will require further work, experimentation, and learning. This is not a journey that any single individual or organization can undertake alone; advancing regenerative marketplaces will require the collective effort of all stakeholders in the food system. In providing this implementation guide, the aim is to facilitate this collaborative journey towards a more just and regenerative future.





(modified from Bovet and Martha 2000b⁵)



⁵ Bovet, D. and Martha, J. (2000b), "Value nets: reinventing the rusty supply chain for competitive advantage", Strategy & Leadership, Vol. 28 No. 4, pp. 21-6.

Vision, Purpose, and Values

The vision defines the desired future and aspirations of the proposed network, while the purpose outlines the key problems it aims to solve and the principles it seeks to advance. Values serve as guiding tenets that shape decision-making and actions within the network. By articulating a shared vision, purpose, and values, an RVN establishes a unifying framework that aligns participants, fosters collaboration, and ensures that the network's activities are rooted in regenerative agriculture and justice.

Understanding Regenerative Agriculture: Familiarize yourself with regenerative agriculture principles, such as those defined by <u>Regeneration</u> <u>International's principles</u>, <u>Rodale Institute</u>, and <u>Savory Institute</u>, and the and the collective goals that <u>Growing our Future participants outlined in 2020</u>. This foundational knowledge will inform the ethos of your RVN and guide its operations.

Read Parts 01 and 02 of this toolkit to understand Regenerative Value Networks. This foundational knowledge will inform the ethos of your RVN and guide its operations.

Advocating for Food Sovereignty: Uphold food sovereignty. Explore La Via Campesina's Food Sovereignty <u>manifesto</u> for ideas on how to ensure that everyone has access to nutritious, culturally appropriate food. Prioritize equitable access and control over resources, which aligns with the RVN principle of Fairness and Equity.

Co-creating Shared Vision: Brainstorm and co-create a shared vision for the network based on regenerative and justice principles. Aside from individual organizational visions, a shared vision for the network aligns actors towards the same goals. Use <u>this guide</u> as a helpful resource. This process ensures that all participants are engaged, as emphasized by the RVN principle of Participatory Inclusion.

Defining Core Values: Define, articulate, and document your core values that will guide decision-making in the RVN, preferably within contracts. These values should reflect the regenerative and justice principles that the network seeks to uphold. Make sure that these values are not just words on paper, but are embodied in everyday actions and decisions. RVN's principle of Authentic Representation highlights the importance of actions aligning with words.



Clarifying RVN Purpose: Define the purpose of your RVN. What key problems are you solving? How are you advancing the principles of regenerative agriculture and justice? Be explicit and clear about your intentions to ensure all network participants understand their role in the collective purpose.

Promoting Relational Respect: Utilize the principle of Relational Respect by fostering mutual respect, understanding, and collaboration among all network participants. This should permeate all aspects of the network, from communication to decision-making, from relationship-building to conflict resolution. Consider enshrining ways of working into codes of conduct, one example from the fashion industry <u>here</u>.

Co-creation of Longer-Term Contractual Terms: Collaborate to establish long-term contractual terms that reflect the unique considerations of regenerative agriculture and provide stability and security for all network participants. This includes agreeing on equitable distribution of risks associated with regenerative practices. Use clear standardized contract language. The terms should be clear, fair, and uphold the core values of the RVN network.

Governance Structure

Governance refers to the system and processes through which decisions are made, resources are allocated, and relationships are managed within the network. By creating a well-defined governance structure, an RVN can foster transparency, accountability, and inclusivity, ensuring meaningful participation, equitable power sharing, and effective decision-making among all network participants.

Exploring Governance Models: Research different types of governance models such as horizontal, vertical, and matrix structures. Consider sociocracy or holacracy as models. The International Cooperative Alliance offers insights into cooperative governance. Understanding different governance structures is crucial for determining the model that will facilitate power sharing, transparency, and inclusiveness in your RVN.



Co-creation of Governance Structure: Co-create the governance structure with all network participants, fostering Inclusive Contributions. This is a vital step to ensure ownership and commitment to the agreed-upon governance model, which aligns with the RVN principle of Participatory Inclusion.

