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Center for Sustainable Business

10 YEARS OF BUILDING BETTER BUSINESS FOR A BETTER WORLD

ADVANCING FOOD FINANCE TO INCREASE ACCESS TO HEALTHY, AFFORDABLE FOOD

A Roadmap for Implementation

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NYU Stern Center for Sustainable Business
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ADVANCING FOOD FINANCE TO INCREASE ACCESS TO HEALTHY, AFFORDABLE FOOD

A Roadmap for Implementation

EXECUTIVE SUMMARY

Mission-driven food businesses play a critical role in ensuring that low-income and rural communities have access to healthy, affordable food. Yet these enterprises face persistent barriers to capital: conventional lenders view small-scale, volatile, thin-margin agricultural and food businesses as high risk; equity investors demand return timelines and ownership stakes that misalign with social missions; and existing grant funding is often fragmented and insufficient to support large-scale infrastructure and technical assistance needs.

The Roadmap for Implementation offered in this document builds on findings from the November 2024 FoodMap NY Food Finance report with additional research and 15 follow-up interviews conducted in early 2025. The key themes from this engagement fall under three overarching topics, and are summarized below.

Streamlining Processes: Due Diligence, Needs-Matching, and De-Risking

- Too much "friction" exists in current capital and lending frameworks to serve food-security focused, mission-aligned food businesses adequately, affordably, or patiently.
- As a solution, a trusted, independent entity is needed that can faithfully coordinate across and between stakeholders in the space.
- The key functions of this independent entity should include:
  - Connecting players with aligned interests, resources, and goals with one another
  - Offering technical assistance to lenders and borrowers
  - Standardizing, centralizing, and streamlining due diligence
- By serving these core functions, the coordinating entity can de-risk the ecosystem of lending for all parties, and help to unlock flows of capital into the sector.

Pilot Product Design: Lending Vehicle Frameworks & Timeframe

- The financial products, frameworks, or vehicles to be piloted need to be simple, readily replicable, cost-efficient to offer, scalable, and patient.
- The form of the financial vehicles to be piloted should determine the degree of centralization of the capital pool(s) that back it.

- Philanthropic support will be critical to reducing risk and bringing down the costs of capital.
- Successfully piloting innovative and new financial vehicles and blended capital structures will require both adequate time and well-defined metrics of success.

Initiative Structure & Management: Hosting Institutions, Organizational Structure, Governance, & Participants

- The coordinating entity, whatever it is, needs to be clearly defined and viewed as mutually trustworthy for all parties involved.
- A new, independent non-profit, formed specifically to oversee this initiative, was the preferred option for interviewees.
- The finance credentials and food operations expertise of the individuals tapped to lead the initiative are key.
- The best way forward is just that: forward, with trust that the initiative can be iteratively designed, refined, and improved through its early implementation phases.

To translate these insights into action, we outline a five-step implementation plan:

1. Identify a committed funder
2. Convene the Food Finance Working Group
3. Design the organizational structure and recruit leadership
4. Design the pilot product and services, locate capital pool(s), and set evaluation criteria
5. Implement, evaluate, and report

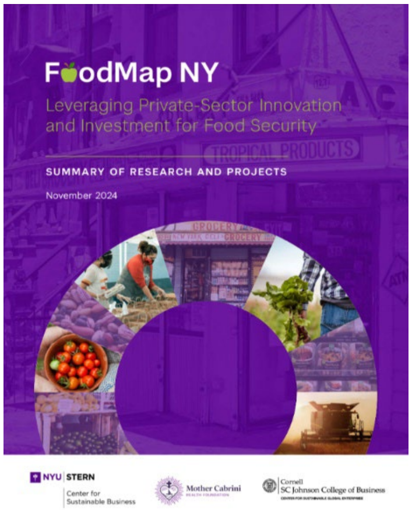
Each of these steps are discussed in more detail in the full report that follows. This phased, iterative approach balances the urgency of deploying capital with the need for patient, data-driven learning.

While the current economic and political climate introduces uncertainty, stakeholder consensus underscores that even imperfect starts—coupled with rigorous evaluation and ongoing reflection and refinement—can catalyze new funding streams to support a more equitable, resilient food system. With coordinated leadership, committed funding, and a structured roadmap, partners in New York State and the broader Northeast region can build and sustain a new, scalable, blended food finance model that unlocks private capital to drive social impact, improve food access, and enhance financial sustainability across the food system.

PROJECT BACKGROUND

More than 47 million Americans experience food insecurity today, including more than 2.8 million people in New York State alone.[1] Despite decades of government and philanthropic efforts, levels of food insecurity continue to rise, depriving millions of a decent quality of life, and costing our nation billions in preventable health care expenses.[2] In response to this crisis, federal and state leaders have called for private sector collaboration to improve food access and affordability; integrate nutrition and health; empower consumers to make, and have access to, healthy choices; support physical activity for all; and enhance nutrition and food security research.

FoodMap NY was born out of a partnership between New York University Stern Business School, Center for Sustainable Business (NYU Stern CSB), and the Cornell Center for Sustainable Enterprise (Cornell), and was funded by the Mother Cabrini Health Foundation beginning during the pandemic in August 2021. The project had the expressed mission to research and identify strategic opportunities that leverage the private sector to ensure that low-income and rural communities in NYS have access to healthy, affordable food.



In its research, FoodMap NY identified private capital as an essential component in creating sustainable food systems that prioritize affordability, accessibility, and health. By supporting mission-driven farms and food businesses, impact investors and philanthropic organizations can build new markets and expand access to healthy food across New York State. These businesses, however, need steady, patient, and flexible capital that can accommodate the inherent risks and sometimes lower financial returns associated with investments seeking social and economic impact. Indeed, this dilemma is not unique to the food sector, and there are ample examples of initiatives in other sectors– such as green energy and affordable housing– where efforts to launch capital pools that leverage blended capital stacks to underwrite financial vehicles better suited to the needs of businesses in those emerging and mission-driven sectors are already underway.

The NYU Stern CSB team convened key stakeholders representing philanthropy, finance, impact investment, and food operations for a Food Finance Forum at the Federal Reserve Bank of New York in April 2024. At that Forum, the group sought to bring people from the various food system sectors together for the first time and identify promising paths for investors to provide flexible capital to food enterprises that increase access to healthy, affordable food in NYS, the synthesis of which appeared in the comprehensive FoodMap NY Food Finance report which was published in November 2024.

