



Report

ROADMAP FOR SCALING IMPACT INVESTMENT IN URBAN FOOD SYSTEMS

Findings from the Food Trails Investors Living Lab



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EXECUTIVE SUMMARY

1. Statement of Purpose

The Food Trails "Roadmap for Scaling Impact Investment in Urban Food Systems" is aimed at municipalities, investors, innovators, and small and medium-sized enterprises (SMEs) across food value chains, to enable decisions that allow the expansion and acceleration of investments to support food systems transformation.

This Roadmap aims to bring an investment perspective to urban food policy, acting as a resource for municipalities and other urban food systems actors to integrate impact investment in food systems and policymaking, and enable investable opportunities, as well as sustained partnerships.

2. About the Food Trails Investors Living Lab

Food Trails, a four-year EU-funded Horizon 2020 project (grant n. 101000812), brings together 19 partners to enable the shared design of pilot activities in 11 cities across Europe.

The pilots will create a body of evidence to support urban food policy developments in the participating cities. One of the core objectives of Food Trails is to increase the connections among innovative entrepreneurs, policymakers and investors within cities, fostering an exchange of knowledge and information.

In 2022, the Food Trails project invited experts, investors and financial actors to participate in the Investors Living Lab, together with the project's partner municipalities. Through monthly meetings and exchanges, the Investors Lab addressed 8 themes to explore insights and experiences on topics linked to impact investing in urban food systems.

This Roadmap is a result of key findings from the Investors Lab, and also builds on discussions with global stakeholders held at other events, including at the 2022 World Economic Forum and a 2023 Eurocities event in Brussels.

3. How to read this Document

This document is structured around the 8 themes covered in the Living Lab. Each theme is explained in the context of investing for food systems transformation and treated as a segment of the urban food systems impact investing value chain, with practical tools or real-life examples.

4. Glossary

- **IMPACT INVESTING:** investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return (source: [GIIN](#)).
- **FOOD SYSTEMS:** the range of actors and activities involved in the production, processing, distribution, consumption, and disposal of food products from agriculture, forestry, fisheries, and food industries, and the broader economic, societal, and natural environments in which they are embedded. (Source: [European Commission](#)).
- **FINANCIAL SERVICES FIRMS:** businesses focused on providing structured financial arrangements, credit and lending, and the opportunity to invest in other businesses through securities, bonds, and other financial instruments.
- **RETAIL INVESTORS:** an individual or nonprofessional investor who buys and sells securities through brokerage firms or retirement or pension accounts, or bundled funds.
- **INSTITUTIONAL INVESTORS:** broadly defined as entities that make investments on behalf of others; can include public agencies, pension funds, national treasuries, also large mutual funds, insurers and reinsurers.
- **BOUTIQUE INVESTMENT FIRMS:** small investment companies, often focusing on a particular sector, or desired outcome, including those smaller firms focused on specific areas of intended social or environmental impact.
- **VALUE CHAIN:** a set of interrelated activities that add value to the product or service offered by an organization. (1)

(1) Please see a more detailed discussion on value chains in Porter (1985)

5. Key Messages

- **Investing for impact** can best reach scale when there is coordination (formal or informal) between key actors across policy, finance, and value chains.
- **Urban food systems** present unique challenges, including the complexities of local food culture and how food environments are shaped and valued.
- Impact investing creates opportunities for expanding the reach and efficacy of **urban food policies**.
- The **suite of tools** for expanding and mobilizing impact investment in urban food systems needs to include policy, finance, and business practice innovation.
- **Inclusion is critical:** to support small-scale food systems innovators with enabling policies and impact investment, and to ensure accessibility and affordability.

6. Why Invest in Urban Food Systems

With fiscal limitations in cities and the need to sustain innovation, increased access to financial capital and services can foster the growth of urban food policy actions. Impact investment brings opportunities to both cities and investors. Investors can tap into urban food policy actions to channel investment in transformative change towards a more sustainable world. Cities can leverage the impact investment process to sustain food policy actions, in particular when it comes to scaling actions that have benefited from public initiative and funding to get started.

Improving food systems to avoid unnecessary risk, harm, and cost, is imperative to achieve sustainable food security, sustainable nutrition and human health, and economic and fiscal stability. To unblock avenues of change for modernizing and improving urban food systems, investing for impact will be critical.

Cities—as major concentrations of people and economic activity—are important local food systems, where the inefficiencies of the wider value chain are concentrated and magnified.

