

Funding and Financing a Sustainable Food Future in BC

A Discussion Paper for BC socially conscious funders and financiers

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Table of Contents

BACKGROUND	3
PURPOSE OF THE PROJECT	3
PROJECT PROCESS:	3
REPORT	4
The opportunity outlook	6
What is the Role of Socially Conscious Funders and Financers?	6
Approaches to investing in food initiatives:.....	7
Innovations in Social Finance under way:.....	8
SAFSF	8
Social Investment Exchanges:.....	11
Mobilizing small donations/investments:.....	11
Social Investment in the Farming and Food Industry.....	11
Barriers to Investment in Farming and Food System Development	12
Seeding the Future: An opportunity for strategic vision	13
CONCLUSION:	13
RECOMMENDATIONS:	14

Social Impact Investors are individuals, foundations, and corporations whose primary expectation in funding and supporting social innovators is measurable social impact.¹

BACKGROUND

Meetings were held from 2006 to 2008 bringing together community development funders and financiers to discuss the notion of working towards a more strategic way of intervening in the development of sustainable food systems in BC. The motivation for this included specific project concerns with the observations made that many community food projects funded could not sustain themselves and included the emerging broad societal discussions about food security, climate change, health and rural community decline. The project was delayed due to changes in foundation personnel and by political and economic challenges however, with funding support provided in 2008 by the Vancouver Foundation and the Van City Foundation, the project was able to move forward once again. In the meantime, other discussions between various participants have been going on with the same idea in mind.

PURPOSE OF THE PROJECT

This project has the following objectives:

- To understand the role of community development funding and finance (Social finance) in sustainable food system development
- To catalogue and generate innovative thinking that will be required to move towards a sustainable food system.
- To consider how community development funders and financiers can work collaboratively and strategically to provide support to those leading the change towards a sustainable food system
- To benchmark where funding/financing sustainable food system development sits in BC
- To investigate potential tools and strategies others are using
- To facilitate a forum so community development funding and financing agencies can work together to develop a vision for change in a broad partnership with community food system leaders.
- To propose collaborative funding/financing models and approaches
- To establish a steering committee to develop a strategic action plan.

PROJECT PROCESS:

Literature review: a review of articles written on the relevant subjects was undertaken in particular noting what efforts groups of funders were making vis a vis sustainable food system development. Important reports will be posted on line.

A description of the types of funding and financing available for farming and food initiatives in BC was completed by Phyllis Chivers. See Appendix A

Listing of available funding: a data base of funders and financiers available to BC residents developing food initiatives was compiled. This became part of a broader project led by Phyllis Chivers and that is ongoing. The results will be made available online.

Interviews with potential participants: Visits and phone interviews were held with a list of leading and interested community development finance officers. See list attached Appendix B

¹ www.rootcause.org

Gap analysis: an analysis of gaps in funding was undertaken: See Appendix C

A workshop: A plan was devised for a workshop to consider the information and hear from the Sustainable Food and Agriculture Funders group.

Final report: Information gathered will be presented in a final report.

REPORT

"Investors and foundations are more motivated than ever to support sustainable food systems, and yet many are confused about the range of options available to them; a similar confusion exists amongst social entrepreneurs seeking financing for their food-based ventures,"

Elizabeth U, Manager, Strategic Development RSF Social Finance

"Considering the impersonal nature of today's financial system it may seem that your spirit and your money find no common ground. But take a moment to re-imagine the whole purpose of money. Look at a financial transaction as something quite simple: a relationship between human beings, with enormous power to heal our world. RSF Social Finance

The best way to make our food system more resilient against... threats is clear: decentralize and re-localize it... Re-localization will inevitably occur sooner or later as a result of declining oil production, since there are no alternative energy sources on the horizon that can be scaled up quickly to take the place of petroleum. But if the transition process is to unfold in a beneficial rather than a catastrophic way, it must be planned and coordinated. This will require deliberate effort aimed at building the infrastructure for regional food economies—ones that can support diversified farming and reduce the amount of fossil fuel..."

