



# Summary Brief

Monthly Meeting – 7 July 2022

## Background

The 7 July 2022 meeting of the Food Trails Impact Investors Living Lab focused on two topics related to expanding impact investment in cities:

1. Policy frameworks for mobilizing impact investment for sustainable urban food systems
2. Establishing data and information needs (and strategies) for effective impact

## Topic 1: Policy frameworks for mobilizing impact investment for sustainable urban food systems

### ***Guiding Questions***

1. What frameworks or tools do you use to evaluate projects? What is the importance of food in these evaluation frameworks?
2. Are food investments “in competition” with other goals? Can food goals be combined with other municipal or commercial goals?
3. Can commercial investors use food screening criteria? Which ones?
4. How might food screening criteria fit into the general credit scoring framework for loans?

### ***Discussion Summary***

First, we looked at a Theory of Change approach to understanding stakeholders' needs and priorities, shaping goals at different timescales around what they aim to achieve and what elements are in place. In the case presented, the 11 Food Trails cities used a layered impact evaluation approach, used as a tool to evaluate progress. Impact investors tend to rely on similar approaches, which suggests that Theory of Change is also a tool for communication between investors and cities.

The cities have technical support in aligning long-term goals with impact indicators. Mid-term goals can be seen as success criteria, both internally for political support, but also to share progress with citizens. Food Trails organizes city-to-city workshops to help evaluate their impact in line with their theories of change and shows the willingness of cities for open dialogue around their plans, a prerequisite for impact investment.

As part of the discussion, an impact investor asked how cities choose their focus, in terms of measuring food system impacts. Local political support and municipal commitments, as well as

linking to larger regional frameworks, such as the EU's Food 2030 priorities can steer a city's focus. However, citizen and stakeholder initiatives can also influence a city's work for sustainable food systems.

It was agreed that impact evaluation would be helpful and guiding for investors when looking at projects. However, investors do not necessarily look at specific indicators, but rather use their own theories of change, and look at the project's idea and how impact will be measured. Nonetheless, 'carbon' is a popular domain of impact.

- Projects which have public support and market viability, which have received other types of funding previously (seed funding, angels, venture capital) are more appealing to institutional investors. For instance, they can use public grants to improve their products and make them scalable.
- For a city to attract investment, crowdfunding can also be a first step and help show value from the public's point of view.
- Investors can come in when the project or product is scalable – often at this point a business innovation can no longer benefit from public financial support.
- Certain municipalities also have specific departments working on the feasibility of projects and requirements for investors, for example: having a management plan attached to an investment, with priorities including job creation, opportunities, budget efficiencies.

## Topic 2: Establishing data and information needs (and strategies) for effective impact

### ***Guiding questions:***

1. What data is there on the city (e.g. ethnicity, age, income per area, food lay outs, consumer preferences, consumption patterns, health..)
2. What do we know? What data is accessible? What are we lacking to effectively reduce costs of investment in food projects? What other forms of mapping are useful?
3. What data do you have regarding your area of interest, project or impact you are pursuing? What data do you miss?
4. What kind of "transaction enablers" could municipalities use?

### ***Discussion Summary***

For the second topic of our July 7 meeting, we began with a presentation on the experience of the City of Milan in mapping its budget to the SDGs. This included insights into the overall structure and organization of the Milan city budget, as well as which departments connected to which budget items, and where there was cross-cutting or overlapping responsibility.

It is important in this kind of mapping to note how the budget process shapes the outcome and determines what can be input where, or where new resources might be dedicated to new endeavors and objectives. Each department prepares its section of the budget; the overall budget is validated by the Budget Department; the final budget proposal is then discussed and

approved by the City Council. At each stage, there are opportunities to identify inefficiencies or new ways to advance key objectives.

The complexity of the budget is itself an issue that needs attention. Complexity can leave clear opportunities for action unnoticed; complexity mapping can reveal those opportunities and help to ensure the optimal approach to allocation of resources, even when the goals in question cut across many departments.

Though food cuts across many departments—including education, environment, agriculture, economic development, social affairs, health, transport, and small business—food policy can be brought under one department, to ensure dedicated oversight, resourcing, and administration. Milan has brought food policy under the Department of Education, allowing this focus on strategic planning and implementation, while not forgetting the inherent complexity of food systems.