Impact investing can be a way to drive positive change quickly and set the stage for broader transformation. The increasingly urgent need for food systems transformation points to a need for impact investing that not only starts the process of innovation, but supports start-ups, non-profits, municipalities, and businesses that can serve local needs and bring new food solutions to scale.

7. Defining Investment for Impact

What do we mean by investing for impact? The Global Impact Investing Network ([GIIN](#)) defines impact investments as:

“Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.”

Impact investors may self-identify, according to the area of positive impact they wish to support. In the Investors Lab discussions, we found it important to make room for a broader range of actors who might invest to achieve targeted impact, without necessarily self-identifying or being labelled an ‘impact investor’. An investment for impact is an investment that limits negative environmental, health, and socio-economic externalities (hidden costs), or creates positive ones (co-benefits).

Through real-world examples explored in the Investors Lab, we found that the impact investor is not an independent actor, but rather a strategic partner to change-makers, and can include investment firms, municipalities, or other actors investing in local innovative activities, enabling monetary flows, or supporting multi-stakeholder co-creation approaches, leading to positive food systems transformation.

A number of actions comprise investing for impact, going beyond the activities of impact investment firms. For instance:

- Food policy and municipal incentives help shape the investment environment, to either support or undermine the desired area of social and environmental good.



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- Public-private partnerships make it possible to share risk and spread opportunities across food sectors and municipalities, and to catalyse larger flows of investment.
- Because this cooperative approach is a way to spread risk and expand opportunity, co-creation can be a key driver of food systems impact.
- Community engagement allow stakeholders to identify relevant business activities, and entities that can deploy solutions.
- Existing stakeholder relationships and structures also influence the investment process; this includes the banking arrangements available, the overlapping and competing relationships between national, provincial, and municipal governments, and their related incentives and investment portfolios, and the support structure for entrepreneurs at the community level.

What is the desired impact? Urban food systems need to evolve to make room for, increase understanding of, and generate demand for healthy and sustainable products and practices.

In some contexts, this will involve cultural evolution—that brings existing food culture into a new mindset, while also bringing onboard new business models and a new market dynamic.

Specific impact domains that were illustrated in the Investors Lab include:

- improved access to healthy food and associated health benefits,
- mitigating social stigma from reliance on food banks,
- reduced food waste and related climate mitigation and resource efficiency benefits;
- enhanced community building and food sharing,
- strengthened local economies within city-region food systems from improved matching of supply and demand, etc.

Which actors play a role in mobilizing investment for impact?

As the above definition of investments for impact is broad, it expands the number of entry points for new investment that can bring social and environmental benefits. The landscape of potential investors is varied across countries and local geographies. It is unequal in richness and diversity across the EU.

Maximizing the opportunity for new impact investment will require action by a combination of the following:

- Small, boutique impact investment firms;
- Larger, more diversified firms with a focus on impact investment;
- Philanthropic entities focused on sustainable development, for instance through human health, environmental sustainability, or food systems, and delivering capacity building support for nonprofit and community-based organizations;
- Mainstream commercial banks;
- Financial services firms throughout the food system value chain, including those that do not have a stated social or environmental benefit purpose;
- Public agencies, including municipalities, provincial governments, and national governments;
- Formal supranational bodies, such as the European Union or multilateral agencies or negotiating processes;
- Policymakers at local, national, and international levels;
- Incubators and accelerators can serve an impact investing role, depending on how they are funded and managed.
- Venture capitalists and funds focused on support for innovative start-ups can have an impact-oriented mission,
- Innovators, local businesses and community actors influencing local food systems.

Food systems transformation requires agency—the ability to make decisions pro-actively, from within local circumstances—and informed decision-making across complex value chains, which can be vulnerable to shocks and can evolve rapidly due to adverse unplanned events. Many of the food systems actors whose agency needs to be enhanced, including the consumer, are often considered external to the investor’s business strategy.

To maximize the opportunity for new impact investment, a local or regional food system needs to count on the enhanced agency of communities and consumers, commercial entities, including commercial banks and major investors, and suppliers, extending all the way to the farm.

8. Sequencing of Actions for Local Impact

One of the insights which emerged in the Lab repeatedly, is the need for sequencing actions strategically over time, to catalyse the delivery of investment for impact. Local circumstances may have significant influence on what sequence of actions would most rapidly and significantly enable the delivery of investment for impact.