Richard Heinberg, *The Food and Farming Transition*. The Museletter 199; November 2008

www.RichardHeinberg.com (Richard Heinberg is a senior fellow at the Post Carbon Institute).

Farming and Food is an economic engine in BC and a major employment sector.

The agriculture, seafood and food sectors are diverse and vibrant, contributing \$21.9 billion in annual sales and 290,000 direct or indirect jobs for British Columbians, nearly 14 per cent of the employed labour force of the province.²

In BC we spend billions on food yet only a portion of this is grown and brought to market by BC farmers. A recent report prepared by the Ministry of Agriculture and Lands estimated that overall, BC is 34% food sustainable and many regions, such as Vancouver Island, may only be providing a small percentage of the food consumed in that region.³

This situation has become a matter of public concern over the past few years as issues of climate change and health have been raised in public debate at many levels.

In particular, leadership is coming from community organizations in British Columbia that have been actively raising their voices for the past several years about the insecurity of our current food system.⁴

² <http://www.canadaspacificgateway.ca/en/invest/sectors.html#agriculture> retrieved May 5, 2009

³ BC Sustainability report

⁴ Chart showing Community Food Action strategies in Appendix 1

As the reality of peak oil and climate change is finally being taken seriously, concerns about the food system's potential for sustainability are becoming of urgent societal concern.

The leaders of movements towards community food system relocalization have identified a variety of development strategies to help facilitate a transition of our food system from its current long-distance-dominant structure to a system that can be sustained on a regional basis. Their analysis underlines the reality of Heinberg's point: there is a major challenge for us as a society to implement transformational practices—regional food systems need to be regenerated in all its aspects in most areas in BC. Are we ready and able to take on this task?

Many documents have been written in the last few years that trace the consolidation, globalization and corporatization of the world's food system and its impact on society, climate and economies.⁵ International trade regimes have been aiding and abetting the 'hollowing out' of local food system infrastructure all over the world. It is salutary that civil society organizations in California—the source of so much of our food—are actively trying to create sustainable systems there as well!

In BC, recent studies⁶ are showing us how insecure our farming and food systems have become. This situation is being exacerbated by the increasing pressures of global food shortages, increasing public health costs due to chronic disease related to poor nutrition, peak oil raising prices, climate change awareness particularly considering the world drought outlook for 2009 and international economic crisis.

Many local assessments of the issues have been and are being carried out across BC, Canada and the world as so many people are working their way through to an understanding of how food vulnerability plays out in each region. Growing numbers of food initiatives are seeding, spouting and growing. These initiatives are most often funded by socially conscious funders, eager to help make inroads towards mitigating burgeoning food worries. These projects often flounder if ongoing funding is not available to them. Or they are unable to overcome the loss of food system infrastructure in their regions and thus cannot sustain their initiative.

Will this be enough? Can society wait for community groups to lead the march towards food system transformation? The thesis of this paper is that this will not be enough. Many if not the majority of community efforts are being made in the *demand side* of the economic equation. Groups are finding ways to address issues of food poverty and are actively engaged in public education and development of grass-roots food action. Many lovely projects are on the boards. A quick analysis⁷ will show that little is being done to address the *supply side* issues—and this is where the major problems lie if we are to tackle the need for transformation in a rational and coordinated fashion.

The crux of the local food system problem is the lack of economic viability of farming which led to the demise of regional food system infrastructure. National and international policies are aimed at supporting a 'cheap food' commodity production and trading regime that makes it almost impossible for small, medium and even most large-scale farmers in Canada to make a decent living. In fact, according to National Farmer's Union studies⁸, farmers in Canada have been living in the red for years. BC farmers have been losing money and now are carrying considerable debt loads. Farmers most often have to have off-farm jobs in order to make ends meet. Or they have to start up other businesses on their farm to support their 'farming habit'. Farm land is expensive; farmers are aging with limited succession potential on the horizon. Few entrepreneurs have entered the arena to re-create food

⁵ List of references can be found in Appendix 2.