From those early recommendations, the Food Finance team at NYU Stern CSB sought to distill a clear path forward by developing a purpose-designed Food Finance program framework and implementation plan to be launched in New York State and the Northeast Region, and to gather feedback from Forum attendees with respect to those next steps.

Previous research has highlighted the ways in which food-related businesses often have trouble accessing capital, and are not in a position to take on conventional financing due to a lack of business expertise, lack of knowledge of opportunities, and other capacity limitations. For these reasons and more, stakeholders commonly acknowledge a financing gap that exists because existing financial tools are not well-structured for food system solutions, and that there is a need for gap financing for farmers and food-related businesses that differs from the offerings currently provided by traditional banks and financial institutions.[3]

Mission-driven food businesses provide benefits that extend beyond their immediate operations. By prioritizing affordability, accessibility, and nutrition, these enterprises strengthen local economies, create and retain jobs, and circulate wealth within communities that are often bypassed by conventional capital flows. Their embeddedness in local supply chains makes them critical nodes in building resilience: they aggregate from small farms, bring healthy products to underserved markets, and adapt business models to fit community needs. These contributions support both household food security and broader regional economic development.

The societal benefits are equally compelling. Expanding access to healthy, affordable food can reduce rates of diet-related chronic disease such as diabetes, hypertension, and obesity, conditions that disproportionately affect low-income and BIPOC communities and drive billions of dollars in preventable health care costs annually. By helping residents maintain better health, mission-driven food businesses play an essential role in lowering public health expenditures and improving quality of life. For example, Matriark Foods upcycles surplus produce into shelf-stable products sold to food banks and schools, while Headwater Food Hub aggregates from dozens of regional farms and distributes to schools, institutions, and retailers, strengthening markets for farmers while expanding access to fresh, locally grown food. For a more extensive set of examples of mission-driven businesses operating across the food supply chain—from production and processing to aggregation, logistics, and retail—see the [November 2024 FoodMap NY Food Finance] report.

Taken together, these economic and societal impacts make mission-driven food businesses an essential lever in addressing food insecurity. They complement public assistance programs and philanthropic initiatives by creating durable, market-based channels for distributing healthy food. This roadmap focuses on unlocking capital for such businesses because their success produces outsized returns: not only stronger balance sheets for entrepreneurs, but measurable improvements in public health, equity, and resilience across New York State.

PROJECT SCOPE AND PLAN

In January 2025, NYU Stern CSB collaborated with KK&P—a national food systems consultancy based in New York—to help refine and prioritize the Food Finance recommendations, with the specific goal of developing a clear, action-oriented implementation plan informed by the Food Finance research findings as well as new research and stakeholder engagement. This "Roadmap for Implementation" is the outcome of KK&P's work with NYU Stern CSB.

The research plan blended secondary research—analysis of other food finance initiatives and approaches—with interview-based primary research with stakeholders and subject matter experts. Research questions were designed to:

1. Refine the project's working goal statement: *To create/define the framework for a collaborative financing vehicle with private capital providers—impact investors and philanthropic organizations—to invest in farms and mission-focused businesses that work to ensure access to healthy, affordable food for all and help build a more equitable and resilient food system;* and
2. Affirm, challenge, and/or refine the project's hypothesized outcome: *To create a collaboration among a small group of Community Development Financial Institutions (CDFIs) in NYS or the NE region, a network of philanthropic funders, and impact investors to provide low cost lending to mission-focused food enterprises (that help to create greater access to healthy, affordable food for people at risk of food insecurity), through*
    - *Loan guarantees or loan loss reserves at the partner CDFIs to leverage resources from impact investors; and*
    - *Inform, develop, and refine an actionable roadmap to implementation that can guide this initiative forward into future phases.*

As the national political and economic landscape shifted in the early months of 2025 (and continues to do so), the likelihood of momentum around this initiative has become less certain. Philanthropic organizations face threats to their endowments and established processes; investors appear less likely to make bold moves in a context of economic uncertainty; and food system advocacy has been forced to focus more on protecting basic funding streams and policies (such as SNAP), rather than exploring innovative, new private sector approaches and collaborations. Stakeholders offered mixed perspectives on whether now is the right moment to pursue an ambitious new cross-sectoral food finance initiative. At the same time, these shifts highlight the critical role of private, mission-driven actors in filling gaps left by dwindling federal commitments and sustaining access to healthy, affordable food for vulnerable communities. Nevertheless, this report synthesizes the key themes and findings revealed through our research, and outlines an implementation plan that can be activated–now or in the future–when there is clearer capacity among key stakeholders who could carry it forward.

METHODOLOGY

In the course of this research, the following methods were employed:

- **Supplementary Food Fund Landscape Research and Analysis:** Building on the comprehensive landscape research conducted during the initial phases of the FoodMap Food Finance work, the research team conducted focused supplementary research and analysis. The team reviewed a subset of existing and in some cases defunct funds, Community Development Financial Institutions (CDFIs), and investment actors from outside the Northeast region with a history of lending in the food systems space in order to better understand how they are/were capitalized, managed, and deployed within their respective geographies and purviews. The research team also investigated a limited number of non-food related funds. This research included desk research from publicly available sources and exploratory interviews. A list of funds researched can be found in Appendix A.
- **Inventory of Prospective Impact Investors and Philanthropies:** The research team conducted an analysis of information from a database of active philanthropies and impact investors and other sources to identify a short list of potential funders who may have interest in participating in future food financing activities within the Northeast Region. During this research, philanthropies were qualitatively sorted based on whether they were currently active, had prior engagement in the food systems sphere, and demonstrated commitment or interest in funding projects within the Northeast Region. This research was an update to work conducted during previous phases of Food Finance work, and is meant as seed material for future phases of implementation.
- **Interviews:** In keeping with the defined scope of this project, the research team engaged in a series of 15 follow-up interviews, primarily with investors, philanthropic actors, and food business operators who had already engaged in previous iterations of Food Finance work and attended the Forum held in April 2024, as well as a limited set of additional interviewees who had not previously been engaged during earlier phases of Food Finance work. The goals of these conversations were to solicit feedback on the final Forum recommendations, as well as a preliminary proposal for next steps produced by NYU Stern CSB, and were structured so as to iteratively refine and/or revise that preliminary proposal into a tangible implementation plan. A full list of interviewees for this phase of research as well as the preliminary implementation proposal to which interviewees were asked to respond can be found in Appendices B and C.