Power Sharing Mechanisms: Incorporate mechanisms for power sharing and decision-making, such as consensus decision-making or voting systems. <u>Seeds for Change</u> offers resources on consensus decision-making. These mechanisms ensure that power is distributed equitably across the network, upholding the principle of Fairness and Equity.

Ensuring Transparency: Develop procedures to ensure transparency in decision-making processes. This might include clear communication channels, regular updates to all participants, and open access to meeting notes or decision logs. Transparency fosters trust, a key element in maintaining network integrity, aligning with the RVN principle of Authentic Representation.

Adaptive Governance: Regularly review and revise your governance structure to reflect the evolution of the network, honoring the principle of Dynamic Innovation. An effective governance model should be flexible and adaptive, capable of responding to the evolving needs and circumstances of the network. Consider establishing a predefined review cycle, such as an annual review, to ensure your governance stays responsive and relevant.

Effective Dispute Resolution: Create a clear dispute resolution mechanism to address conflicts or disagreements within the network. This should be agreed upon during the co-creation of the governance structure and should be made known to all participants. The mechanism needs to respect all parties involved and ensure fair outcomes, embodying the principle of Relational Respect. You can refer to this <u>guide on dispute resolution</u> for more guidance.

Membership and Participation

By establishing clear guidelines and processes, the RVN can ensure that diverse stakeholders have opportunities to join and contribute. This inclusive structure allows for the sharing of knowledge, resources, and decision-making power, fostering collaboration and collective action. Emphasizing the



importance of continuous engagement and adaptability, the RVN creates a space where participants can actively shape the network's evolution and contribute to the advancement of regenerative agriculture and justice.

Participant Identification and Onboarding: Identify the types of participants your network requires (e.g., farm communities, cooperatives, aggregators, processors, distributors, retailers, citizens, community organizations) and establish an effective onboarding process. Encourage active engagement, knowledge sharing, and collaborative exploration of growth opportunities. This includes offering necessary training and resources, akin to organizations like <u>ALBA</u> (Agriculture and Land-Based Training Association) and <u>NYFC</u> (National Young Farmers Coalition). Seek out small-scale farm communities and food actors, particularly those with strong community ties, and especially those led by Black, Indigenous, Latine, immigrant, farmworker, and other farm communities who have historically been excluded from the marketplace. This fosters diversity and ensures members can contribute effectively, embodying the principle of Diversity and Interconnectivity.

Involvement Criteria and Values Alignment: Define clear criteria for involvement, ensuring alignment with the network's vision, purpose, and values. This can be reinforced through activities such as values alignment workshops, similar to those facilitated by <u>Conscious Brands</u>, ensuring all members share the network's core tenet.

Active Participation and Equitable Representation: Encourage active participation and value contributions from all members, reflecting the principle of Inclusive Contributions. Regularly evaluate the network's composition to identify gaps in participation and increase diversity, upholding the principle of Fairness and Equity.

Network Expandability and Adaptability: Design your network to be adaptable and expandable, allowing for growth and evolution while staying true to its founding principles. This ensures scalability, resilience, and upholds the principle of Dynamic Innovation. Seek opportunities for continuous learning, innovation, and the exploration of new market trends and risks. Embrace technology and digital platforms to facilitate efficient communication, data sharing, and coordination among actors. Regularly evaluate and reassess the network's processes to ensure they remain aligned with evolving needs and challenges.

Offboarding Process: Create a respectful and orderly process for offboarding members when necessary, whether due to a member's departure or violation of network rules, drawing inspiration from this <u>supplier offboarding guide</u>. This respects the principle of Relational Respect.

Financial Viability

Establish mechanisms for financial viability and equity to ensure the long-term sustainability of the RVN. In the context of regenerative agriculture, a well-designed financial structure is essential to support the economic success of all participants and the overall resilience of the network. By establishing mechanisms for financial viability, RVNs can ensure that farmers, farmworkers, producers, and other stakeholders across the value network receive equitable compensation for their regenerative practices.