⁶ List of references can be found in Appendix 3

⁷ See appendix D: Community Responses to Food System

⁸ NFU

system infrastructure on a regional basis for such things as warehousing, food processing and regional food distribution systems. Anyone who can read the writing on the wall would say that farming in BC is reaching a crisis.

So how do community groups take on issues that have been beyond the farmers themselves to handle? The obvious answer is that a new relationship between community and farmer is needed. This is playing out in the microcosm as farmers' markets, community shared agriculture partnerships and agri-tourism businesses are linking farmers and community on a face to face basis. But can direct relationships and partnership turn the tide? Again, this paper suggests that the problem is bigger than something that can be solved on the micro level. We need a much broader community coalition between all stakeholders involved in the food system if we wish to invest in and rebuild the supply side and create a system that will be sustainable economically, environmentally and socially.

The opportunity outlook

In spite of this doom and gloom, there are growing signs of structural shifts underway that will result in new economic opportunities for BC farmers and food producers. Negative factors that are influencing change relate to growing world food shortages and drought in the areas that are now producing most of the food consumed in BC. This is putting upward pressure on imported food prices thus helping to close the cost/price gap that farmers now face. The demand for BC grown food is increasing and will continue to increase due to the many initiatives at the community and industry levels that are educating consumers about the benefits of buying BC products.

Other pressures are gaining momentum—as awareness about the importance of action for climate change increases, the part played by agriculture and food systems in creating 33% of green house gas emissions is focusing interest on BC agriculture as an important 'field' for change. Environmentally conscious investors are turning to consideration of investing in regional food system development and in organic and sustainable agricultural practices because of its importance in mitigating climate change factors.

Increased promotion of consumption of 'healthy' food that is fresh and grown using sustainable methods is now clearly within the government's health agenda as health planners realize the cost to the public of the many nutrition related chronic diseases now burdening the provincial budget.

Entrepreneurs are responding to the increased demand for 'local' and 'regional' foods and food products. Farmers are learning new ideas about how to increase the value of their food through creating value chains and adding value to their products—these trends are creating a pent up demand for technical assistance, funding and financing.

What is the Role of Socially Conscious Funders and Financers?

Coro Strandberg, in her paper looking at best practices in Sustainable Finance makes the case that

...financial markets and the financial services industry are key to sustainability as they raise, allocate and price capital, and provide risk coverage, influencing access to financing and risk protection⁹

Companies and Credit Unions are joining foundations in finding business value in becoming involved in social financing. This is arising from increased Corporate Social Responsibility awareness not only for marketing value but also for the business value of greener and more socially conscious business

⁹ 2005. Strandberg, Coro. Best Practices in Sustainable Finance

behaviour. The benefits of investing in local economies is gaining credence with BC social financing agencies and credit unions. Best practice CSR Financial Institutions are treating sustainability as a business strategy and opportunity – not as an add-on, feel-good charitable endeavour:¹⁰

Industry groups such as the World Business Council for Sustainable Development have developed the business case for sustainability in the finance sector, including:

- By taking into account social and environmental aspects, investors minimize risk, further improving the bottom line and creating long term value.
- Growing demand for more responsible corporate behaviour creates business opportunities.
- Responsible business conduct is a good means of maintaining reputation and license to operate.
- Integrating environmental and social issues into business evaluation processes may lead to fresh business opportunities.
- Integrating sustainable development into overall policies improves morale and provides a strong and confident long-term relationship with stakeholders.
- Internal transparency improves external dialogue and internal communications, and helps companies overcome cultural barriers and achieve workplace diversity.