FINDINGS AND KEY THEMES

- Over the course of project research and interviews, the themes outlined below emerged across the range of conversations with stakeholders. For clarity, the key themes have been organized under the overarching categories of Streamlining Processes; Pilot Product Design; and Initiative Structure and Management.

Streamlining Processes: Due Diligence, Needs-Matching, and De-Risking

One primary line of inquiry pursued by the research team was to describe, in as broadly agreed upon and specific terms as possible, a clear articulation of “the problem,” i.e., the barriers which have up to this point and continue to inhibit or undermine flows of affordable, patient capital into mission-aligned food businesses seeking to serve food insecure communities.

A synthesis of formulations of “the problem,” as well as theories on components of the solution as derived from interviews and supplementary research, follow.

Too much “friction” exists in current capital and lending frameworks to serve food-security focused, mission-aligned food businesses adequately, affordably, or patiently.

According to stakeholders,[4] this “friction” is a result of several factors which combine to make lending in the sector risky, expensive, and relatively low return. Broadly, the amounts of funding needed are relatively small-dollar, and the food businesses operating within the sector are in a volatile cluster of industries–including food production, processing, distribution, and retail–all of which are experiencing short and long-term margin pressures from a variety of sides. This volatility, combined with a high number of new businesses without assessable revenue histories and/or businesses that have experienced financial hardship in the near past, elevates the need for due diligence on potential borrowers, increasing the costs of issuing debt for lenders and the complexities of applying for it for borrowers. As a result, it can be difficult to make many of these relatively small, sometimes complex, often risky deals pencil out, making market rate issuers reluctant to engage in the sector at terms that are accessible to businesses in need.

As a solution, an independent entity is needed that can faithfully coordinate across and between stakeholders in the space, connect players with aligned interests, resources, and goals with one another, and de-risk the broader ecosystem of lending.

The primary purpose of this coordination role would be to reduce and/or minimize the “friction” described above—i.e. up-front costs of due diligence which currently act as barriers to wide scale, small scale lending in the mission-aligned food and agriculture sectors—and to thereby help promote efficiencies in the funding ecosystem which would allow existing sources of capital to more readily and accessibly enter the market.

As interviewees described it, this coordination role would include the following core functions:

1. Standardization, centralization, and streamlining of due diligence;
2. Trust-building and community development;
3. Matchmaking and deal brokering; and
4. Technical assistance

The standardization, centralization, and streamlining of due diligence must be a central function of a coordinating entity.

Interviewees broadly agreed that the coordinating entity would be most effective if it designed standardized criteria for program eligibility for mission-aligned creditors and borrowers, and if it also played an active, centralized role in helping to vet parties on both sides of a given deal in accordance with that criteria. In so doing, this entity would remove some of the cost and complexity of assessing the risk of any particular deal, and thereby encourage all types of stakeholders to come to the table. While most interviewees didn't present a unified or specific idea of what this kind of centralized hub could look like in practice, they were in broad agreement that it needed to be a clearly defined entity that would serve as a trusted third party for evaluating parties against the mission criteria.

Building trust and developing a community of practice are also key.

Interviewees were broadly in agreement that one of the key functions this entity could serve would be to cultivate trust amongst prospective partners in an ongoing way, and pointed to histories of misunderstanding or misalignment between funders, creditors, and borrowers as key barriers to more active engagement in the space. Additional research showed that developing this kind of widespread trust was critical to the success of food funds in operation elsewhere, and that the simple but time-intensive work of developing a shared set of goals, methods of communication and evaluation, and norms of participation greatly enhanced the willingness of parties who might not have otherwise worked with one another to engage.

Managing and promoting the mechanics of deal-brokering is a delicate task.

Building trust and a centralized hub for due diligence would position the coordinating entity to perform the mechanical, deal-by-deal matchmaking work that will be a key part of connecting mission-aligned food businesses with funding and sources of capital at scale. This portion of the work could include pairing individual projects/borrowers with specific funders who had interest in their work and tolerances for their risk profile, and could also involve coordinating amongst different funders to design, replicate, supplement, and/or troubleshoot alternative models of capital stacks that can be optimized to the many particular challenges that businesses in the mission-aligned food sphere face.

Technical assistance can be a unifying and de-risking service for all parties.

From a technical assistance perspective, both supplementary research and feedback from interviewees made it clear that offering technical assistance to eligible borrowers must form an essential component of the coordinating entity's work, and that this work was essential to de-risking the overall capital market in the space. Over and again, the extent to which it has been critical to the success of similar efforts elsewhere–including state-seeded funds focused on food from elsewhere in the country as well as efforts in other sectors such as housing–was emphasized. This technical assistance can take a variety of forms, from helping applicants with business planning as part of the application process, to helping applicants to both refine and/or phase their actual asks for funding, to directing applicants towards different types of programs and funders who may be interested in taking them on as a client in the first place, to ongoing case management and business support services. In this way, the technical assistance component can function to strengthen the overall funding ecosystem on multiple fronts, acting as a form of due diligence, relationship building, ongoing support, opportunity triage, and risk management in one.

Pilot Product Design: Lending Vehicle Frameworks & Timeframe

In addition to gathering input from interviewees about the types of facilitation work that need to be cultivated and deployed into the mission-aligned food business capital ecosystem, the project team also solicited feedback on the specific characteristics of a needed loan product, financing vehicle, and/or blended capital framework. The findings from those lines of inquiry are described below.

The financial products, frameworks, or vehicles to be piloted need to be simple, readily replicable, cost-efficient to offer, scalable, and patient.

With the frictions described above in mind–including the factors which result in a preponderance of high-complexity, high-risk, and low return deals which often fail to pencil out–interviewees largely agreed that any product or framework that seeks to successfully navigate around these frictions and get capital out the door at scale must be purpose-designed from the outset to pre-empt those barriers in order to be effective. I.e., the pilot product this initiative produces and tests must be purpose built to ameliorate those frictions from the start. Such a product—whether in the form of a loan guarantee to lenders, catalytic capital grants to borrowers, a royalty financing structure, or something else—would need to be simple to be deployed efficiently and repeatably to many different mission aligned businesses and, potentially, from many different funders and lending institutions. In essence, such a vehicle would need to be—when combined with the sorts of streamlined due diligence, needs-matching, trust building, and technical assistance described above—as close to cookie cutter, rinse and repeat, as possible.