This Roadmap explores these themes and challenges under eight key segments of the food system impact investment value chain and provides real-world examples from the Lab:

1. **IMPACT** – what is it, and how to achieve it
2. **AMBITION** – purpose and goals rooted in a transition to sustainable food systems
3. **DATA** – tracking and informing decision-making
4. **POLICY** – to enable change
5. **PRODUCTS** – financial services, consumer products, shaping value chains
6. **SCALING** – innovation beyond local actors
7. **CAPACITY** – across the value chain, across cities but also support for community-level actors
8. **COMMUNITY** – functionally improve food systems at citizen level

We encourage readers to consider sequenced multi-track strategies, in which work proceeds across parallel areas simultaneously, with key actions taking place in sequence, to afford the optimal pace of progress across all areas.

- While we list Community last in the list of segments of the food system impact investing value chain—because policy and investment should be designed to shape conditions, rather than putting the onus on communities—there will be places where background community conditions and capabilities can be the driving force for change.
- In such cases, Capacity and Community can be a foundation for rapid development of Products and services suited to local needs, and capable of setting higher levels of Ambition; such scenarios are highly attractive for investors, so Policy and incentives should be used to encourage the desired market response.
- Cities should consider these factors holistically, at the outset, in determining what impact to pursue, how ambitious to be, over what time-frame, and with support of what Policies and Data, to drive and measure progress.

Tracking the performance of small-scale actors, coordinating targeted improvements across value chains, and delivering investment to the entities that allow improved food system performance, are all critical steps to achieving food system transformation at the level of municipalities and regions. In many places, this will mean active and targeted support for new business models, new intermediary services, and for technological interventions that have not previously been part of the fabric of everyday business activity.

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THE VALUE CHAIN

The Investors Lab examined eight thematic areas, each representing a segment of the urban food system impact value chain.

This value chain is a landscape of interacting entities, communities, individuals, and services, and is comprised of the areas of consensus-building, incentives, innovation, and direct investment, that make it possible for investment decisions to turn into real-world food systems transformation.

Under each of these broad areas of work, there are many smaller actions and everyday activities that overlap with multiple thematic areas. We treat them as segments of a value chain here, for ease of use, and to keep clear about the imperatives that must be addressed to maximize non-financial return on urban food system investments.



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1) Impact

What is it? Why do we want it?
What is required to achieve it?

Impact is an overall performance standard. An investment intended to generate impact aims to achieve specific net positive social or environmental externalities, or secondary effects, which are often not explicitly valued by the market. The impact of a project is key to attracting investment.

For example, if a municipality has a Food Policy or other relevant goals in place, when working to attract investment, it is important to include a perspective about how investment will help achieve these goals – so that investors can see the future impact of their funding. Municipalities can also attract investors without a Food Policy, and ask investors to be a partner in helping food systems change.

How municipalities define project impacts shapes the appeal to investors in acting on opportunities to drive positive outcomes.

- Where definitions of impact connect to improved personal and community experience, creating a marketing opportunity, investors can more easily see the opportunity for pursuing non-financial impact.

- Statements outlining non-financial impacts should attach to social or environmental goals, while providing clear benefits to the lived experience of people in community; urban food systems, in particular, provide opportunities for such improved experience, and become more investable as those improvements take root.
- A municipality can consider food entrepreneurs in the same way as artists: a creative force with potential to transform the city, and an engine for non-financial impact. These entrepreneurs need to be supported to transform a city's food system.



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2) Ambition

Purpose and goals rooted in a transition to sustainable food systems

Cities, communities, investors, and other actors all have ambitions that relate to intended positive outcomes from investment.

Translating ambition into goals and needs that align with existing capabilities and aspirations can represent a future return on investment.

Ambition in relation to investment for impact can mean:

- **Aspiration** – what do you aim to achieve?
- **Scope** – across what landscape are you aiming to achieve impact and transformation?
- **Scale** – what is your total intended impact over what timeframe?
- **Action** – how do you translate vision into real-world human activity and experience?

Ambition can be expressed in terms of clear targets and timelines—for example to conserve 30% of land-based and marine ecosystems by 2030 or net zero emissions by mid-century.

Ambition can also be expressed in terms of specific improved outcomes for people and communities; e.g., sustainably produced food is available to all people, regardless of income. For such an impact goal to be more useful for an investor, the investor will require relevant policy support from agencies at all levels, and the impact will have to be sustained over time. It cannot be measured simply at one moment in time.

- A food system transformation of that level of ambition would differ substantially from an operational target of a specific business, in terms of how ambition and performance are conceived and quantified.
- In the work of transforming urban food systems, we must consider both the discrete, enterprise-level kind of ambition and the wider ambition of achieving ongoing and sustained non-financial benefits for the whole population.
- Municipalities aiming to combine these benefits at different scales, through the efficient deployment of investment for impact, are helped by mapping connections between policy, procurement, and practice.