Socially responsible investors are finding that focusing upon agriculture and food system rehabilitation will provide a very fast payback on the health, climate change, and local economic development score cards—at the same time as increasing the security of a food system that affects us all. And there is the expectation that these investments will play out as economically profitable as well.

Approaches to investing in food initiatives:

In the report in Appendix A an exploration of the types of programs available is provided. The basic approach is for a community group to find a foundation or government funder to provide grants. Farmers, as private business people cannot obtain grants but are only eligible for loans for which they must provide security. This report shows that there are a variety of sources of grants, and loans and investment available in BC. Many of these funds have specific criteria, and special requirements and different timing and deadlines that may make it difficult for farming, food or value-added projects to find the support they need particularly taking the growing cycle into account. However, it is clear that the capital required to re-build the kind of warehousing, distribution and processing facilities needed let alone the investment in upgraded farming practice will require substantial sums. With reduced funding dollars in the grant based system, other forms of social finance will be needed. A Gap Analysis has been prepared (Appendix C) looking at how the existing resources are being used and the challenges they present. A summary of the gaps identified is as follows:

- There are few funds crafted with farming and food system development in mind. Fund seekers must make the case and educate funders about the food industry with each proposal.
- Funds available often require co-funding from other sources—but is difficult to find a funder willing to be 'first in'—lining up co-funders, given the differences in timing of funding cycles and funding criteria becomes a major barrier for anyone but sophisticated fundraisers.
- There is a dearth of funding available to carry out the organizing that is needed to bring together possible partners and to develop specific strategic initiatives. The funding to create Agriculture Plans is welcome but moving the plans forward requires support for leadership and project development.

¹⁰ *ibid*

- There are few funds that support project development activities—most assume that the development work has already occurred.
- Some funders/financers have reported that they do not feel that they have the expertise in house to provide adequate due diligence for farming and food projects.
- Because food is produced in a natural cycle, putting together projects that can be timed with this cycle is a challenge—any collaborative strategy should incorporate understanding of agriculture’s cyclical realities.
- Community groups and farmers looking to create value-adding facilities may not have the equity themselves to leverage further equity and debt. This is a capacity gap in the community that needs attention. Finding the needed equity to build forward is a major challenge for food system development.
- Efforts to support product development and innovation in agriculture are emerging but unless there is a delivery program that includes outreach and provides technical assistance; this will remain a small program.
- There is a great deal of interest in the general public in food issues and this interest could be tapped as a way to generate equity funding for food system infrastructure development through mechanisms such as the KIVA online project promotion/lending opportunity approach, the loyalty credit card approach, or other ‘crowd sourcing’ methods. A legitimate sponsor and manager for these approaches is needed.

Innovations in Social Finance under way:

Canada’s social and environmental sectors are dramatically underfinanced. To scale up their programs and increase impact, they need access to new forms of capital. The increased scale and impact of social finance in Canada will generate significant long-term benefits to Canadian society. Tim Draiman, Tides Foundation

This is particularly true when we consider the food system localization challenge. Because of the many challenges involved in scaling up social investment into the food and food production sector, this project has focused upon suggesting that those funders/financers in BC might best work together in a collaborative approach not only to ensure that the due diligence capacity is well managed but also to gain increased impact for their efforts. Some of the collaborative initiatives that were uncovered in this project are noted briefly below.

How the Sustainable Food System and Social Investment promoters have tackled these challenges in the USA and beyond through collaborative approaches.

The literature search turned up several important initiatives in Canada, the USA and beyond where strategic/collaborative efforts to fund and finance food system development and social enterprise more broadly are under way.

SAFSF

A very interesting initiative, the Sustainable Agriculture and Foodsystem Funders¹¹ is a collaborative of over 100 foundations that are working together strategically to create more impact on re-development of sustainable food systems.