Identify Revenue and Funding Sources: Identify potential revenue streams and funding opportunities. This includes not only traditional sales but also potential grants, investment opportunities, and crowdfunding campaigns. Remember that financial sustainability is a core principle of the RVN model, and diverse sources of funding help ensure that the network can weather unexpected financial challenges. The <u>Nonprofit Finance Fund</u> provides resources on identifying and securing diverse funding sources. <u>Mad Agriculture</u> has a resource for government programs that can benefit regenerative farmers. <u>Croatan Institute</u> has a database for regenerative agriculture infrastructure companies and capital providers.

Transparent Financial and Pricing Mechanisms: Incorporate mechanisms for financial transparency, such as open-book management, and establish collaborative pricing models. These practices not only encourage trust and informed decision-making but also allow for a fair distribution of value across the network. Resources like this <u>guide</u> can be beneficial for implementing such practices, in line with the principles of Shared Power and Fairness and Equity.

Fair Compensation Practices: Set fair and equitable compensation practices for all workers. This includes not just fair wages, but also benefits and other forms of compensation that respect the dignity and value of every network participant's work. Check out <u>Farmworker Justice</u> for insights on



farmworkers' rights under state employment laws. Compensation should also be aligned with regenerative principles, ensuring that it supports long-term sustainability and prosperity for all network participants.

True Cost Accounting: Discuss and experiment with a <u>True Cost Accounting</u> approach to pricing, to recognize and account for the environmental and social costs and benefits associated with regenerative agriculture. This approach can enable more equitable and sustainable pricing structures, which can be more accurately reflective of the true value of regenerative products. Information, recommendations, and a database of interventions is available from <u>The Rockefeller Foundation</u>.

Incentives and Profit Sharing: Consider implementing incentives and profit-sharing mechanisms to distribute the wealth generated by the RVN, reflecting the principles of Shared Power and Holistic Prosperity. This could take the form of bonuses, dividends, or other forms of financial reward tied to the network's overall performance. Strive towards community wealth building, using The Democracy Collaborative's <u>five pillars</u> as guidance.

Sustainable Investment: Explore sustainable and regenerative investment strategies to further support the financial health of the RVN. Impact investment, for instance, aligns with the principles of regeneration and sustainability, ensuring that financial resources are used in a manner that supports the overall health of the ecosystem. Check out the <u>Global Impact Investing Network (GIIN)</u> for more information.

Regular Financial Reviews: Regularly review and adjust your financial strategies to ensure sustainability, in line with the principle of Dynamic Innovation. This should include regular financial audits and financial planning activities to ensure the RVN's financial health.

Risk Management and Contingency Planning: Develop a risk management plan and a contingency fund to handle unexpected events or financial crises. This could involve setting aside a portion of revenue or seeking out insurance options to protect against financial risks, ensuring the RVN's resilience in the face of external shocks.



Collaborative Financing Models: Explore innovative and collaborative financing models such as patient capital, blended finance, or crowdfunded investments. These models share risks and rewards, aligning with the long-term benefits of regenerative agriculture. They can provide flexible and continuous financial support, thereby helping to overcome the "high upfront costs" and "overburdened by debt" barriers. Check out <u>Convergence</u> for resources on blended finance.

Impact Measurement

Rigorously measure and communicate the credible impact of your RVN to build credibility, provide assurances, and drive continuous improvement. In the context of regenerative agriculture, robust impact measurement is crucial for demonstrating the effectiveness of regenerative practices, validating the positive outcomes of the RVN, and inspiring confidence among stakeholders. Furthermore, impact measurement enables the identification of areas for improvement and innovation, facilitating a cycle of continuous learning and advancement within the network.

Co-Design Appropriate Monitoring Systems: Engage with network participants, to co-design or select appropriate systems for monitoring compliance with environmental and social commitments using recognised, credible, and technically-sound tools and approaches design of monitoring systems. This encourages solutions that address network-wide concerns and ensures comparability and credibility of data. Accountability Framework has an <u>Operational Guide</u> to set up Monitoring and Verification mechanisms (guideline from page 28).