Examples considered in the Lab:

- [The City of Milan](#) explored the question of ambition by mapping its municipal budget (2) to the Sustainable Development Goals. This helped to identify areas of activity that related to food systems, as well as constructive overlaps with key functions fulfilled by city staff. Knowing precisely where funding is available, and which functions can be supported from existing staffing and agency responsibilities makes it easier to set ambition both for efforts directly funded by the municipality and for the wider positive effects that become possible when impact investors respond to public sector spending and policy-driven incentives.
- We heard the example of [Key Fund](#) —a social enterprise specialising in social investor in Midlands and the North of England which extends loans blended with grants to small and medium enterprises generating social impact. Many of the investees of Key Fund are passion-driven with a purpose and plan generating profits and social outcomes for people (3), communities and social enterprises that have traditionally been excluded, turned down by mainstream banks and building societies, especially in disadvantaged areas. The Key Fund model creates conditions for higher ambition by building capacity across a wider landscape of actors.



(2) This example will be referenced under more than one thematic area, because the municipal budget mapping process took the City of Milan through several segments of the food system impact value chain.

(3) Please see [The Key Fund \(2019\)](#) to learn more about investees of the fund.

3) Data

Tracking and informing decision-making

Data systems are structured around existing standards; they need to evolve, connect, and integrate new kinds of information, to better reflect the new intended areas of food systems impact as well as revealing investment needs.

Financial data focus primarily on the investment return value of a given instrument or asset. Financial actors are required to consider a broad range of relevant data, to make the optimal judgment about the value of a given investment decision, so it is assumed financial return data include embedded information about value to a range of actors across the marketplace of exchange.

This assumption ignores the known risk of hidden costs and negative externalities. Impact investing carries the implicit aim of pursuing something better than business as usual—to avoid hidden costs and generate more value for the wider range of actors across the marketplace. As soon as we begin seeking wider non-financial benefits through impact investing, we need to attach other kinds of data to the financial datasets, to aid the financial decision-makers.

Data systems—and the services, and related enabling incentives and business models that allow them to effectively integrate and deliver relevant day-to-day decision insights—are crucial to this endeavour.

Some data systems are privately held or publicly controlled, and may come with proprietary restrictions on access, or a requirement that all data be openly shared.

Earth systems science platforms, health data at the level of a city, province, or country, and socio-economic data regarding income distribution, price levels, and other market-shaping factors, are produced and housed within different technologies.

The impact investor has a unique interest in understanding how those distinct technologies, performance metrics, and their respective timeframes and periodicities, interact.



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Examples considered in the Lab:

- Food Budget Mapping in Municipality of Milan: In 2022, The Food Policy unit of the municipality conducted a study to analyse the city's budget from a food perspective. The study examined the programmatic tools and economic budget to determine the complexity of the municipal budget. This helped to redefine the annual investments in the food sector, taking into account the different departments and units involved. The study provided a clear understanding of the resources and infrastructures related to the food sector that the Municipality activates, the level of engagement of the departments, and their connection to the high objectives set by the SDGs. The mapping of the food budget revealed that, in 2022, 120M € of the Milan budget was assigned to transform Milan's food system, of which 46.2M was managed by Food Policy Department, 10M by the Budget Department, 43M by the public company managing the public catering (Milano Ristorazione S.p.A.), and 20.4 by EU Affairs Unit. (4)

- Impact investor framework: The Food Trails project is developing a framework to guide investors in assessing their impact on food policy. The framework shows how investors can generate impact indicators and collect data to assess urban food investments' social and environmental impacts. (5) It also includes a tool to assess those investments impact risk, i.e., the chance that an investment project may not achieve the expected positive impact (positive impact risk) or may even result in a negative impact (negative impact risk). (6)



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(4) Please see <https://foodpolicymilano.org/en/objectives-and-priorities/> for food policy of Milan.

(5) The framework refers to [The Milan Urban Food Policy Pact Monitoring Framework](#) - a practical guide for cities interested in adopting and implementing a monitoring framework - and [IRIS+](#) - a recognized system that helps impact investors measure, manage, and optimize their impact including several impact indicators.

(6) Please see [Gtazert et al. \(2023\)](#) for a detailed discussion on impact risk.

4) Policy

To enable change

Policy actions shape the environment in which investment for impact will operate; policies need to recognize the forces that block innovators, and shift incentives to welcome better practices that serve the intended public good.

In the Lab, we looked at how policies can be tuned to support new opportunities for impact. Policies can create incentives, facilitate creation of new financial instruments and shape or invite new dynamics in the local economy. This can help policymakers and municipalities focus on specific areas of impact related to food systems, including through targeted and impact-aligned procurement practices.