However, according to interviewees, this logic of simplicity tended to break down as projects and their financing needs became larger. This is because, generally speaking, bigger projects are often better suited to secure government support and/or access more traditional capital markets, largely due to the fact that they offer greater potential for returns commensurate with their larger scale. I.e, the big deals can more adeptly capture the attention of big investors and lenders who need market rate returns to engage.

Examples of Financing Vehicles for Mission-Driven Food Businesses

- **Food-focused Impact Venture Funds** are typically structured as equity or convertible debt and focus on early-stage or growth-stage food or agriculture businesses. Examples include S2G and Supply Change Capital.
- **Food- and Farm-Focused CDFIs** are community-development lenders that offer below-market loans, often paired with technical assistance and other business support services and resources. Examples include California FarmLink and the Hudson Valley Agribusiness Development Corporation (HVADC).
- **Revenue-Based** Financing (sometimes Royalty-Based Financing) is structured with repayment derived as a percentage of revenue until a defined cap or target is reached. It allows businesses to finance growth without sacrificing equity. Examples of initiatives that offer RBF (along with other financing vehicles) include Fresh Source Capital and the Fair Food Fund.
- **Community Investment Notes & Loan Funds** pool investments from individuals and foundations, and lend out to mission-aligned food enterprises. Examples include Slow Money Institute: Slow Opportunities for Investing Locally (SOIL) groups, such as SOIL Boulder.
- **Blended Finance** (including many Regional "Good Food" Funds) layer grants, concessionary capital, and private dollars to de-risk food system deals. Examples include the Michigan Good Food Fund and the Food Finance Institute.
- **Program-Related Investments (PRIS) from Foundations** deploy low-interest loans or equity at concessionary terms to support mission-aligned enterprises. Examples include the Kresge Foundation's Self Help Ventures Fund and the W.K. Kellogg Foundation's Mission-Driven Investments program.
- **Cooperative and Community-Ownership Funds** support entities with progressive or cooperative ownership models, such as worker-owned, consumer-owned, or farmer-owned entities. Examples include Shared Capital Cooperative and Seed Commons.
- **Green Banks and Climate-Focused Funds** are public or quasi-public lenders that use loan guarantees or catalytic debt for projects with GHG and food-system benefits, such as energy-efficient cold storage or anaerobic digesters turning food waste into renewable energy. Examples include Connecticut Green Bank and NY Green Bank.

This is not to suggest that stakeholders felt there was no role for private sector and philanthropic capital in underwriting these larger types of projects. Indeed, many interviewees acknowledged that there are large scale projects which, such as shared infrastructure, which will always require some form of subsidy to materialize. Rather, the unifying position across interviewees was that these larger projects exist in an orbit that is distinct from the types of smaller, mission-aligned businesses which they asserted should be the priority for the kinds of efforts discussed here, and that it is unlikely that the same vehicle will meet the needs of both scales of financing.

In addition to operating at sub-market rate returns—the need for which is amongst the main reasons the kinds of interventions under discussion here are necessary—interviewees were also unanimous in their assertions that, to be both accessible and effective, any financial instrument developed and deployed must offer terms that may be more flexible, and likely longer, than traditional financing arrangements. This would allow a much broader range of potential mission-aligned businesses to faithfully engage such a financing mechanism by tangibly reducing their risk exposure as borrowers, and making the tool instrument itself more amenable to the volatile, thin-margin market environment in which such businesses operate.

The form of the financial vehicles to be piloted should determine the degree of centralization of the capital pool(s) that back it.

Interviewees almost universally asserted that there were still too many unknowns about what form a pilot instrument developed by this initiative might take, and too many determinations that would be contingent upon those outcomes, to suggest a preliminary design framework at this time. For instance, if the instrument developed and tested takes the form of a loan guarantee or loss reserve available to lenders, interviewees agreed that there would be enormous benefits to centralizing the capital pool that would back those guarantees into a measurably definable fund under unified management. On the other hand, if that vehicle instead takes the form of subsidized lines of credit anchored with grant capital, a royalty financing arrangement, or some other more modular framework, then it could be possible for the coordinating entity to operate such a program leveraging monies housed within a network of dispersed, independent funders and creditors.

Importantly, a number of interviewees acknowledged that while they believed that the benefits of creating a new, centralized fund to underwrite these efforts would offer significant advantages over trying to organize and deploy a more decentralized web of participating lenders, they also readily recognized that sourcing the capital to start such a fund at a scale large enough to make a sustainable impact might be prohibitively challenging, especially in the current political, economic, and funding environment. At the same time, several interviewees worried about a dispersed capital model where, lacking any kind of tangible “skin in the game,” lending institutions and philanthropic partners might not feel accountable to the project, and lead to lackluster engagement and relatively few actual loans going out the door.

Philanthropic support will be critical to reducing risk and bringing down the costs of capital.

Philanthropic and/or a comparable source of “first loss” capital to anchor an initiative and the preliminary financing products it will pilot was consistently highlighted as critical to the initiative’s overall success. Moreover, interviewees agreed that launching the initiative and its pilot phases will require a funder or fiscal sponsor who does not expect to see a return on their investment who could fund the next phases of project administration, much as foundations did for the initial and current phases of Food Finance work. Such funding would be necessary to develop, operationalize, and execute on the tasks described in the implementation plan below, since any initiative of this sort will not be spontaneously self-organizing.

Illustrative Blended Capital Stack for a Hypothetical Regional Food Hub

Capital Type	Amount	Source	Role
Concessionary Loan	$500,000	CDFI	Flexible loan with low interest to anchor the project
Foundation Program-Related Investment (PRI)	$250,000	Foundation	Patient capital with low return expectations; aligned with impact goals
Grant (Operations or Technical Assistance)	$200,000	Local/regional foundation or government	Non-repayable capital for staffing, market dev, and TA
Federal/State Government	$300,000	USDA, CDBG, or EDA	Infrastructure buildout - cold storage, processing
Private Investor (Revenue-Based Finance)	$150,000	Impact investor or local angel	Provides growth capital with repayment tied to revenues
Customer/Community Investment	$100,000	Community Note or crowdfunding offering	Local buy-in and community wealth-building
Total Capital	**$1.5 million**		

As for the actual financing vehicle itself, interviewees described multiple ways in which philanthropic capital in even modest amounts could be transformative. For instance, several interviewees pointed to how businesses often will use the promise of reimbursable government grants as a form of collateral for a loan. But such arrangements often leave those businesses with very limited cash flow prior to reimbursement, and the lender is subject to loss should the grantee fail to meet the requirements for reimbursement. In such a scenario, a full or partial loan guarantee to the lender could serve to bolster the collateralization of any loans extended as part of such projects, and help act as a form of insurance for lenders should grant reimbursement fall through. Similarly, several interviewees discussed the potential for up front grants to mission-aligned businesses to serve as anchors for lines of credit that would be extended to those grantees as a potential vehicle structure. In both instances and more, philanthropic capital was deployed as a way of reducing risk in the overall ecosystem and in individual deals, and thereby helping to encourage lenders to extend credit under more affordable, patient terms.

