



## Summary Brief

Meeting of the Impact Investors Living Lab – 26 January 2023

This Brief summarizes discussions held in the January 2023 Food Trails Investors Lab meeting, as well as a look ahead to the next meetings and outcomes from the Lab.

The January 2023 meeting of the Food Trails Impact Investors Living Lab focused on the question of: **How can investors develop products to align with a city-specific or city-region food strategy?** The presentations and discussion detailed potential financial and intermediary services, and enterprise outputs that fit into a food system value chain, improving outcomes in local or regional contexts.

### European Centre for Development Policy Management (ECDPM)

**Francesco Rampa and Daniel Adeniyi** presented lessons from Kenya and South Africa, regarding the realignment of incentives for investing in urban sustainable food systems. Both experiences reviewed emphasized unique local challenges and strategies designed to harness local capability and address those challenges directly.

#### ***Nakuru County, Kenya***

In the case of Nakuru County, Kenya, Francesco Rampa reviewed the experience of an FAO-ECDPM project in AgrInvest Food Systems.<sup>1</sup> The project focused on the need for a more reliable supply of healthy food. The solution at work in this project involved leveraging existing production of indigenous vegetables, to provide a more stable foundation both for food security and for rural development.

There is a very high level of informality in urban-rural interactions in Africa generally and in Nakuru County specifically. This presents challenges specific to informal economies, but it also reflects a wider challenge in the work of expanding investment for sustainable food systems transformation: a lack of data. Filling the data gap requires formalizing certain aspect of the local food economy, which in turn requires incentives, tools and technologies, capacity-building, and investment.

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<sup>1</sup> The Nakuru County AgrInvest-FS project is outlined in this joint FAO-ECDPM report: <https://www.fao.org/documents/card/en/c/cc1028en>

The mutual incentives, between food producers that can benefit from market guarantees and urban markets that need affordable food that can be procured locally, played a key role in the Nakuru County project.

- Public procurement could be used to signal the investment environment was being actively de-risked.
- It was also a way to provide market guarantees for producers; policy could be set to match the agreement to purchase the indigenous vegetables in question.
- The indigenous vegetables themselves were also a form of material de-risking, given they were more resistant to soil erosion, crop failure, and climate risk.
- Hospitals and schools could benefit from the improved access to quality, affordable produce, and their involvement further secures the formal market.
- These opportunities send the signal to investors that financing this particular food system transformation action is a way to secure return on investment.
- Equity Bank Kenya became interested in supporting as the value chain become more formalized, and reliable data started to emerge.
- Because producers were guaranteed a market, their active participation in the more formal arrangement was much easier to achieve.

The Nakuru County case<sup>2</sup> shows coordinated and cooperative de-risking, structuring public-private partnerships to support mutual gains and resilience co-benefits, and providing incentives to formalize business relationships, can produce the data, the investability, and the material benefits needed to catalyze new impact investment in urban food systems.

### ***Cape Town, South Africa***

Daniel Adeniyi focused on the experience of Cape Town, South Africa—specifically in the context of urban planning. There are very significant ways in which urban planners can help to shape food environments, providing points of entry for healthy, sustainably produced foods and points of access for people to purchase that food in the flow of their everyday lives.

The clearest challenge Daniel cited in the Cape Town case was the sense urban planners have that their official mandate is too narrow to allow them to fully support improved urban food systems. Critical enhancements to urban planning processes, and related policies and budgets, can make it easier for investors to navigate risk and invest in the transformation of urban food systems.

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<sup>2</sup> ECDPM also published a paper outlining how policy-makers can navigate difficult choices and trade-offs in using policy and procurement to de-risk innovative food systems interventions: <https://ecdpm.org/work/understanding-and-managing-trade-offs-in-food-systems-interventions-the-case-of-nakuru-county-kenya>

Transport infrastructure is one area where urban planners can change conditions in day-to-day human experience to improve food environments. Expanded and diversified thinking in the urban planning process around public transport stations, highways and other roads, can facilitate access to markets—making it easier for producers to get their produce to market and for residents to access those markets and the food they make available.

The impact of transport infrastructure on food environments extends to taxi ramps, traffic interchanges, and other structural design elements that direct people to specific spaces, or away from them. This can make the difference between a community having ready, affordable access to healthy, sustainably produced food, or not. It can also determine which small and medium-sized enterprises (SMEs) enjoy what level of business opportunity, or whether they are marginalized in favor of chain supermarkets and other “big box” retailers.

Urban infrastructure, transportation, and building codes, can also determine how much cold storage is available, and to whom, and at what price. This can have a direct impact on whether less affluent and underserved or unbanked communities can expect ready affordable access to healthy, sustainably produced food.

A key solution is to maintain continuous engagement with city officials, to expand the mandate of urban planners, and to prioritize infrastructure decisions that will make it easier for smaller-scale producers and less affluent communities to connect to a more sustainable, and integrated, food system.

## Wageningen University & Research

**Dr. Muriel Verain** presented insights on harnessing the potential of public procurement to support the protein transition. She laid out the benefits to human health, animal welfare, and the planet, that come with a protein transition from a diet that prioritizes animal-based proteins to one that favors plant-based proteins.