INSTRUMENTS

Food policies can be structured to incentivize investment that drives action toward social and environmental benefits. Such policy instruments attract not only purpose-driven investment for impact, but mainstream investment aligned with the desired impacts. The Lab found that the process for expanding investment for impact benefits from a multifaceted suite of tools,

including policy instruments, financial instruments, and modes of engaging stakeholders and across across value chains.

To mobilize this multifaceted suite of tools for optimal impact, there needs to be coherence and alignment across:

- Mission and strategy;
- Economic policy in cities, related to the food economy and for entrepreneurship and innovation;
- Public procurement priorities and practices;
- Bonds and other financial instruments linked to city policy, investment, and economic development strategies;
- International and multi-jurisdictional policy cooperation.

MISSION AND STRATEGY

Municipalities have a key role to play when it comes to investing for impact. They are the original impact investors. The degree to which they play this role will shape the landscape of opportunity for attracting private-sector impact investors to respond to the need for specific positive change. If the municipality has a clear mission and strategy that is aligned with better outcomes for people and communities, it can help facilitate a shift in mindset, practice and investment priorities.

The Lab showed that many of the critical actions are taken on by purpose-driven ventures fuelled by a shared passion to innovate for the benefit of better outcomes for all. Cascading co-benefits are understood by the first movers to follow from the appropriate mission, strategy, and implementation.

ECONOMICS

The economics of a food systems transition are complex. Policymakers need to acknowledge and condition the economic landscape to fit the food systems transformation. The health of people and planet, including the food producing regions on which the city depends and the financial wellbeing of the city, are all dependent on shifting to practices that reduce risk and foster cascading co-benefits.

For entrepreneurs to thrive by chasing those co-benefits, they will need support from policy levers to overcome the forces that favour dominant food systems actors that profit from externalized costs and market failures. Policy levers can nudge consumers, incentivize financial institutions and value chain actors, such as retailers and restaurants, who favour healthier more sustainable foods and products, if rewarded for doing so.

For example, in areas where small community-level enterprises deliver most food system services—including distribution, storage, processing and preparation—a highly localized investment for impact process may replicate successful practices from municipalities to leverage cultural entrepreneurship. Enabling policies that allow investors to see earlier returns from such small-scale local interventions can expand and identify the landscape of activities and accelerate scaling to the wider market.

PUBLIC PROCUREMENT

The Lab explored examples of cities using public procurement to set conditions for sustainable food systems transformation. For example, Copenhagen Municipality has proven that procurement can be a powerful tool to help change the food system, and has used public procurement and contracts as an instrument to achieving 90% organic food in its meals.

Achieving this required policy to set aims and metrics, budgetary innovation, consultation on innovative approaches to procurement, and then the commitment to use procurement to act toward the stated goals. All of this plays out in partnership with communities, consumers, and local enterprise.

INTERNATIONAL AND MULTIJURISDICTIONAL POLICY COOPERATION

Cities can make significant changes to conditions on the ground through policy. Their reach into the landscape of products and services that shape the overall food system requires collaboration with other jurisdictions, including regional partners and peer cities, but also national and international policy actors. (7)

Impact investors may seek multijurisdictional collaboration, to more comprehensively de-risk their investment, and by extension to de-risk and expand their own financial backing, and to create a broader market opportunity.

Photo by Javier Allegue Barros on Unsplash



(7) An important example of international cooperation that can create optimized conditions for scaling impact investment in urban food systems would be a non-market approach to accelerated global climate action, under Article 6.8 of the Paris Agreement, advancing decarbonization, adaptation and resilience measures, poverty reduction, and sustainable development, through a multilateral trade agreement favoring climate-resilient food systems innovation. Such emerging multilateral incentive structures can be critical to delivering resources to the local level that allow urban and rural areas, impact investors and city planners to come together to shape a health-building sustainable food environment.

(8) Please see Emerson and Bugg-Levin (2012) and Sassen and Volkmann (2018) of a more detailed discussion.

