

Summary Brief

Introductory Meeting – 24 Feb 2022

Key takeaways

On Thursday, 24 February, we held an Introductory Meeting for partners and participants in the Food Trails Impact Investors Living Lab. We examined key challenges and stakeholders insights related to mobilization of impact investment for city-level food systems transformation. Participants shared “dream scenario” future visions, emerging opportunities for action, and known barriers to progress.

Among the key takeaways from the discussion, we heard:

- Food systems as lever for health, wellbeing, climate action and sustainable business in cities;
- Impact investment, apart from a financial tool for these environmental and social outcomes, is a new model for the public sector to engage in sustainability issues;
- Promising use cases are observed using social impact bonds and digital business models for impact and value creation;
- More coordination is needed, to allow cities to optimize their role in leveraging incentives to ensure impact investment helps bring healthy food and sustainable practices to scale, in a way that is accessible for a range of communities.

Food is a clear point of entry for impact investment at scale, as it is a non-optional consumer item, infused throughout our everyday lives, and around which cities and communities are built. Local economic development rooted in healthy, sustainable food systems, can support better outcomes, across a number of the Sustainable Development Goals.

Impact investment is a new model for the public sector to engage in sustainability issues. Highlighting examples of leadership—which might be replicated, and which might exemplify a new investment, development, and food sector narrative—could be a priority for this Lab. It’s important to note that food drives health, and healthy communities are a source of resilience against shocks like the novel coronavirus pandemic.

There is a paradox at the heart of the food system: Many consumers would like to have sustainable food that leads to better health, but this is not what the everyday economy presents them with.

- In some ways, the market incentive is to surround people with unhealthy choices and use ads that direct them to those choices.
- Prices also direct people away from healthier, more sustainably produced food.

- The right approach to food system transformation should help to create scale, reach, and accessibility, so healthy food is more common, surrounds people every day, and is affordable.
- Cities can play a role in leveraging incentives, to ensure impact investment helps create scale, reach, and accessibility.

More than ever, there is the need to facilitate the flow of major investment to priorities that will allow us to secure a more livable future. Seizing this opportunity at the city and community level means small businesses need to be able to seek and secure funding.

Specialized COVID relief and recovery funding, and incentives for health-building sustainable food systems, could give municipalities leverage to unlock impact investment. The Lab could examine use cases, strategies and instruments, and a broader narrative about how food systems can build back better from the COVID crisis.

Coordinating incentives

A core question is how to coordinate incentives so that market dynamics solve this problem and unleash private capital to bring healthy food systems to every community. We know we'll need:

- Responsiveness to people's desire for better outcomes;
- Efforts to reduce food insecurity by combatting food loss and waste;
- Development of circular economy business models, including the value-chain contributors that make those business models possible;
- Programs that help communities organize to set their own goals and make it easier to achieve them;
- Aligning local food systems policy and investment with existing food initiatives;
- Transparent evaluation of the performance of public agencies;
- Cooperative impact investing as a way to measure that performance;
- A reimagining of basic services that receive support from national budgets, so better food outcomes can have more reliable and sustained support.

Emerging Opportunities

Looking at emerging opportunities, we considered:

- National Food Strategies like the upcoming National Food Strategy in UK, including Dynamic Procurement;
- Philanthropic funding to shorten supply chains (e.g., [Dixon Foundation's to shorten and improve Food Supply Chains](#)) or to create software platforms to make it really easy to find and buy local food;
- Funding through instruments such as social impact bonds that works at multiple levels, to fill in gaps in scale and create healthier circular supply chains;
- City programs that focus on capturing these overlapping and diverse incentives and investment flows;
- Alignment with digital partners to develop an upgraded overall logistics strategy;

- Food systems innovation as a way to develop and diversify local wealth creation;
- Virtuous feedback loop between local economic development, national goals and investments, and improved local conditions for sustaining health-building food systems;
- Emerging tools and metrics for identifying opportunity across differing degrees of readiness.

Barriers to progress

What stands in the way of mobilizing impact investment? We heard views from various stakeholder and investor perspectives, including:

- Many valuable and innovative efforts underway are not aligned enough, don't have a coordinated focus, and are hard to track;
- Insufficient understanding of relationship between food, health, and decision-making that conditions the health impact of local food systems;
- Food policy not sitting on top of the agenda, above all other areas, despite its impact on health and quality of life;
- Lack of clarity and alignment slows down delivery of investment for desired impact;
- Need for improved systems for identifying need and matching impact investment to the opportunity;
- Need for improved visibility, where high value of investment in better food outcomes is made clear to stakeholders, decision-makers, and investors;
- Need to reimagine cities as food system investors and market influencers, and to make policy that enhances that role;
- Limited food policy budget, or scattered public budget items concerning food in cities like e.g., cafeteria budgets, food procurement budgets that are hidden under various budget headings.
- Lack of clarity among big banks about where, how, and for whose benefit they would make targeted food-system impact investments.

Changing consumption habits

Consumption-side perceptions were also cited as a barrier to unlocking major flows of impact investment. Restaurants and retailers often worry that healthier food will sell less, because of the conventional wisdom that it will cost more and people won't enjoy it as much.

There are specific actions cities and investors can take to change this thinking, including:

- Getting familiar with a long-term vision for a health-building sustainable food system where the best food, as commonly accepted, is healthy, tasty, and affordable;
- Developing the narrative and marketing around that vision that creates market demand;
- Making significant new flows of capital available to realize that vision, so small businesses are drawn to the opportunity;
- Coordinating across areas of work, to reduce friction and maximize opportunity.

Ultimately, urban food systems success can only happen when we have succeeded in surrounding consumers with better choices. Looking at the barriers and opportunities above as a way to mobilize urban food systems finance, a logistical question was raised: What are the

(city) budget items like cafeteria procurements, food checks, restaurant expenses, etc. that concern food policy? Which budget items, which interventions, will take immediate effect, and which will have effects 5, 10 or 20 years later?

A time-defined map of city budgets, valuing cascade effects, and building on each good outcome, can lead to a richer pipeline of opportunities for impact investment. Understand the good time to introduce change. For instance, the City of Milan worked with the budget department and realized that there are also food budget lines in different city departments (e.g., canteens). In 2022 the city is reshaping the contract for canteen procurement for 20 years where there is potential to intervene for better food system outcomes. Participants suggested examples of leadership in this area should be included in the Lab's work.

The next meeting

For the 24 March meeting of the Investors Lab, we will cover:

- House Rules for the Investors Lab
- Participants' aims, capacities, and expectations regarding urban food systems impact investment
- Review of this summary brief, with discussion toward impact functions, measurement framework
- Review of the Lab's March 2023 Deliverables and sharing of views

A detailed agenda will be shared in advance of the 24 March meeting.

To share your responses or recommendations, or to request a bilateral meeting, to feed your insights into the next meeting, please reach out to the organizing team at:

investorslab@eatforum.org



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