



Summary Brief

Meeting of the Impact Investors Living Lab – 15 September 2022

The September 15 meeting of the Food Trails Impact Investors Living Lab focused on integrating healthy food and food waste reductions into business, entrepreneurship and financing models. We asked five guiding questions, each focused on part of the overall value chain transformation challenge:

1. **Investors** – What is the role for investors in this process? [ie. How can the aspect of healthy food be taken into account in, e.g., business plans, capacity building of entrepreneurs and financing new business activities?
2. **Demand** – Is the aspect of healthy nutritious food marketable? What if there is no market for healthy food?
3. **Opportunities** – Are there other opportunities to finance healthy nutritious food in cities?
4. **Food waste** – What programmes and initiatives do you know that are related to food and waste? How does it link to investment and what is the role of business plans?
5. **Enterprise** – Can we tweak business plans to promote healthy food investments?

The discussion opened with a review of insights from the July meeting, condensed below with relevance to the guiding questions above:

- Highly scalable technical innovations attract early investment, even pre-revenue.
- 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, which by serving community needs re-shape demand.
- 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.
- Budget mapping reveals which areas carry more funding, which can be most easily realigned, and in which areas the cities have more or less financial leverage to implement food policies.
- 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.

Rachel Veitch-Straw, a fund manager at [Key Fund](#)—an impact investment organization based in England, which issues loans and grants to enterprises that make a positive

impact—gave a on the experiences and practices of Key Fund in financing healthy food initiatives. The presentation provided operational insight into actions by impact investors to support small start-ups, purpose-driven disruptive enterprises, and community-focused initiatives that could scale if they are meeting the right need in the right way. The human aspect of intervening to shift practices across value chains may be hard to quantify, but may also be the critical ingredient impact investors need to keep in mind.

The presentation outlined a 5P approach to an investable business strategy: Passion for a Purpose, shaping the Plan needed to meet that purpose in a sustainable way, identifying opportunities for Profit from meeting an underserved need, and People:

- the people who are committed to and also suited to implement the strategy emerging from the background passion and purpose;
- the people who will be served by this new business model—the end users, clients, and/or communities in need of improved outcomes.

Considering that integrating healthy food and food waste reductions into business, entrepreneurship and financing models is not the responsibility of any one sector or actor; it is a multifaceted, multidimensional process that requires information sharing, alignment of policy and enterprise goals with better outcomes for people and communities, and financial support that rewards those who develop new business models to facilitate those better outcomes. Intermediaries such as Key Fund provide advisory services on this to entrepreneurs and channel funds from “wholesale investors” that supply the capital, into community-based projects.

When developing those new business models it is key for the impact investors to start with the purpose of the entrepreneur, which stems from the impact that an entrepreneur would like to create in terms of benefits to society. In a next step, the entrepreneur develops the business model to support that impact, resulting in a Theory of Change of the business model.

Key Takeaways

1. **Purpose** – A precondition for launching a successful innovative start-up is that it needs to be driven by purpose: What is the mission? Why is it imperative that someone who believes in that mission leads the way? If not us, then who?
2. **Empower small actors** – They are going up against structures that permeate society, culture, policy, finance, and business practice.
3. **Value** – Build a business case around the core purpose, passion, and talent of the team.
4. **Regional vs. Local** (business, policy, provisioning) – Both have specific and multiple values for building integrated, sustainable and health-building food systems.
5. **Entrepreneurial skills** are necessary – The entrepreneurs who have successfully established their business start-ups may not have the innate or proven entrepreneurial skills needed to scale this success into innovative small and medium-sized enterprises; supporting the development of these skills, within the business model built around the core purpose of the social good venture, is a critical form of support.

6. **Collaboration** – Collaborations can be vital to providing a means of support for small start-ups getting on their feet and working toward commercial sustainability.
7. **Sequencing** – Sequencing of policies, investments, innovations, and market or community activity can be decisive. Local or regional and national can happen simultaneously.
8. **Trust** – Putting incentives and new modes of support in place is not only about policy precision or sequencing and coordination. Activating those incentives involves building trust. People are naturally suspicious of debt finance; education is the bottom line, if we want to invite, mobilize, and make real a coordinated, system-disrupting transition, where investors, practitioners, and stakeholders can mutually benefit.

Building on Previous Discussions

These key takeaways connect to critical areas of work identified by previous discussions in the Lab's monthly meetings. We describe in brief some of these connections, to highlight details of the Roadmap for Scaling Up Impact Investment in Urban Food Systems Transformation, which will be an outcome of this Living Lab.

- **Target mapping** – By setting targets, sequencing them in parallel, in connection to commonly required resources, and by linking them to areas of responsibility across city institutions, critical action details become apparent. This can shape policy priorities and commercial activity, and create conditions for a faster transformation timeline.
- **Budget alignment** – Linking sustainability and food system transformation targets to line items in the city budget provides opportunities for coordinating and optimizing areas of responsibility and for more efficiently allocating public resources to outcome-oriented procurement practices.
- **Leveraging national policy** – As national governments create action strategies around climate change mitigation, adaptation, and resilience, and to foster health-building sustainable food systems, cities and financial actors can leverage new incentives to optimize flows of capital into the creation of better, healthier urban food systems.
- **Scalability** – Scaling new business models with social impact takes time. It depends on entrepreneurial skills and how disruptive the business model is for the existing market. The more disruptive it is, it is more likely that there will be an opportunity to upscale the model.

Next Meeting of the Food Trails Impact Investors Living Lab

Thursday, 27 October 2022 – 15:00-16:00 CEST

The October 2022 meeting of the Food Trails Impact Investors Living Lab will focus on the question of:

How can investors develop products to align with a city-specific or city-region food strategy?

Detailing potential financial and intermediary services, and enterprise outputs, that fit into a food system value chain, improving outcomes in specific local or regional contexts. In the meeting, the city of Groningen City will introduce food wallet, a mobile app-based technology.

The presentation will introduce the wallet's relevance in Groningen's food strategy, its design and how e-wallet can be used to change food behavior. The lab is expected to discuss how innovations such as e-wallet can be used to channelize public and private investments in urban food policy.

Agenda

- 5 min – Quick review of key takeaways from July meeting
- 10 min – Presentation on the Groningen food wallet
- 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