Examples considered in the Lab:

- Theory of Change and other Instruments (Food Policies): The theory of change is a framework that helps organizations understand how their programs or interventions can create the desired social or environmental outcomes. It outlines the steps and assumptions that connect inputs, activities, outputs, and outcomes. Having a clear theory of change is essential for impact investors because it ensures that their investments align with their social or environmental goals. The theory of change for an impact investment should specify the problem to be addressed, the target population or community, the desired outcomes, and the activities and strategies that will be implemented to achieve those outcomes. (8)

Vyse Street Farm – An urban farm and cafe on a multi-story car park in Birmingham City: Slow Food Birmingham has been granted permission by the Birmingham City Council to proceed with planning for an Urban Farm on a local authority-owned car park. The farm will feature glass houses, a community space, educational hub, and a cafe. It will produce food that will be delivered to businesses, residents, and charities that support low-income communities in accessing healthy and sustainable food. The farm will also offer educational activities for both children and adults, including growing activities/clubs and cooking classes. The feasibility of the project is being assessed through funding from Food Trails for initial survey work.

- Birmingham has launched its Food System Strategy which aims to create a sustainable, healthy, and thriving food system over the next eight years. As part of phase 1 of the project, a 12-month pilot study is being planned to be conducted involving the planting of a small garden (around 250 m²) on a section of the roof. This will include harvesting produce, setting up supply chain connections, and collecting information for the business case. Slow Food Birmingham is seeking £1.5 million for this phase. Phase 2 will involve leasing the park for approximately 10 years, requiring an investment of £8 million for project implementation. (9)



Photo by Riccardo Annandale on Unsplash

(9) More information on municipal food policies can be found on https://www.birmingham.gov.uk/info/50279/food_revolution/2602/birmingham_food_strategy_system

5) Products

Financial services and consumer products shaping the overall food system value chain

Products, tools and services (in the commercial sense and for the delivery of new modes of finance) can facilitate the flow of new investment for impact – providing a key step in facilitating the investment and process readiness. Scaling up impact investment into urban food systems requires more than money, metrics, and policy; it requires innovative financial services, consumer products, and business strategies—including from small and medium-sized enterprises operating locally and in the wider value chain.

The shift in practice needed to achieve real-world impact from food system investments is not the interest or business of any one entity. A confluence of causes and effects needs to come together, driven by enabling policy and incentivized by obtainable market rewards. New tools that enable innovative business practices, new modes of performance tracking, including through multifaceted integrated data systems, and a more organized system-wide generation of non-financial benefits, can be produced or inserted at different points across the value chain.

The procurement or even co-innovation of products and services has been shown to expand the reach and efficacy of urban food policies, in particular tech solutions that combine the delivery of municipal services with attractive incentives for participation and engagement of citizens and businesses.

Each of the areas of planning and decision-making listed above, including statement of impact, ambition setting, data cross-referencing, and public policy, can drive the needed business model innovation.

Before working to scale bold new business strategies, there is value in local communities and municipal and regional governments setting up small but innovative actors to succeed, by developing business strategies aligned with local context, needs, and priorities. Products and services that can achieve local food system transformation might be food products themselves, new sustainable business models, distribution and retail aligned with enabling policies and incentives, new small-scale investment vehicles, or vehicles designed to convert large-scale investments into an array of localized small-scale investee opportunities, science and data translation services, and new modes of banking operating through existing conventional commercial banks.

Another way to think about food system impact investing products and services is that some new impact investing activity can provide a concrete, accountable way of manifesting explicit and implicit incentives built into national policy and new trends in international trade.

Examples considered in the Lab:

- Groningen Wallet – a digital MultiWallet for entrepreneurs (earmarked money) by Groningen municipality, The Netherlands: The municipality is developing a mobile application that utilizes blockchain technology to provide earmarked funding. The MultiWallet Groningen is explicitly designed for entrepreneurs and offers a variety of use cases. Each user will have their own digital wallet containing personal tokens, allowing for personalized management of funds. The app can store and manage multiple forms of earmarked money, including coins, and also allows for payments to be made to connected entrepreneurs for services or products. Currently, the app is in the development stage with a Proof of Concept expected to be finished by June 2023.

The first use case on the Wallet will likely be energy-related products for entrepreneurs, with potential for food-related use cases to be developed on the MultiWallet in the future. The municipality invested about 50,000-100,000 € (including development costs, implementation costs, communication cost). The app is in development stage therefore not yet available in App store.



Photo by Dan Nelson Ah Hegu on Unsplash

6) Scaling

Innovation beyond local actors

Investability is often a question of scalability; the more potential clients a service can reach, the more revenue it can generate. Scaling strategies that allow local and community-level actors to reach a wider market can be incubated and supported with policy and incentives, to give investors a clear pathway to higher financial return on specific impact investment interventions.

The Lab has produced a number of insights on how to scale small start-ups and solutions that work in a particular community context.

This is where sequencing of enabling actions and consistent parallel support measures are most important.