Milan's food policy planning is now broken into three main categories, under the wider City Plan:

- Mission 4 - Education
- Mission 16 - Agriculture
- Mission 19 - International Relations (Milan Urban Food Policy Pact)

Farmers receive little direct funding from the City, though that funding is important for supporting other objectives across the value chain. The Milan Pact receives more than 23 million euros, allowing the City to spread better food policy and practice internationally, which also helps to change incentives operating through markets and supply chains. The vast majority (more than 90 million euros) of City funding for food systems goes through school canteens.

This makes it possible to bring these three areas under Food Policy under Education, which allows the City to have a director in charge of all food-related spending. It also changes how Milan looks at assets including land and farmsteads. Philanthropy, policy, and public spending can now all align to shift incentives and create new enabling conditions for healthy and sustainable food investments.

## Key takeaways

### **1) Policy frameworks**

1. Theory of change process to generate outcome framework, noting context specific assumptions, intermediate outcomes linked to critical interventions and carefully aligned indicators of success.
2. The presentation covered a multi-dimensional systems approach, focused on four pillars: nutrition, climate, circularity, and innovation.
3. Cities can enhance transformational action by aligning 2030 goals with food systems interventions, including new outcome-oriented new services to citizens, communities, schools, and SMEs.

4. Investees should focus on their own narrative instead of being guided by the indicator framework of foreseen capital providers.<sup>1</sup> Investors choose their indicators (and may need to answer to shareholders and other financial or regulatory constraints).
5. Highly scalable technical innovations attract early investment, even pre-revenue.
6. Integration, or multistakeholder value-chain assessment, creates opportunity: growers, distributors, retailers and end-users can contribute meaningful insights for food waste reduction, and point investors to early entry points that expand overall return on investment.

## **2) Data needs and strategies**

1. Presentation examined a process of city budget mapping, connecting specific city budget line items and areas of responsibility to specific SDG indicators.
2. Budget mapping reveals which areas carry more funding, which can be most easily realigned.
3. Many sustainability goals and indicators work in a cross-cutting way, across multiple departments and teams; budget mapping provides insight into which teams should lead on which indicators, and how budget realignment might necessitate a restructuring of departments and teams.
4. Aligning resources, expenditures, teams, and intended outcomes allows for reducing complexity of policy response, without reducing reach of food system interventions.
5. It would be useful to review a range of initiatives and reports from each participating city to develop an overall picture of data needs and strategies for expanding impact investment in urban food systems.

## **Emerging questions**

1. Can policy, practice, and investment be sequenced to expand opportunity for impact investors, new business models, and community development?
2. Which stakeholders are best positioned to identify and deploy efficient scaling strategies, both within and across jurisdictions?
3. Are there best-practice strategies for budget mapping that reveal highly effective “transaction enablers”?
4. Can one department anchor new data operations that account for, link to, visualize, and build on the complexity of food systems?

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<sup>1</sup> This focus on intended domains of impact inherent to the project, enterprise, or context—rather than on indicators preferred by potential providers of capital—is crucial for the project or enterprise to develop a business model that can have integrity, remain consistent, and address operational needs. These will ultimately determine investability and scalability. Investors, policy-makers, and operators, can work to translate intended domains of impact and indicators of success, so they are in alignment.

## Next Meeting

Thursday, September 15, 2022 – 15:00-16:00 CEST

The September 2022 meeting of the Food Trails Impact Investors Living Lab will focus on

### ***Integrating healthy food and food waste reductions into business, entrepreneurship and financing models***

#### Agenda

- 5 min – Quick review of key takeaways from July meeting
- 10 min – Presentation on Key Fund experience and strategies
- 15 min – Responses and questions
- 25 min – Moderated discussion on broader session theme
- 5 min – Takeaways and next steps

Please send any responses, suggestions, ideas you wish to table or discuss, or suggested presentation topics, to the Lab coordinating team at [investorslab@eatforum.org](mailto:investorslab@eatforum.org)

The Overview Calendar for the Food Trails Impact Investors Living Lab is now available at [ctzn.earth/impactlab](https://ctzn.earth/impactlab)