Adopt Outcome-Based Frameworks: Align with upcoming outcome-based frameworks for regenerative agriculture, such as those developed by Regen10, as well as the guidance set forth by Growing our Future on measuring social outcomes, to set, track, and measure the outcomes. This alignment helps overcome certification challenges by standardizing measurement criteria.

Commit to Network Transparency: Ensure your network abides by the <u>Good Food Purchasing Standards</u>, emphasizing workers' equity and rights. Inform workers of their rights. Integrate mechanisms to track supplier compliance, and create consequences for non-compliance, fostering a sense of shared responsibility.



Implement Continuous and Integrated Audits: Consider audits as a continuous improvement process, not a one-off event. Regular check-ins or progress reports, rather than full audits each time, can reduce the burdensome and complex nature of certifications. If a farm undergoes multiple audits (e.g., for organic, fair trade), consider consolidating them into a single audit process to streamline the process and reduce costs.

Foster a Culture of Accountability: Regularly share impact results with stakeholders, fostering transparency and traceability. Choose a method for public reporting and third-party audits that best fits your network's needs, ensuring accurate information dissemination. Here is a <u>guide to</u> <u>transparency</u> and a <u>guide to traceability</u>.

Utilize Technology for Real-Time Tracking: Use data sharing platforms, like <u>FarmOS</u>, for real-time tracking, measuring impact, and identifying improvement opportunities. Organizations like <u>HowGood</u> analyze the environmental and social impact of products and ingredients, assisting in providing evidence for regenerative claims.

Revise Based on Feedback: Regularly review and adjust your impact measurement approach based on learning and stakeholder feedback, embodying the principle of Dynamic Innovation. This process helps overcome barriers of proof and validation by ensuring your metrics remain relevant and effective. Consider using this guide for <u>customer feedback</u>.

Communication and Engagement

Promote open dialogue and active involvement within your RVN to foster trust, alignment, and collaborative growth. Effective communication is essential for building strong relationships, sharing knowledge, and fostering a sense of community among network participants. By encouraging open and transparent communication, the RVN can facilitate the exchange of ideas, address challenges, and seize opportunities for collective action. Additionally, active engagement with external stakeholders, such as consumers, policymakers, and community members, allows for broader awareness, support, and advocacy to launch the RVN's principles and practices into action.



Establish Clear Communication and Information Flow Channels: Implement accessible platforms like <u>Slack</u> or <u>Microsoft Teams</u>. Encourage real-time and asynchronous communication, facilitating immediate response to customer needs and network updates. Leverage digital systems for efficient and real-time information availability - which may require investments in (and concerted advocacy for) <u>expanding high-speed broadband</u> <u>access</u>. Consider utilizing digital platforms, <u>social media</u>, and online communities to foster continuous dialogue, knowledge exchange, and collaboration among network members. Ensure multidirectional and simultaneous flows of information, keeping the network agile, scalable, and responsive.

Comprehensive Stakeholder Engagement and Collaboration: Develop a comprehensive plan that encourages inclusive and active stakeholder participation, aligning with RVN principles of inclusivity, trust, and reciprocity. Promote open dialogue and feedback by organizing regular town hall meetings and anonymous feedback surveys, nurturing a culture that values stakeholder insight.

Encourage Regular Interaction: Foster a culture of active engagement and collaboration among network members through regular networking events, workshops, and online forums. These serve as opportunities for knowledge sharing, collaboration, and addressing challenges faced by the network. Encourage regular interaction and use these platforms to discuss customer value, network optimization, and other relevant topics, driving continuous improvement within the RVN.

Fostering External Stakeholder Engagement: Actively engage with external stakeholders, including consumers, <u>policymakers</u>, and <u>community</u> <u>members</u>, to create broader awareness, garner support, and encourage advocacy for the regenerative principles and practices of the RVN. Seek opportunities for collaboration, dialogue, and education to build strong relationships with these stakeholders and amplify the impact of the RVN.