A central insight has been that innovative business models may not be obviously scalable according to existing market dynamics, and may not benefit optimally from subsidies and incentives designed for already tested and dominant industrial practices.

New technologies, like digital wallet technologies, can be crucial for connecting actors across local food systems—retailers, consumers, and the producers, distributors, investors, and policy-makers that shape food environments.



Photo by Ryan Quintal on Unsplash

Examples considered in the Lab:

- 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;
- Innovation clusters: The Lab considered conventional innovation clusters, designed to create a unique regional advantage, emphasizing value chain localization and integration and highly localized concentration of talent, against the need for networked capabilities in the context of a global transition to sustainable food systems, where local efforts must leverage global knowledge flows, market beyond the local, through digital tools, for instance, and support shared development and deployment of best practices across a range of leader and follower cities.
- Investment partnerships The Lab examined approaches to public-private partnerships, including those actively in use in Food Trails cities; the OECD principles and guidance (10) for blended finance arrangements echo the findings of the Lab—calling for anchoring blended finance to core sustainable development priorities, tailored to local context, enabling parties to engage on the basis of their respective mandates, and aiming for scalability. (11)



Photo by Daniel-Funes-Fuentes on Unsplash

(10) The OECD Blended finance guidance and principles are outlined here: <https://www.oecd.org/dac/financing-sustainable-development/blended-finance-principles/guidance-and-principles/>

(11) The value of investment partnerships is one of the reasons the Food Trails Investors Lab findings will be used to invite cities into the Good Food Finance Network's effort to build a global Co-Investment Platform for Food Systems Transformation. More information at: cipfood.org.

7) Capacity

Across the value chain, across cities but also support for community-level actors

The better attuned a small business or local development initiative is to the details of financial decision-making, the better prepared they will be to absorb new investment and turn that investment into a real-world transformation.

The Lab has identified technical capacity as a key ingredient for the mobilization of food systems finance. Capacity to manage investments, to operate in new and innovative ways, even against prevailing market forces, and to deliver intended outcomes—traceable at the community level, the level of policy, which includes national policy, and against planetary boundaries. For many small-scale actors, the information and expertise necessary to deliver all of this can be elusive. Even where insights are understood and at work, operationalizing the wider impact tracking will require specialized business models.

Building capacity is therefore not as much a question of training as of situating the appropriate capacity at the appropriate point along the value chain.

This includes the mentality and food culture of consumers, communities, and city-level policymakers.

A community food culture may be oriented toward specific varieties of food, specific cultural needs and priorities, and may be highly or not so highly cooperative in terms of its interactions with predominant segments of the overall value chain.

Affordability is a capacity issue as well. Where a community has greater financial means, that community is not only more likely to be able to afford and access healthy, sustainably produced foods; existing financial and banking infrastructure will orient toward supporting businesses that can deliver such food products.

Impact investment may flow to those business ventures, even if they already would enjoy routine commercial financial support. It is the communities that are less likely to enjoy such benefits or to have access to healthy, sustainably produced food at affordable prices, where impact investment can make a bigger difference for a larger number of people. But impact investors on their own are generally not positioned to transform the food economics of lower and middle-income communities.

They need policy, technology, and small business start-up support to make such impact investments viable.

Technologies and food system financing interventions that ensure the end products will be affordable, or which can shape better resourced, more user-friendly food environments, in line with cultural preferences and other practical constraints facing the community, can also be critical enabling policies for enhancing impact investment flows to communities in need.

Examples considered in the Lab:

- In the Capstone Webinar of the Investors Lab, Karen Wohlerlert shared the story and experience from [Berlin's Food Hub](#), and their focus on bottom-up food systems change. The Berlin Food Hub Lab, developed as part of the FoodSHIFT2030 EU-funded project, is an innovation hub for sustainable regional food supply based on a decentralization concept for food distribution, education and community building. The Food Hub provides space for direct trade of regional food, communal preparation and consumption of food, and co-learning. The Lab gives small food businesses the opportunity to bring food to the neighbourhood.

- The Food Hub has received small-scale external funding and investments, in the forms of bank loans, crowdfunding, angel investments, municipal funds, and volunteer work, which was crucial to upscaling the activities of the Hub.



Photo by Mathieu Stern on Unsplash

8) Community

Functionally improve food systems at citizen level

Ultimately, food systems live in our homes and communities; an optimal investment trajectory for improved urban food systems must operate through effective evolution of everyday practice in communities.

Citizen communities are the ultimate resource for urban food systems transformation. Communities surround investment and enterprise with culture, capability, and worldviews that welcome or ignore endeavours aimed at specific positive impacts.