Equity-based frameworks and venture capital will likely take a back seat, for now.

By and large, interviewees were skeptical about the idea of meeting business needs with equity-based capital. On the one hand, interviewees pointed to a history of mistrust amongst borrowers towards offering lending partners ownership stakes in their businesses, many of which are family owned, and where retaining both that scale of operation and measure of control have been emphasized as priorities. At the same time, interviewees spoke to the ways in which equity investment models require both a scale and timeline for return that is at odds with the imperative to create access to lower cost capital and a long payback horizon. This isn't to say that there is no role for venture capital actors or equity-based financing models to play a role in the space, but rather points to a near-term misalignment of priorities which may reduce their initial roles in these efforts, even as they may continue to act as early participants in the kinds of larger, more complex project already referenced above as more traditional investor actors.

Successfully piloting innovative and new financial vehicles and blended capital structures will require both adequate time and well-defined metrics of success.

Interviewees offered several reasons why a long-term approach was necessary for success. To begin with, such an approach is a pre-requisite in order to offer the kind of patient, long-term financing arrangements which interviewees stressed are necessary to meet the needs and secure the engagement of prospective borrowers and mission-aligned food businesses. Secondly, taking a long-term approach is needed to justify the relatively high up-front costs of coordinating such an effort in the first place, including securing backing from a fiscal sponsor and cultivating the participation of major funders and lending institutions.

The primary reason that interviewees cited for taking a long-term approach and pre-establishing defined metrics for success, however, was a desire to see this effort serve as a proof-of-concept writ large, and thereby secure additional investment from participating institutions with clear expectations on financial returns. Interviewees suggested that the horizon for this commitment would need to be at least five years, by which point the coordinating or managing entity would be able to point to demonstrated returns, loss rates, risk tolerances, and the overall financial viability of the overall effort. A track record with that data would be essential to convincing other investors to engage in the work. This holds true whether they are

We need something better than unicorns.

philanthropies determining if participation fits more squarely within their program or mission related investment portfolios, or private sector investors considering entering or engaging further in the sphere. At times, this was framed in the context of previous efforts where interviewees felt as though pilots of non-traditional capital structures in the space were content to point to somewhat unique, non-replicable success stories as evidence of viability, and stressed that, to be taken seriously in the investment world, this project would need to set itself apart by demonstrating something more tangible, comprehensive, professional, and forecastable than hand-picking "unicorns."

Initiative Structure & Management: Hosting Institutions, Organizational Structure, Governance, & Participants

Beyond soliciting input about the obstacles faced by capital markets in the food-security focused food business sector and the shape that a pilot product and/or capital pool might take, the research team also took in feedback from interviewees about the structure and composition of what a host institution for the initiative itself might look like.

The coordinating entity, whatever it is, needs to be clearly defined.

Over and over again during this research, the question *"Who do you think could or should run this thing?"* took center stage. While interviewees were often non-committal to a specific organizational framework, given the number of unknowns still at play in the discussion, all were clear that some kind of clearly defined nerve center of authority was needed that would perform the vetting, coordinating, and technical assistance functions described above. They also emphasized the value that this coordinating entity could bring in serving as the go-to resource and center of accountability for the project, and the entity ultimately responsible for maintaining ongoing momentum.

A new non-profit, formed specifically to oversee this initiative, was the favorite.

As for what form this entity actually took, i.e., where the initiative would live, there was considerable divergence—and openness—across interviewees to different possibilities. This diversity of opinion from interviewees was also supported by supplementary research conducted by the team on similar initiatives elsewhere, where funds have assumed many different forms, from government run investments vehicles, to public private partnerships, to non-profits.

By and large, however, interviewees agreed that if the initiative were to be broadly supported by the range of actors required—including philanthropic players, investors, and institutional lenders—that the initiative would need to be housed within a trusted third party organization that would have fiduciary responsibility to program partners. For this reason, interviewees were, for the most part, in agreement that the host institution should not be a for-profit lender. At the same time, interviewees were chilly towards the idea that the pilot phases of this initiative could be sustainably housed within a governmental institution, and cited the volatility of the current political and funding landscape, as well as examples of government-run funds which had run dry elsewhere (due to improper capitalization, management, or receding interest, a reality which was confirmed by supplementary research as well). For similar reasons, interviewees agreed that Community Development Financial Institutions (CDFIs)— that focus primarily on housing, and that are increasingly under institutional attack federally—would be unsuitable leaders.

On the whole, interviewees thought this initiative could live within an existing or newly formed non-profit, or that the primary philanthropic actor who took part in underwriting the financial instrument itself might be a suitable home. The key challenge in either arrangement where the initiative was attached to an existing organization, was the fear that, like government-sponsored or managed funds previously, commitment may wither if forced to compete with other priorities. For these reasons, the largest cohort of interviewees seemed to think that a newly formed non-profit or development corporation, properly capitalized, and with a narrowly defined mission, was the preferred route to take.

The financial chops and food operations expertise of the individuals tapped to lead the initiative are key.

Strongly and consistently, interviewees emphasized that finding the right individuals to lead this project through to launch and continued management–as well as assembling a knowledgeable and representative working group of vested stakeholders to help guide decision-making going forward–, would be critical to the initiative's success. From a leadership standpoint, the emphasis was largely on the value of not only the specific expertise of the individuals involved, but also the relationships they had across the relative universes of stakeholders who would need to be involved.

No one has ever tried something like this with a finance heavyweight at the top.

With respect to financial acumen, the research team heard from several interviewees that bringing in an executive with deep roots on Wall Street and/or the impact investing sphere would be a critical asset to the success of this initiative in the way of bringing funders, lenders, and investors with deployable assets to the table. The initiative needs, in one interviewee's words, "a leader where large dollar players will take their call."