¹¹ Sustainable Agriculture and Foodsystems Funders found at <http://www.safsf.org/who/index.asp>

Agriculture is one of the key environmental issues of our time, yet it is not receiving the attention or the funding necessary to build an effective movement for and practice of sustainable agriculture and food systems in the United States and around the world. Such a coordinated and collaborative movement is needed in order to move toward reversing the negative impacts of industrial agriculture and unsustainable food systems currently at work. The Sustainable Agriculture and Food Systems Funders is working to expand the awareness and knowledge of these important issues as they relate to other areas - health, human services, education, and beyond.

The Carrot Project, in partnership with [Strolling of the Heifers](#) and [Chittenden Bank](#), has created **The Strolling of the Heifers Microloan Fund for New England Farmers**. The mission of the fund is to address the difficulty that some New England farmers have in obtaining credit for projects that improve their operations and increase their income, as well as for emergency needs.

The Microloan Fund for New England Farmers begins to address the financing gap we identified in our study, "Are Northeast Small Farmers in a Financing Fix?" The research, based on two lender focus groups and survey results from more than 700 farmers, showed that at least 25 percent of New England farmers (and 40 percent of start-up farm businesses) that apply for financing cannot get the money they need. Expanding businesses and start-ups made up the majority of farms unable to access financing... Several sources contributed initial capital for The Microloan Fund for New England farmers: two "Farm Relief" benefit concerts generously given by the legendary folksinger Pete Seeger, his grandson Tao Rodriguez-Seeger, and bluesman Guy Davis in September, 2008; major grants from the Thomas Thompson Trust and Green Mountain Coffee Roasters; and private investments made through The Carrot Project. Collectively, these funds will form a loan security pool, against which Chittenden Bank will lend funds and administer the loans. The Carrot Project will accept and process applications, facilitate loans, and work directly with farmers to ensure their success. A volunteer loan committee, comprising lenders and farmers, has been set up. www.thecarrotproject.org

Whereas there are many community loan programs available in BC, the anecdotal information is that many funders are not confident doing their due diligence in the food sector and this may result in poor uptake for farmers. In many areas, farmer may not be aware of what is available and they may not be well prepared to present themselves to these lenders. The central technical assistance provided in the Carrot Project is interesting.

PRI Makers¹² is a consortium of over 90 foundations that make program related investments both at market and below market rates in social enterprises. To increase the impact of their limited resources, many foundations have added financial instruments collectively known as program-related investments (PRIs) to their traditional repertoire of grants. The PRI Makers network ramps up the impact further through sharing resources and building collaborative capacity.

The group fosters 'deal making' and PRI investor collaborations. They carry out professional development, and provide an investment activity database through a Deals Clearinghouse. Their website has a wealth of practical information, templates and standards for any foundation considering developing a PRI program. The benefit of the network however, is the shared resources that they have created and the shared risk in building collaborative investment plans for social ventures.

A program-related investment (PRI) is a tool foundations can use to leverage their philanthropic dollars. Unlike grants, however, foundations get a return on their investment, through either repayment or return on equity.

¹² www.primakers.net

PRIs give charitable organizations or commercial ventures access to needed capital, typically at favorable terms. In return, the funder benefits in several ways:

- *It is often able to recycle PRI payments for subsequent charitable investments.*
- *The foundation is generally able to count PRIs toward its minimum five percent payout of net assets.*
- *PRIs allow foundations of every type and size to have greater programmatic impact.*

Foundations often use PRIs as part of a larger philanthropic strategy. The grantmaker typically has an established relationship with the organization receiving a PRI.

Program-related investments:

- *Leverage other capital from conventional sources by taking on real or perceived higher risk;*
- *Strengthen recipients by fostering long-term sustainability and improving cash flow;*
- *Offer flexibility to make larger distributions or increase payouts during rapid foundation growth.*

PRIs fund capital projects, provide bridge loans, or offer liquidity to loan funds, among other things. PRIs employ financing methods such as loans (senior and subordinated), loan guarantees, lines of credit, linked deposits, or equity investments.

