

2 ZERO HUNGER



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17 ROOMS GLOBAL FLAGSHIP
2021 ROOM DOCUMENTS
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This document summarizes the ideas and actions that emerged from Room 2, a working group for Sustainable Development Goal 2 on Zero Hunger, that convened as part of the annual 17 Rooms global flagship process in 2021. The [17 Rooms initiative](#) is co-hosted by the Center for Sustainable Development at The Brookings Institution and The Rockefeller Foundation. Each Room, one per SDG, was asked to identify actionable priorities that can be advanced by the end of 2022 to improve some component of 2030 outcomes for its respective Goal. Corresponding documents prepared by the other flagship Rooms are available [here](#), alongside a synthesis report prepared by the 17 Rooms secretariat.

17 Rooms – Room 2 – Zero Hunger

ROOM FOCUS

Develop and mainstream a holistic impact assessment tool for investors to channel investments across asset classes (private equity, public equity, debt) into the food system in a way that optimizes for the “True Cost/True Value” of food.

CONTEXT AND PROBLEM STATEMENT

The food system creates significant externalities that are not priced into the system e.g., impacts on our health, the environment, biodiversity, livelihoods. While the externalities vary by geography and country, diet-related disease burden is the largest externality followed by environment. The Food and Land Use Coalition (FOLU) estimated that the hidden costs of global food and land use systems amount to \$12 trillion, compared to a market value of the global food system of \$10 trillion. Estimates show that the “true cost of food” is 3 times the current price of the food in the U.S., for example. These hidden costs disproportionately burden vulnerable communities across geographies.

Addressing these externalities requires a food system that routinely incorporates the best of available knowledge for all participants, including consumers. It requires private sector players, among others in the food system, to consider natural, human, and social capital impacts and dependencies of their business and adjust their business models. However, in the absence of adequate incentives—financial and non-financial—such change will advance slowly, at a time when urgency to meet the SDGs is called for.

The investor community has a key role to play in shaping incentives for private businesses in the food system by integrating “true cost/true value of food” dimensions into their investment decisionmaking. Today, many asset owners and asset managers are incorporating environmental, social, and governance (ESG) issues into their investment decisionmaking and some are actively thinking about the impact of their investments on people and the planet. However, many existing frameworks for ESG and for impact measurement are limited and do not consider all the key environmental, social, and human capital implications. While there is significant activity in establishing more standardized impact metrics and ESG criteria for climate, we need more holistic “true value” based ESG and impact measures that consider—in addition to climate—externalities such as health and economy.

The objective of the 17 Rooms discussion in Room 2 was to develop an approach to how we can get asset owners and asset managers to use more holistic assessment screens and impact measurement that consider “true cost/true value” of the food system. In the following section, we outline an approach to accomplishing this objective.

This effort will be relevant for other Rooms in the 17 Rooms process that are looking to influence investors to incorporate impacts across health, environment, water, climate, and social impacts in their decisionmaking.

ROADMAP FOR IMPLEMENTATION

To support asset owners and asset managers to adopt holistic ESG measures and impact frameworks, we need a two-pronged approach:

1. **Work with standards intermediaries to evolve ESG metrics to include true cost/value dimensions of food:** Many traditional asset owners and asset managers are increasingly incorporating ESG screens for their investment decisionmaking. Most of the ESG metrics are focused on a small subset of ESG metrics. Today, many investors that are incorporating ESG screens use standards such as the SASB Standards set by organizations such as the Value Reporting Foundation (VRF). To improve the ESG screens used by investors, it is important to evolve these standards and as such, over the coming months, there needs to be an engagement with VRF and develop a roadmap for evolving the ESG metrics.
2. **Support impact investors in food to take a more holistic approach to impact assessment using true cost/value lens:** There are a growing number of impact investors who are seeking to use holistic impact frameworks to guide their investments. There is an opportunity to support impact investors to take a more holistic true cost/value based approach to impact measurement. However, the amount of capital deployed by impact investors is relatively limited in the context of the overall financial flows.

To accomplish these objectives, we propose the following next steps:

Advancing the analytical foundation: Over the next 3-6 months (October 2021- March 2022), we propose an effort that seeks to advance the understanding of the current investment landscape, level of integration of ESG/impact measures in their investment decision making and identify potential pathways for investor influence.

Specifically, the following activities will need to be undertaken

- **Curate a holistic understanding of the investment landscape:** The investment landscape assessment will need to include an understanding of investors, their investment preferences (size, return, risk, sector/geography preferences), and their impact aspirations. The assessment will also include developing an understanding of how (if at all) impact is being measured and data being collected by players. This assessment will help us understand various segments of asset owners and asset managers and their unique needs and challenges. Based on such an understanding, a theory of change for the key investors must be established. At the end of this effort, we would have identified the most attractive investor segments to target and the theory of change for the investors.
- **Understand current efforts/initiatives to influence how ESG/ impact are measured:** In parallel, we need to understand the current efforts focused on establishing impact metrics for investors in food systems, such as the Global Reporting Initiative (GRI), various Specialize

Investment Funds (SIFs), Principles for Responsible Investing, the Transformational Investment in Food Systems Initiative (TIFFS) , Capital Coalition, Impact Institute, and the World Benchmarking Alliance (WBA) . Such an understanding will help us identify opportunities for convergence of different efforts. Several key global meetings (UNFSS - September; COP26 - November) could serve as an opportunity to convene key stakeholders, align on a coherent global agenda, as well as influence, and respond to opportunities that emerge from those events.

- **Identify leverage points and theory of change:** Building on the baseline understanding of the investment landscape and the current efforts, identify key leverage points for influencing capital flows e.g., asset owners, governments, private sector players. In addition, develop a theory of change for how to change the way asset owners/managers could deploy capital using more holistic ESG screens/impact measures.

We hypothesize that common metrics/standards for impact measurement and an impact measurement tool to support investor decisionmaking and standardized approaches for data collection for the impact metrics will be an important part of the solution here. It is also our hypothesis that case studies/use cases to show how the ESG/impact screens could result in better risk adjusted returns will be essential. Such use cases will have to be developed by subsectors of the food system. In addition, we also believe that metrics related to acute risks and an event register that identifies types of acute events and their impact will need to be developed.

Based on this theory of change, a comprehensive 12-18-month roadmap (April 2022 – December 2023) must be developed by March 2022. The roadmap will identify the pathways for influencing key investor segments, incentive and evidence required, and critical enabling actions.

Catalyzing action: Following this initial analytical phase, we will move to action (April 2022 onwards). To catalyze action, we would establish a steering group that includes major investors and key influencers. We could imagine the influencer group to include stakeholders such as GRI, Capitals Coalition, Global Food Finance Initiative The Rockefeller Foundation, TIFS, Impact Institute, and WBA. The steering group will need to take ownership of the overall roadmap and use their network and influence to support implementation. This stewardship group must be supported by a secretariat that project manages the overall effort.

Under the stewardship of a steering group, the roadmap will be implemented. Activities at this stage will include engagement with “pioneering” investors, supporting them in utilization, establishing a systematic data foundation, furthering the evidence/research agenda, and capturing learnings from the effort.

The success at the end of this phase (by December 2023) will include the utilization of the holistic impact assessment framework/tool by select investors and learnings for driving large scale use.