You need operators at the table to help connect with producers and guide investment.

Interviewees also underscored the importance of having leadership with deep expertise in food business operations to develop relationships of trust with prospective borrowers. This kind of representation at a strategic and programmatic level would be critical on two main fronts: 1) having a trusted face to represent the initiative to food businesses and vouch for its intentions; and 2) bringing deep knowledge of particulars of food system supply chains that could help to guide investment strategically, impactfully, and with an operations level awareness of risk that could help to support the extension of sub-market rate loans that would still turn a dependable return on lower margins.

Interviewees emphasized that this initiative would benefit in its early days from a working group or strategic planning committee who would guide the initial phases of product and organizational design–and a board of directors in later stages who would fulfill a similar purpose–and which would include representation from stakeholders across the food system, workforce development, and philanthropic sectors.

The best way forward is just that: forward, with trust that the initiative can be iteratively designed, refined, and improved through its early implementation phases.

Lastly, interviewees agreed that past efforts like this have stumbled in their quest to find “the one and true best place to begin.” We heard that imperfect starts are part of the design, launch, and growth processes, and that getting quickly into an implementation stage would be critical to avoiding stagnation. Stumbles in the past have included dwelling on choosing specific target sectors in which to lend *(but what about this sub-sector, or this one);* finding exactly the right people to join the first iteration of the working group *(people can be added in later)*; designing the perfect, most universally desired financial instrument *(that’s why the terms should be flexible);* or considering the dynamics of the current economic climate *(it takes time to plan things, so might as well get the ball rolling even in times of uncertainty).* All in all, the message was clear: you might never find *the perfect* place to begin, but you must begin somewhere.

IMPLEMENTATION PLAN & RECOMMENDATIONS

When reviewing the implementation plan below, it must be emphasized that throughout the project team’s research, a key message came through from each and every interview: *There is no single way to accomplish the goals outlined in the FoodMap Food Finance project, you must simply choose what you think is the best starting point.*

With the above in mind, the implementation plan below represents a proposal for where the project team believes the work of the FoodMap Food Finance research could most feasibly take tangible next steps towards actualization. Critically, it is important to note in advance that the plan below is designed to offer a concrete path forward, but is not meant to deliver specific answers to each and every question posed or brought up in the course of project research. Rather, in several key instances, the plan below presents those questions in their most current, most refined state, and seeks to offer ranges of options which might flow from the answers to those questions. In keeping with this approach, recommendations are nested within each of the proposed action steps below, so that they can be considered in their appropriate context.

STEP 1: Identify A Committed Funder

Key Tasks:

- Identify a committed funder who is prepared to fund, and possibly host, the administration and management of the early stages of this implementation plan.
- Identify and retain a project management agent or consultant to perform the following critical tasks:
  - Identify and engage initiative working group participants, schedule and convene meetings, and oversee administrative processes
  - Maintain adherence to project goals and report back to funder on progress

Recommendations and Considerations:

- The funder who underwrites the early stages of this implementation plan could be, but does not need to be one and the same as the host organization.
- Similarly, the managing agent could be one and the same as the host organization, but does not need to be.
- The particular arrangement that works will likely be determined by the mutual interests and capacities/limitations of the funder and the host organization, and should be a product of iterative discussions that take into account the responsibilities, timelines, and funding needs described in this plan.

STEP 2: Convene the Food Finance Working Group

Key Tasks:

- Identify and engage members of the Food Finance Working Group (hereafter, the Working Group), who will be the primary entity responsible for guiding strategic decision-making in the early stages of this work, and function as the initiative's steering committee.
- Agree on Vision, Mission, and Goals for the Working Group's engagement and the implementation stages of the Food Finance initiative as a whole.
- Agree on norms of engagement and work plan for Working Group members, including assignment of roles, relationship to managing agent, and levers of accountability amongst and between members

Recommendations and Considerations:

- Working Group Membership:
  - In the earliest stages, Working Group members should be individuals and organizations who have meaningfully engaged with or been named in previous phases of FoodMap project research, and who bring relevant expertise, relationships, and bandwidth to participate actively in the Working Group.
  - The membership of the Working Group can and should evolve over time, and can and should include individuals and/or organizations who can bring in tangible resources to the group, including sources of capital sufficient to underwrite initiative programming.
  - Working Group membership could include representation from the following critical constituencies:
    - Finance and investment
    - Food business and operations
    - Philanthropy
    - State and local economic development institutions and government
    - Representation from communities impacted by food insecurity and in which the initiative (and its borrowers) will be active
    - Representatives from social services agencies and organizations active in the food insecurity sphere, who may help to broker trust and engagement with impacted communities, other critical community partners, and guide investment
  - However, while it is important to ensure that the Working Group is representative of the key stakeholders who will be needed to ensure the initiative's success, it is also important to keep the group compact enough to be adaptive and efficient in its decision making, and not to become overly burdened by process.
- Vision, Mission, and Goals:
  - The Vision, Mission, and Goals defined by the working group should be specific to their tasks at hand, tangible, achievable, fundable, and time bound.
- Norms of Engagement:
  - Over and again, the project team heard concerns that, due to busy schedules and other bandwidth restrictions, maintaining the attention and accountability of working group members might pose a challenge.
  - For these reasons, we recommend a tightly project managed approach featuring specific responsibilities for each group member or role, a regular and mutually agreeable meeting cadence with clearly laid out agendas, and defined norms around response times for individual tasks during the early stages of work.

STEP 3: Design Organizational Structure And Recruit Leadership

Key Tasks:

- Define the organizational structure of the entity which is to house the Food Finance initiative over the long term.
- Assess the landscape of potential long-term sources of capital and capital providers required to sustain the initiative, and assess their high-level interest in participation.
- Recruit and hire the leadership for the initiative.
- Recruit and hire supplemental staff as fiscally able and needed.

Recommendations and Considerations:

- Organizational Structure:
  - Broadly speaking, interviewees believed that the entity would be most effective as a mission-focused non-profit dedicated to the tasks defined in the Vision and Mission, and could operate as a trusted third party to all stakeholders called upon to participate
  - However, the specifics of the organizational structure will need to be informed iteratively by successive steps of this plan, including future determinations about the services and capital products to be offered, as well as the ultimate form of the capital pool(s) required to underwrite those offerings.