PRIs may help a program acquire property; reach scale; create jobs, products or services; or approach self-sufficiency. Often, PRIs are made to share risk and leverage co-investment, and often attract traditional financial players to the table.

PRI's are less well known in Canada although Tides Foundation has experience as does VanCity. The Canadian Alternative Investment Co-operative was established for this purpose by focusing the PRI portfolios of several religious institutions.¹³ A recent conference at Carleton University focused on scaling up PRI activity in Canada.¹⁴

'Impact Investors Network'

There are indications that some angel investors are looking to create social and environmental impact with their investments. The Social Venture Partnership has mobilized some of these folks to become involved with charitable investment and involvement in social enterprise. However, there is some potential to work with the broader investment community to engage them in equity investments in social ventures.

The Global Impact Investing Network (GIIN) is a select global group of investors and intermediaries who put capital to work at scale to generate social and environmental value in addition to financial return. The GIIN is a platform for leaders of the emerging impact investing industry to incubate the activities and institutions that can accelerate the impact investing industry's maturation, and ultimately drive substantial capital to solve previously intractable social and environmental challenges.¹⁵

This group also recommends the 'yin-yang' or hybrid deal where consortia of financing from philanthropy, to impact investors and market investors become involved in deals together.

¹³ www.caic.ca

¹⁴ Carleton

¹⁵ www.Globalimpactinvestingnetwork.org

Since the Angel Forum in BC has developed considerable expertise in facilitating equity financing, it might be interesting to collaborate with them to engage some investors as leaders in impact investing and collaborative deal making here.

Social Investment Exchanges:

Several social investment exchanges are in online operation globally. Their goal is to facilitate social investment in rated projects. Excellent information on this movement is available at <http://www.slideshare.net/webgoddesscathy/from-classic-capitalism-to-social-finance-gsix-a-global-social-investment-exchange-presentation>

Some of these programs offer opportunities to individual investors to become involved in a socially responsible initiative and some are aimed at institutional or socially responsible investment agencies. These approaches merit further study.

Canadian Leadership through Causeway a National Collaboration Scaling up the Canadian Social Finance Marketplace. Information at <http://www.marsdd.com/socialfinanceforum/causeway.html>

Causeway is a partnership created to help build out a national social finance program and develop the necessary relationships with mainstream financial institutions. It has convened two Social Finance events targeted at engaging senior executives from the financial community (banks, mutual fund companies, investment firms, insurance companies, pension funds), financial legal sector, plus foundations, civic leaders and nonprofit social enterprise practitioners. It has also been active working to create social finance tools at the national level.

Causeway was founded by: Ashoka Canada, Canadian Co-operative Association <<http://www.coopscanada.coop/>> , Carleton University, J.W. McConnell Family Foundation <<http://www.mcconnellfoundation.ca/>> , MaRS <<http://www.marsdd.com>> , PLAN Institute, Social Capital Partners <<http://www.socialcapitalpartners.ca/>> and Tides Canada Foundation.

Mobilizing small donations/investments:

Mechanisms to mobilize funds from conscious consumers is an untapped resource. Van City's Enviro Visa provides a portion of the profit from the card towards environmental projects. A 'food card' could be a very successful project—perhaps as a collaboration between several credit unions.

'Crowd sourcing' is when people gather on the internet to create something and share in the benefits. This approach is being used for a variety of purposes in the corporate environment but would be amenable to mobilizing consumers' input and investments.¹⁶ Some projects in southern countries have used similar methods to link small investors to specific projects. Kiva is the world's first person-to-person micro-lending website, empowering individuals to lend directly to unique entrepreneurs around the globe. In partnership with microfinance institutions, qualified borrowers are posted and small investors (as little as \$25) can choose to invest in a particular projects.¹⁷

Social Investment in the Farming and Food Industry

Typically, social investors are looking for asset based investment options if possible and for companies that will be **profit-making** although **not profit-maximizing** in their intent. How will investment in food system infrastructure and farming attract social investment given the fact that the industry has hollowed out and is facing severe structural problems? Can the demand side reports of increasing