Collective Marketing and Branding Initiatives: Develop collective marketing and branding initiatives that highlight the unique value proposition and regenerative practices of the RVN. Collaborate on branding campaigns, storytelling, and educational materials to communicate the RVN's mission, values, and positive impact to consumers and other stakeholders. Access valuable insights here about how to tell the regenerative story.

Network Resilience

To ensure the long-term sustainability of your RVN, it is essential to focus on building resilience that aligns with regenerative practices and the principles and Pillars of RVNs. With these strategies in place, the network will be better equipped to navigate challenges and thrive in the pursuit of regenerative and just practices.

Risk Evaluation and Priority Setting: Regularly evaluate the risks at various stages in the value network, guidance <u>here</u> and <u>here</u>, and set priorities based on the relative importance of different segments in the value network. Adopting a risk-aware mindset and implementing regenerative risk management practices that focus on proactive identification and mitigation of risks throughout the value network. Consider utilizing tools and methodologies such as scenario planning, impact assessment frameworks, and risk management frameworks tailored to the specific context of regenerative agriculture and the RVN. These practices enable the network to anticipate and respond to potential disruptions, strengthen risk management capabilities, and enhance overall network resilience.

Strengthening Farmer Productivity: Enhance the resilience of network actors, particularly farm communities, by targeting inefficiencies through education, training, and extension services. More effective and informed farmers contribute to a more resilient network, capable of better coping with external shocks. Use platforms like and informed farmers contribute to a more resilient network, capable of better coping with external shocks. Use platforms like <u>FAI Academy</u> and available farmer-to-farmer learning opportunities.farmer-to-farmer learning opportunities.

Infrastructure and Market Efficiency Development: Collaborate to advocate for and develop relevant shared regional and local infrastructure, such as:

- Small & mid-sized mobile meat processing units;
- Mobile USDA-inspected slaughterhouses;
- Mills and silos for storage;
- Seed cleaning centers with appropriate equipment;

- Aggregation centers;
- Warehouses and appropriate storage with refrigeration facilities;
- Shared farming equipment, especially specialized equipment;



- Facilities for processing and packaging value-add productions e.g. cooking and canning equipment;
- Textile infrastructure for fiber production;
- Local food processing, packaging, and storage centers;
- Shared human resources for procurement, marketing, mentorship, and technical assistance;

- Food waste management facilities;
- Washing stations;
- Fencing and irrigation infrastructure;
- Commercial kitchens;
- Business incubators.

Advocate for policies favoring diverse farming systems over monocultures and for federal and state investments in infrastructure using tools such as: the Native American Agriculture Fund's expansive proposal on <u>reimagining value networks for Native American economies</u>, American Sustainable Business Network's business sign-on letter advocating for policies that <u>address the "missing middle" in US supply channels</u>, <u>Growing our Future's</u> <u>policy education toolkit</u> that details policies which would allow for the proliferation of diversified cropping systems.

Learning and Adaptation

In order to thrive in a rapidly changing marketplace, buyers and sellers within the RVN must embrace a culture of continuous learning and adaptation. By fostering an environment that encourages ongoing learning, knowledge sharing, and the ability to adapt to new insights and emerging trends, the network can remain agile and responsive. This commitment to learning and adaptation enables participants to refine their practices, identify areas for improvement, and seize opportunities for innovation, all while staying aligned with regenerative principles and the evolving needs of the market.

Data Collection and Analysis: Establish a consistent process for collecting, analyzing, and interpreting data and feedback. This could encompass farm-level yield data, financial data, purchasing data, or ecosystem services data. Transparent and open tools and platforms can facilitate this, such as <u>OpenTEAM's open source digital tools for on-farm metrics</u>. With sight of potential short- and long-term changes, make adjustments to process and model collectively.



Culture of Shared Learning and Growth: Develop a network culture that values shared learning, views challenges as opportunities, and promotes the exchange of experiences among members. This not only aligns with the RVN principle of Striving Towards Equilibrium, accepting that challenges can lead to valuable learnings, but also fosters a sense of community and shared purpose within the RVN., accepting that challenges can lead to valuable learnings, but also fosters a sense of community and shared purpose within the RVN.