    Resolving these unknowns as part of an iterative discovery and decision-making process is amongst the primary roles the Working Group must provide to the initiative, and will require an adaptable mindset from Working Group members, organizational staff, and prospective funders.
- Capital Sources:
  - As described elsewhere, the origin and form of the capital source(s) necessary to sustain this initiative will be informed by both the ultimate form of the financial and technical services and instruments to be deployed as well as the finalized organizational structure of the entity which will oversee the initiative's operations.
  - At this stage, Working Group members and organizational leadership will be expected to tap relationships of theirs in the way of exploratory conversations, and with the interim goal of educating potential capital providers about the history, goals, and expected resource needs and returns of the initiative.
- Leadership:
  - Depending on the organizational structure, the leadership of the initiative could be an Executive Director who reports to the Working Group as they would a Board of Directors, or could be the Chair of the Working Group itself.
  - In keeping with the feedback from interviewees described above, the research team agrees that finding individuals to serve in leadership who bring deep expertise an

- relationships in finance, philanthropy, and food system operations will be critical to drawing in the resources and cultivating the trust with needed stakeholders necessary to secure the initiative's medium and long-term viability.

STEP 4: Design Pilot Product & Services, Locate Capital Pool(s), & Set Evaluation Criteria

Key Tasks:

- Conduct limited landscape analysis of regional food system sub-sectors and businesses most suited for engagement drawing upon previous phases of project research and other pre-existing sources.
- Identify the target sub-sector(s) in which the pilot products will deployed.
- Develop the pilot financial instrument and technical assistance services to be offered.
- Determine the structure, scale, and location of capital pool(s) required to underwrite the initiative's services and products during piloting and testing phases, including both philanthropic and for-profit sources.
- Define the due diligence criteria and process required to deploy the financial instrument efficiently and repeatably.
- Define evaluation metrics to be used as a means of monitoring program progress and financial returns.

Recommendations and Considerations:

- Landscape Analysis and Sub-Sector Identification
  - This analysis should rely heavily on the prior research conducted, as well as the experience, knowledge, and relational capital of the members of the Working Group and initiative leadership.
  - During project research, there was broad agreement that agriculture already receives much grant support and financial subsidy, and that greater attention was warranted for down-stream channels in the food supply chain where innovation and investment might have an outsize impact on food access, including:
    - Processing and value-added infrastructure and capacity development
    - Aggregation, logistics, and freight
    - Retail and last mile transportation and delivery
- Pilot Financial Products and Capital Pool(s)
  - The products and services developed at this stage should be informed by the specific, tangible needs of the food businesses which operate within the target sub-sectors identified.
  - The products themselves should be developed and refined so that they are fully ready for deployment.

  - As mentioned before, the specific structure of the capital pool(s) leveraged must be informed by the structure of the financial instrument to be deployed.
  - The structure of the capital pool(s) leveraged will, by necessity, be informed by the funders and investors participating in its launch, their relative risk tolerances, and their corresponding roles within the capital stacks embedded within those pool(s).
- Due Diligence Criteria and Evaluation Metrics
  - It is important that these tasks mutually inform one another, and that their development and refinement be used as means of cultivating buy-in from both prospective funders and borrowers.
  - With respect to evaluation metrics, multiple interviewees stressed that having realistic targets for financial returns would be critical to securing informed (and hopefully long-term) consent for participation from the initial round of funding partners, and that the analysis of subsequent actual data would be critical to broadening the base of participation amongst funders in the initiative's future.

STEP 5: Implement, Evaluate, Report

Key Tasks:

- Formalize organizational structure, including its legal status as an independent organization or proprietary initiative within a host organization as appropriate.
- Secure capital sources and tangibly confirm participation of funders for the pilot phase, their financial commitments, and positions within the agreed upon capital stacks. .
- Identify and engage specific participating food business, to serve within the pilot cohort of borrowers, including all intake and due-diligence procedures determined as appropriate.
- Launch/deploy the pilot lending products and services, including executing loan agreements and providing required technical assistance service.
- Evaluate and report on financial performance of the initiative in order to improve service offerings, grow the portfolio of transactions encompassed, and broaden the base of participation in order to secure the initiative's long-term financial viability and future.

Recommendations and Considerations:

- The specific procedures, sub-tasks, and considerations for each of the above tasks will be heavily informed by the deliberative and planning processes and decisions executed by the Working Group and initiative leadership, and are largely too vague at this juncture to authoritatively itemize here.
- Interviewees insisted that a diligent and transparent management, evaluation and reporting regime would be needed to promote the financial vehicle and its managing agents as investment-grade opportunities, and ensure long-term viability with investors.
- Additionally, as described above, interviewees stressed that reporting on financial performance would be most effective if conducted over a horizon of five years or more.

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APPENDICES

APPENDIX A: FOOD FUND SUPPLEMENTARY RESEARCH

The list of funds investigated as part of supplementary project research and the states in which they operate includes:

- Coastal Enterprises, Inc. – ME
- Michigan Good Food Fund – MI
- California Freshworks – CA
- California Farm Link – CA
- The Food Trust – PA
- Reinvestment Fund – National
- Council of Development Finance Agencies – National
- Food System 6 – National
- Feeding America Food Security Equity Impact Fund – National
- Northeast Dairy Business Innovation Center – Northeast Region
- Volunteers of America-Greater New York Housing Innovation Fund – NY

APPENDIX B: INTERVIEW LIST

Individuals interviewed over the course of project research include:

- Claude Arpels – Slow Money NYC
- Andrew Barret – New York Health Foundation
- Olivia Chatman – Reinvestment Fund
- Charley Cummings – Walden Mutual Bank
- Beth Gosch – Western New York Foundation
- Anna Hammond – Matriark Foods
- Jason Ingle – Third Nature
- Stephen Mendola – Headwater Food Hub, Inc.
- Joel Moyer – Fair Food Network
- Roraj Prodhananga – Veris Capital
- Sophie Rifkin – Chobani
- Bradley Russell – Coastal Enterprises, Inc.
- Karen Simmons – Hudson Varick Resources
- Mark Watson – Potlikker Capital
- Fawn Zimmerman – Council of Development Finance Agencies

APPENDIX C: PRELIMINARY PROPOSAL FOR INTERVIEWEE RESPONSE AND 2024 FORUM RECOMMENDATIONS

Advancing FoodMap NY Food Finance:

OVERVIEW OF PAST RESEARCH AND CURRENT PROJECT GOALS

PROJECT BACKGROUND AND PREVIOUS RESEARCH

FoodMap NY was born out of a partnership between New York University's Stern Center for Sustainable Business and the Cornell Center for Sustainable Enterprise, and funded by the Mother Cabrini Health Foundation during the pandemic in August 2021. The project had the expressed mission to research and identify strategic opportunities that leverage the private sector to ensure that low-income and rural communities in NYS have access to healthy, affordable food.