¹⁶ <http://www.chaordix.com/technology>

¹⁷ <http://www.kiva.org/about>

consumer interest help turn around what have been a less than enthusiastic investment climate. The excellent results that the food businesses that gained investment from the Renewal Partners¹⁸ should help to build the argument as should the fact that banks and the Angel forum are reporting growing interest in food business investing. Recent reports in the farming media from Banks (RBC and CIBC) report that they are increasing investment in farming ventures. Food industry investment appears to be gaining interest—the most recent Angel Forum investors identified food industry businesses as of interest to them.

The Small Business Venture Capital program offered by the Government of BC is an underutilized tool in the food and food products sector.¹⁹ This program offers attractive tax credits for investors. Social investors could be encouraged to invest in food businesses on a 'patient' basis if these credits could be made available to them.

State and Provincial Governments are leading and coordinating planning, financing and execution of local food system development:

The Illinois Local and Organic Food and Farm Task force reported in 2009 to the state legislature on the importance of this sector to the overall economy and proposed strategic supports in legislation to foster renewal of the local food economy.²⁰

"The development of a comprehensive, intrastate food production and distribution system holds much promise. It has the potential to expand markets for organic and locally grown products, providing an abundant supply of food such as fresh fruits and vegetables for consumers, a diversified source of income for farmers and greater economic prosperity for rural communities."

– *Illinois Agriculture Director Tom Jennings*

Interesting state wide programs are in place in Ohio, North Carolina, California etc. The Province of Ontario has recently established a well financed program to promote Ontario production.

Nova Scotia's government has set up a fund to support development of "local food" systems. The province will provide \$2.3 million over three years to fund "strategic infrastructure" and development initiatives that "enhance industry competitiveness, market access and direct marketing methods." "This funding will develop the roots between rural and urban food systems, and support marketing initiatives."²¹

Although the Province of BC announced an Agriculture Policy recently that appears to promote BC production for BC consumption, it is interesting to note that there are not funding programs in place.

Barriers to Investment in Farming and Food System Development

Community Development proponents report that the lack of an overarching food policy in Canada leaves farmers at the mercy of a policy environment that requires them to focus on producing and exporting commodities on ever-more mechanized and centralized farms. The agriculture industry was built around the paradigm of increasing productivity per acre, not on quality or meeting the diverse demand on the marketplace. The initial increase in returns to farmers as productivity increased was short-lived – and as

¹⁸ <http://www.renewal2.ca/Impact>

¹⁹ <http://www.cse.gov.bc.ca/MIT/SBIO/Pages/InvestmentCapitalPrograms.aspx>

²⁰ www.foodfarmsjobs.org

²¹ Farm Business Communications, 12/5/2008

it leveled off increased costs began to claw back any gains made by farmers. In contrast, a movement to bring back the 'small farm' was led by the organic movement, and an increased focus on quality and value came with it. This has sparked a major dialogue in the agriculture community. 'Local' and 'Regional' Food system development is not supported by government policy, which is still focused around the productivity paradigm. This inhibits possible government funding. Most government funding in BC available for these initiatives is focused upon supporting research and planning except for the Co-operative Development Initiative (newly announced for another 4 years) and the new Canada Agricultural Loans Act that will provide loan loss guarantees for farm led co-operative ventures for creating value-adding facilities and for financing succession related farm and food system investments. Efforts to develop a food policy framework are in discussion across the country—a coherent approach at the provincial level that engages farmers committed to sustainable approaches to farming is needed. There is lively discussion going on in BC about these issues with efforts being made by the industry associations that represent small scale farming, from food security groups promoting local Food Charters and from the Community Farming representative on the BC Ag Council. Change is in the air!