Trust is established and upheld through many hyper-local everyday connections operating at the community level. A community food culture may be oriented toward specific varieties of food, specific cultural needs and priorities, and may be highly or not so highly cooperative in terms of its interactions with predominant segments of the overall value chain. Meeting community-level needs and priorities will make any intervention more viable at the local level, and more durable and scalable at or beyond the city level.

Example from Lab:

Cuisine Lab is an association / social enterprise that works to employ and train refugees in the restaurant industry. Thanks to our restaurant and the catering service of the association, we contribute to the restoration of the dignity of individuals (refugees and asylum seekers) while giving them the access to the life skills and work skills to build a stable life and contribute to a sustainable community. The association tackles the different topics:

- **Cultural Sensitivity:** Design of menus and recipes that reflect the cultural diversity and dietary preferences of the refugee community. Include traditional dishes from their home countries, as well as fusion options that blend different cuisines.
- **Language Support:** Provide French language training and on the job practice to staff members for their integration into society.
- **Employment Opportunities:** Offer job opportunities to refugees in various roles, such as chefs, front of the house, finance / administration, and catering / event management. Provide skill training and development programs to help them thrive in their roles and progress in their careers.

- **Community Integration:** Collaborate with local organisations, government, and the surrounding community to create a welcoming and inclusive environment.
- **Sustainability:** Source ingredients, as much as practical from local suppliers and farmers (Geneve Cultive (12), Ferme de Budé(13)) to utilize and promote local and bio resources, blend Swiss ingredients with international influences, and emphasize a plant-forward approach. Prioritize seasonal and organic produce. Implement waste reduction strategies, such as composting and recycling, and participate in programs such as “too good to go”, to minimize the environmental impact of the restaurant or catering service.
- **Collaboration and Partnerships:** Partner with refugee, gastronomy, environment NGOs, local government agencies, and other stakeholders to raise awareness about the restaurant or catering service and its social impact. Collaborate on events, fundraisers, and initiatives that support the refugee community and amplify their voices and contribution to society.

Cuisine Lab has demonstrated leadership and success in several ways while keeping refugees at the centre of its actions. Other than empowering refugees, Cuisine Lab builds leadership at its recently opened flagship restaurant by engaging with the community, promoting cultural exchange, and practicing environmental sustainability.

By centering their actions around the needs of refugees and the community, they are creating a positive impact for both and driving social change in Switzerland. Cuisine Lab actively engages with the local community by hosting events, workshops, and collaborative projects.

By involving the community in their mission, they create a sense of shared responsibility and pride in supporting refugee integration.



(12) Genève Cultive: <https://www.genevecultive.ch/>

(13) Ferme de Budé, Magasin produits locaux, Genève: <https://www.ferme-de-bude.ch/>

CONCLUSION

Investing for impact starts from a recognition that market failures hinder value creation, and so correcting market failures is a way to create additional value. Socio-cultural conditions, market conditions, public policy, and the artificial dominance of established practices, all condition the calculus of risk and opportunity for impact investors. They also condition the overall value equation for whole societies.

Cities are the places where constraining conditions, market failures, cooperative innovation, and human experience most often collide. The Food Trails Investors Living Lab has shown that for this very reason, cities hold many of the key ingredients to developing the most successful innovative start-ups, scalable solutions, cooperative de-risking strategies, and impact investment frameworks.

Healthy sustainable food systems innovation is investable, leads to better outcomes, and can generate cascading co-benefits. Public procurement can set conditions and steer investment. Impact investors can rapidly fill gaps, especially for small and medium enterprises and community efforts with good ideas and value-creating practices that need support to scale.

City-level food system impact investment frameworks are necessarily contextual. Food environments, shaped in some cases by urban planning decisions, situated within community culture and wider market conditions, can facilitate or preclude certain worthy endeavours. National, and international, policy, incentives, trade, and investment, can determine what options are available to people across whole regions. Engagement with stakeholders is necessary to develop the optimal pathways for initial food system transformation initiatives.

Solutions that have roots in communities, and that are designed to have roots in communities when they spread and scale, are more likely to succeed, against such constraints. Mapping city budgets to deliver multidimensional returns on the same investments, with contextual awareness of what such decisions mean for people's everyday experience, creates fiscal space and opens up new possibilities for innovators and investors.

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For more details and resources from the Food Trails Investors Lab, including an overview of meeting topics, Summary Briefs, webinar recordings and information about future work please visit:

<https://foodtrails.milanurbanfoodpolicypact.org/resources/food-trails-impact-investors-living-lab>

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