In its research FoodMap NY identified private capital as an underutilized, yet essential, component in creating sustainable food systems that prioritize affordability, accessibility, and health. By supporting mission-driven farms and food businesses, impact investors and philanthropic organizations can build new markets and expand access to healthy food across New York State. These businesses, however, need steady, patient, and flexible capital that can accommodate the inherent risks and sometimes lower financial returns associated with investments seeking social and economic impact.

In January 2025, FoodMap NY retained food systems consultancy KK&P, who are based in NYS, to help add specificity and detail to the FoodMap NY Food Finance recommendations, and carry them forward to implementation.

CURRENT PROJECT GOALS & RESEARCH FOCUS

To create/define the framework for a collaborative financing vehicle with private capital providers – impact investors and philanthropic organizations – to invest in farms and mission-focused businesses that work to ensure access to healthy, affordable food for all and help build a more equitable and resilient food system.

CURRENT POTENTIAL/PROPOSED OUTCOME:

To create a collaboration with ~four to six CDFIs in NYS or the NE region and a network of philanthropic funders to do the following:

- Provide loan guarantees and/or provide a loan loss reserve at those CDFIs to leverage resources from impact investors and donor advised funds (DAFs); and
- Enable/incentivize those impact investors/DAFs to provide low cost lending to mission-focused food enterprises (that help to create greater access to healthy, affordable food for people at risk of food insecurity)

RECOMMENDATIONS AND SUGGESTED ACTIONS (FROM FOOD FORUM)

1. Expand sources of flexible, patient, low cost capital including by leveraging philanthropic dollars to enable capital providers to make loans tailored to the needs of farms and food entrepreneurs.	
Educate Investors	Support and promote initiatives that educate investors on providing patient, flexible capital to food and farm businesses dedicated to offering healthy, affordable food to nutritionally insecure populations.
Support Business Incubators	Invest in business incubators and other platforms that connect funders with entrepreneurs, fostering collaboration and innovation in the food sector.
Philanthropic Funding	Encourage philanthropic funders to offer low-to-no-cost financing options to support the growth and development of mission-focused food and farm businesses.
Expand Mission-Focused Lenders	Explore additional measures to support, expand, replicate, and scale mission-focused lenders, ensuring they can effectively serve the food sector.
Develop Capital Pools	Create pools of capital to provide funding or risk reduction, thereby increasing lending to the sector. This could include establishing a mission-driven fund that deploys resources to financial intermediaries.
2. Educate and engage philanthropy to play a pivotal role in creating blended capital structures.	
Raise Awareness and Educate	Generate awareness and educate philanthropic organizations about the diverse financial tools available for creating impact.
Educational Materials and Convenings	Develop educational materials and organize convenings and individual sessions to familiarize foundations with the financial tools available for funding both non-profit and for-profit businesses, as well as financial intermediaries.
Engage Donor-Advised Funds (DAFs)	Collaborate with organizations hosting donor-advised funds to enhance understanding and encourage DAF investments in this sector.
Support Research and Case Studies	Invest in research and case studies that explore the impact of different capital structures on mission-focused businesses, providing valuable insights to inform future investments.
3. Invest in knowledge dissemination, capacity building, and collaborative learning to enable capital providers to better understand the sector and its capital needs and to make more informed decisions.	
Conduct Landscape Analysis	Perform a comprehensive analysis of stakeholders and for-profit business models in New York State that currently, or have the potential to, provide access to healthy, affordable food to nutritionally insecure populations.
Foster Stakeholder Collaboration	Promote collaboration among stakeholders to share knowledge, best practices, and innovative investment approaches within this sector.
Establish Dialogue Platforms	Create platforms for regular dialogue, including networking events and forums, where investors, entrepreneurs, policymakers, and community organizations can exchange ideas and collaborate.
Develop Case Studies and Research	Produce case studies and conduct research on optimal capital structures for stakeholders in this sector, providing valuable insights and guidance.

Facilitate Knowledge Sharing and Pilot Models	Actively connect and convene various types of capital providers to share knowledge and pilot new capitalization models.
Assess Specialized Intermediary Potential	Evaluate the feasibility of a specialized intermediary to systematically bring together capital providers and structure blended transactions.
4. Facilitate coordination between capital providers and capital seekers to overcome barriers in food financing.	
Establish a Working Group on Capital Connections	Form a working group to study, develop, and fund initiatives aimed at enhancing connections between capital seekers and providers.
Develop Guidelines for Impact Capital	Create a working group to study and establish standardization and guidelines for impact capital, improving transparency and facilitating more efficient investment processes.
5. Develop low cost financial tools to decrease the cost of implementing reimbursable grants.	
Establish a Bridge Loan Program	Develop and support a bridge loan program that offers low-cost capital to organizations that have received reimbursement grants, easing cash flow challenges and facilitating project implementation.
6. Use capital support to leverage the assets of community based organizations (CBOs) to increase availability of healthy affordable food to their communities.	
Support Nonprofit Business Development	Encourage and fund nonprofit community-based organizations (CBOs) to develop for-profit businesses that leverage existing assets.
Enhance Technical Assistance and Capacity Building	Provide business technical assistance and capacity building support for nonprofit organizations to strengthen their operations and impact.
7. Educate stakeholders on a systems-based investment approach to food system transformation.	
Educational Initiatives	Increase understanding among stakeholders about the importance of a systems-based approach to investing. This can be achieved through workshops, training sessions, and educational materials targeted at investors, entrepreneurs, and other relevant actors in the food sector.
Innovative Funding Mechanisms	Explore and develop funding mechanisms that prioritize systemic impact, such as impact investment funds and other financing vehicles specifically designed to address systemic barriers in the food system.
Research and Evaluation	Invest in research and evaluation efforts to better understand the impact of systemic investments in the food sector. This includes conducting studies, case analyses, and impact assessments to evaluate the effectiveness of various systemic investment approaches. Share findings with stakeholders to inform decision-making and drive continuous improvement in investment strategies.

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[4] Note: As a matter of privacy, no quotes or contributions have been attributed to individual interviewees.