



# Summary Brief

Meeting of the Impact Investors Living Lab – 23 February 2023

This Brief summarizes discussions held in the February 2023 Food Trails Investors Lab meeting, as well as a look ahead to the next meetings and outcomes from the Investors Lab. The February monthly meeting covered the topic of "scaling sustainable food system finance—enabling policies, investment strategies, capacity building."

We opened with a review of key takeaways from the [January meeting](#).<sup>1</sup> We focused on four insights, in particular:

1. Urban planning shapes local food environments.
2. Public procurement can serve as an anchor and a catalyst.
3. Key points of leverage can be highly informal.
4. Public procurement can incentivize formalization.

Each of these takeaways from the January discussion points to the need for an integrated and holistic approach to food systems transformation in urban communities, with public policy creating conditions for expanded investment in new and more sustainable business practices.

1. Impact investing is not exclusively the domain of investors and financial decision-makers. Food environments are full of critical entry points for innovative enterprises, and for investors ready to support innovative business models and improvements to the quality of food products and services.
2. Because food environments, physical infrastructure, and the relationship between business models and quality of life, offer opportunities for targeted and transformative investments, public procurement can guide the hand of the market, signaling known good practices and reinforcing indirect incentives.
3. Food systems with the most opportunity for transformational intervention may be shaped by informal economic relationships and cultural forces. That informality is a barrier to rapidly scaling investment, but the right response creates conditions for impact investors benefitting from targeted de-risking.
4. Consistent and focused public spending, can provide effective market guarantees to producers, distributors, retailers, and to consumers. The effect is a clear incentive to formalize activities that would otherwise be harder to verify, measure, de-risk, and support with new investment.

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<sup>1</sup> Find a detailed overview of the January meeting here: <https://good.ctzn.works/impact/b/1DEC4333-3636-4397-89C1-223E98E2903E/January-Investors-Lab-Meeting-Overvi>

This brought us to a reaffirmation of the insight that impact investing in urban food systems can only reach transformational scale when operating within an ecosystem of enabling policies and collateral financial support.

We then opened the discussion on the role of business angels as enablers of transformational enterprise, by noting that integrated approaches can accelerate action at multiple points of leverage to drive change.

## Presentation & Discussion

Abel Fernández, EU Project Manager for the European Business Angels Network ([EBAN](#)), addressed three interconnected questions:

1. **Multi-level policy action:** What can be achieved on city/municipal level?
2. **Enabling environment:** What types of policies need to be in place for impact investors to thrive?
3. **Cooperative scaling:** What do cities need from investors? What do investors need from cities?

Abel Fernández explained the role of business angels as enablers of investment for impact, while supporting innovative start-ups and providing opportunities for bringing good practices to scale.

On multi-level policy action, Abel highlighted the importance of cities when it comes to impact on local systems, including areas where policies can be developed, such as incentives for impact investors (tax breaks for investment), or establishing requirements for businesses to report on where companies are filling requirements to city metrics. Also engaging investors in city level policies is important. Also time horizons should be aligned. Subsidies and budgets can take years to be developed while Angel investors take decisions on investments in a much shorter time frame, but need the security that policies will be developed and continue for some time.

Abel described multiple barriers to investment from the point of view of angel investors. The first is that investors don't find suitable investment opportunities; or that investors do not see where businesses want to go and lack clear business plans. Another challenge is the lack of market infrastructure, making it difficult to track the impact of a newly established policy. Finally, cultural approaches might also influence perceived conflicts of interest and challenges in aligning private money with city or regional policies.

In order to scale positive impact investments, models for creating consistent guidelines and standards for measuring impact need to be established. These can also attract investors as trusted frameworks. Impact investment is strongly driven by ethical beliefs, and these should be clear and monitored.

The ethical beliefs that drive impact investment activities provide purpose and enabling conditions for shepherding new businesses through the challenges of going against market forces. They also serve as a natural reservoir of information that can be used to shape the multidimensional metrics required to reveal the higher value of the impact-oriented business activity, as compared to the market standard.

If cities target and define areas for investment, this will also create clear targets for investors. These need to be clearly defined, with specific areas in need of investment – specifically setting up a long-term strategy and defined areas of impact. As local or national needs may change, investors are looking to ensure long-term investment.

Finally, Abel pointed to local differences in impact investing; for example, German, Dutch, and Spanish governments are pushing for agri-tech ecosystems, including policymakers, investors and start-ups in their plans.

## Key takeaways

The following is a list of key takeaways emerging from the presentation and discussion in the 23 February meeting of the Lab. These, along with insights emerging from other Lab sessions, will inform the *Roadmap for Scaling Impact Investment in Urban Food Systems*, by shaping the overall strategic narrative, including core principles, and by pointing to concrete examples of leadership and emerging business strategies.

1. Early-stage ecosystems are full of opportunities that are harder to find elsewhere. They could benefit from a political roadmap to prioritize investments and align with city policies.
2. Early stage opportunities tend to require specialized financial support, situation-specific risk-taking, and targeted de-risking strategies.
3. Aligning investor objectives with intended impact, known and emerging good practice, may require an integrated approach to measuring performance.
4. Angel investors can provide critical leverage before other options become available, bridging the gap between high-risk immature market dynamics and the more reliable investable opportunities that come with a mature market environment.
5. Enabling policies can support early delivery of investment aligned with the mission, strategy, and intended outcomes of innovative enterprises.
6. Digital technologies can help to connect local policy-makers to the necessary knowledge to support and de-risk early investment.
7. Distributed ledger technologies, like Blockchain, are being used to connect supply chains. This can lead to better information about which actors use which practices, and support investments that enhance and secure supply chains.
8. De-risking, informed by integrated performance metrics, can support expanded investment for impact, with inclusive outcomes.

## Capstone Meeting

The Capstone Meeting for the Food Trails Impact Investors Living Lab will take place on Thursday, 23 March 2023, from 14:00-15:00 CET, as a public webinar.

- The Capstone Meeting will focus on review of the draft Roadmap for Scaling Impact Investment in Urban Food Systems—outlining impact investor types, exploring

emerging ways of assessing non-financial impact, and detailing tools and strategies for mobilizing food system impact investment.

- Event details can be found on the Food Trails [website](#), and on the registration page: [https://us06web.zoom.us/webinar/register/WN\\_hY\\_j8w6bRB6PiEyofqXY8g](https://us06web.zoom.us/webinar/register/WN_hY_j8w6bRB6PiEyofqXY8g)
- Timing note: From March 12 through March 26, 2023, the United States will be one hour closer to Europe, due to different start dates for daylight savings. Please plan accordingly.

### **About the Food Trails Impact Investors Lab:**

In 2022, Food Trails invited impact investors to participate in the project's [Investors Living Lab](#), together with municipalities. The Investors Lab has served as a monthly opportunity to exchange on and shape the impact investment environment in urban food systems. You can find the Impact Investor Living Lab meeting schedule, as well as previous meeting topics and notes on: <https://good.ctzn.works/impact>

Get in touch with the coordinating team at [investorslab@eatforum.org](mailto:investorslab@eatforum.org)

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