Regular Revisions for Adaptation: Commit to routinely revising network processes, policies, and practices based on learning, upholding the principle of Dynamic Innovation. Consider adopting adaptive management principles, with a guide from Pact available <u>here</u> to download that provides an introduction and a full toolkit with examples and templates that can be tailored.

Advocate for and Adapt the RVN Model: Beyond internal learning, share your RVN's experiences, successes, and lessons learned with the broader regenerative agriculture community, through the Growing our Future collaborative platform and beyond. This act of advocacy and knowledge sharing can serve to inspire and guide others, reinforcing the need for models within regenerative marketplaces. By actively sharing the RVN model with the community, valuable insights, recommendations, and suggestions can be received and integrated into the specific model in action. This collaborative approach strengthens the adaptive and decentralized nature of the RVN, allowing for continuous improvement and evolution based on shared knowledge and collective wisdom.



What is still needed to demonstrate the viability of the RVN model?

As the path towards a regenerative marketplace develops, this implementation guide's role is to serve as a compass, guiding collective efforts and actions. Nevertheless, this implementation guide does not provide the entire solution. While it does provide a framework to begin the journey towards establishing decentralized RVNs, further refinement and exploration is needed to fully realize this model. Certain aspects of model development and implementation warrant additional attention:

Implementation Strategy: A detailed roadmap that delineates the step-by-step process, timeframes, required resources, potential challenges, and key stakeholder roles in implementing the RVN model would further solidify the application of this implementation guide.

Demonstration or Pilot Project: Concrete examples demonstrating the decentralized application of the RVN model, either through real-world case studies or hypothetical scenarios, would provide a tangible illustration of the model's feasibility and effectiveness.

Evaluation Metrics: While we've outlined the need for impact measurement, and released <u>initial recommendations</u> for certifiers to measure social outcomes when designing and implementing standards, future work should focus on defining more precise metrics tailored to the specific goals of Regenerative Value Networks specifically, and regenerative agriculture more broadly.

Communication and Marketing Strategy: Beyond internal network communication, there is a need for strategies to raise awareness about the RVN model externally, persuading key stakeholders of its merits, and maintaining engagement throughout implementation.



Conclusions and Next Steps

"Connections create value. The social era will reward those organizations that realize they don't create value all by themselves. If the industrial era was about building things, the social era is about connecting things, people, ideas." —Nilofer Merchant

The Growing our Future community and others in the US food system have repeatedly confirmed the real disconnects and barriers that buyers and sellers face, when attempting to buy and sell regenerative products through the conventional supply channel models. It's a clear indication that the current model needs to pivot. The marketplace is where regenerative agriculture and commerce intersect, and it's here that change must happen.

The RVN model, and its supporting Pillars, offer an exciting opportunity to fundamentally reimagine the traditional supply channel model, in a way that's both aligned with, and helps to proliferate, regenerative principles and approaches. RVNs emphasize collaboration, shared value creation, and the holistic well-being of participants, fostering a regenerative marketplace that benefits society, the environment, and the economy.

The call to action following from this exploration is as clear as it is compelling: collaboration is key. People and communities in the food and agriculture system are invited to use the RVN model, test it, refine it, and together, mold the framework of a regenerative, resilient, and equitable food marketplace. The intention of the RVN model is not to be a rigid blueprint, but a living, breathing decentralized model, designed to grow, adapt, and evolve through learning. Now is the moment for concerted collaborative action, a time to rethink the food marketplace and reshape the way the actors in the food value network relate to and work with each other.

If this vision sparks your curiosity and you're intrigued by the potential of implementing this model within your food network, we invite you to reach out. Given the urgency of our climate crisis, we need to rapidly test the limits of what's possible, to challenge the status quo, align on our shared goals, and to help advance a regenerative marketplace. We welcome you to this exciting and necessary endeavor, as we redefine our food systems, and in turn, our world.

This toolkit was developed by the **Growing our Future** initiative in 2023. For more information or to join our work on **Pathways to Market**, led by **Valentina Toledo**, please <u>contact Valentina</u>.