The core insight was that public food procurement can be a game-changer—shifting the dynamics of risk and impact, to drive a shift in investor expectations and market behavior. Dr. Verain highlighted the specific mention of public procurement practices that foster sustainable outcomes, in Sustainable Development Goal 12 (Sustainable Consumption), Target 7.

Some of the barriers to transition include: routine behavior, lack of enabling policies, and fear of consumer resistance, which is often misplaced. These barriers are exacerbated when there is a lack of supply of healthy, sustainably produced foods. Public procurement can be used to change these dynamics, shift market expectations, and de-risk new food system investment opportunities.

To carry out protein transition within an institution—public agency, commercial entity, or food retailer—it is important to start up and sustain motivation at all levels of the organization. For caterers, this can be especially challenging, as everyone needs to be confident of the value of the new food offering.

- Ambassadors of the new approach are required, to provide clarity and to embody and celebrate that motivation.
- Engagement is crucial: people need to feel consulted and involved, so their concerns are addressed in a coordinated and up-front way. This reduces both personal fear of change and concerns about wider resistance within the institution or among consumers.
- Tasting events can be a way to build familiarity and reduce “food neophobia”.

Financial measures are also essential. Integrating a “true cost” approach can make hidden costs visible, making it easier to see the higher value of sustainable food products and practices. Public policy can be used to spread awareness of true cost, or to build that cost into unsustainable food products. Subsidies and other incentives can reward actions that move toward the overall shared protein transition goal.

Best practices depend on knowledge. Who is the arbiter of knowledge? Does it come from experience? Whose experience? How predictive is that information of the behavior of other groups? When science shows there is a need to evolve business focus and practice, is the financial support there to echo the signal in the science?

Public procurement—aligned with policy, providing rewards for better practices and healthier outcomes, and steering investment toward key leverage points for transition—can remove barriers, whether they are cultural, psychological, or structural, and support an overall shift in market expectation and behavior.

## Key takeaways

An overall review of insights shared by the presenters and the Lab participants leads to the following key takeaways, across a broad thematic spectrum:

1. Healthy, sustainable food systems are a useful frame for integrating policy across national and local development needs.
2. Urban planning shapes local food environments, and can be a mechanism for ensuring delivery of more integrated supply chains that result in more affordable access to healthy, sustainably produced food.
3. Local and region-specific foods can be a critical mechanism for guaranteeing market access for growers and food access and affordability for communities.
4. Assessing the overall dietary balance, and aiming for a specific generalized transition (from 60/40 to 40/60—whether meat/veg, conventional/organic, or global/local) can be a useful target.

5. Public procurement can serve as an anchor and a catalyst; other parallel or sequential financial interventions should be leveraged to maximize impact.
6. Investing for impact is a community affair, requiring a network of actors whose interests intersect and build on each other.
7. Incubators, accelerators, and start-up capital need policy support, to reach the scale needed to out-compete incumbent or dominant food system actors or business models.
8. Food system interventions are better positioned to succeed if they are attuned to local custom, culture, needs, and capabilities. Pathways should emphasize the value of these local considerations. Cities, counties, and regions, therefore have a critical role to play in national food system transition pathways.
9. Indigenous vegetables, which have evolved within local ecosystems and non-industrial growing conditions, can reduce risk throughout the value chain, with lower likelihood of crop failure, better resilience against normal changes in weather, and a more stable market for local consumption.
10. Public policy and financial incentives, as well as assistance to SMEs and start-ups, can be shaped to make use of this risk reduction potential.
11. Food system enterprise actors across the value chain often respond first to the perceived barrier of low uptake and acceptance of new foods or practices.
12. Policy action, including public procurement measures, to reduce both a) actual consumer resistance and b) the perception of consumer resistance, can help to accelerate food system innovation and investment in the relevant production and enterprise activities. (The marketing to ensure motivated consumer transition behavior cannot be left only to enterprise actors; public service messaging and consultation should play a role.)
13. Many points of leverage in food systems, especially in lower income developing countries and regions, are informal or semi-informal.
14. Public procurement can incentivize formalization, which can make a greater number of leverage points visible to both policy-makers and investors.

## Next Meeting of the Food Trails Impact Investors Living Lab

Thursday, February 23, 2023 – 15:00-16:00 CET

### ***Scaling sustainable food system finance – enabling policies, investment strategies, capacity building***

Creating opportunity is one part of a broader process; tracking impact and bringing favored practices and outcomes to scale requires careful sequencing of actions in the short-, medium-, and long-term timeframes.

We will also review a discussion draft of the *Roadmap for Scaling Impact Investment in Urban Food Systems*.<sup>3</sup>

## 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 upcoming Impact Investor Living Lab meeting schedule, as well as previous meeting topics and notes on: <https://ctzn.earth/impactlab>

To take part in future Investors Lab meetings, get in touch with the coordinating team at [investorslab@eatforum.org](mailto:investorslab@eatforum.org)

*The FOOD TRAILS project has been funded by Horizon 2020 Grant Agreement n.101000812. Find out more: <https://foodtrails.milanurbanfoodpolicypact.org>*

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<sup>3</sup> A condensed overview of the draft is available through the [Overview Calendar](#) or directly at <https://www.craft.do/s/r3hB3LYWsd1sQU>