Seeding the Future: An opportunity for strategic vision

This is a time for bold leadership. As we envision the process and goals that we wish to achieve in relocalizing the food system at the community level, new ways of instigating, facilitating, challenging and supporting the process of change are needed. It's clear from a very quick survey of activities in communities in BC that community leadership is emerging. However, is there adequate encouragement for these efforts—and are their tools and strategies available to help them scale up their operations and identify and implement best practice from other corners of the province or across Canada? From the tables prepared for Appendix A, it is clear that there are several funding programs that are being tapped by community food initiatives—the question here is, are these programs appropriate and sufficient to help facilitate the level of transformation that is needed in our province? Our analysis shows that there are gaps in available financial support. The major gaps faced by those entrepreneurs who wish to take up this challenge exist throughout the development path: at the front end of the process there is big gap in getting people organized and focused on feasible business solutions; sourcing development funding in an expeditious way; finding technical assistance providers who are knowledgeable; juggling possible funding & financing; and when a business plan is proved, finding cash equity can be a show stopper. All along the development path there is a need for increased knowledge and a broadly shared strategic vision for redeveloping the food system on a regional basis in BC.

CONCLUSION:

Developing the capacity to feed ourselves sustainably with healthy food in BC is becoming an important societal concern. With co-ordinated effort, a strategic approach to whole system development that focuses upon strengthening the supply side and building much needed infrastructure is required.

The Earth provides a perpetual bounty as long as we don't destroy its self-renewing capacity with our appetites. Today, however, we are eating up the planet. Our global food system, with its resource-intensive production and distribution, is using almost half the planet's ecological capacity and is slowly degrading our natural resource base. To assure our well-being, we must close the gap between human demand and ecological capacity. Sustainable food systems offer viable opportunities to shrink humanity's food Footprint to a size the Earth can support.²²

22

*Right now we are talking about a very few communities who are making some groping experimental steps in the direction of energy transition, but very soon, every town, every city in the world is going to be faced with the need for making the same kinds of choices. **So having at least a few communities that have undertaken the process voluntarily and proactively and that have tested out the options and found ways of doing this successfully is going to be very important.** These towns will show the way for the rest of us. Richard Heinberg*

RECOMMENDATIONS:

That a group of participants in this process agree to work together to help facilitate rebuilding a food system infrastructure in BC through judicious and strategic use of social finance tools and strategies.

As a first step, that a Sustainable Food System Development Financing Round Table be formed.

That a strategic plan be developed under the auspice of the Round Table considering the results of this report and other discussions to guide development of a collaborative strategy to support sustainable food system development in BC.

That the Round Table consider the feasibility of collaborative approaches to development of a continuum of support to development of sustainable food systems in BC. That this continuum should include research and development, community development, venture development and financing since all of these components will be necessary to move forward on this agenda.

That a central due-diligence capacity be considered as an approach to relieve each funder/financing participant from taking on due diligence in the food industry on their own.

That co-funding/financing of initiatives and enterprises be facilitated through a coordinating mechanism that would allow 'hybrid' funding—including grants, loans and equity packages with a variety of participants involved.

That funding/financing mechanisms that leverage small investments/contributions from community members interested in supporting regional food systems be devised and marketed collaboratively. That 'crowd sourcing' approaches be considered.

That a collaborative fund or strategy for funding be developed emulating the Enterprising Non-profit program. The manifest success of this collaboration in ramping up social enterprise development in BC and across Canada should encourage an extension of this kind of strategic vision.

That the BC Small Business Venture Capital program we explored as a source of mobilizing broad based community investment.

That the collaborative effort should also focus on developing community based leadership, business and financing capacity within community food venture proponents and farm groups.

This collaborative effort would also focus upon bringing equity tools into the food sector to facilitate food system social enterprises and co-operatives that can become economically viable.

That the Round Table open talks with the BC Angel Forum and the members of the Social Venture Partnership towards facilitating increased 'Impact Investment' in BC food systems.