

# Impact Investing to Help Combat Food Deserts

## Mindy Frye

Institutional Portfolio Manager  
RBC Global Asset Management

## Melanie Adams

VP & Head, Corporate Governance & Responsible Investment, RBC Global Asset Management

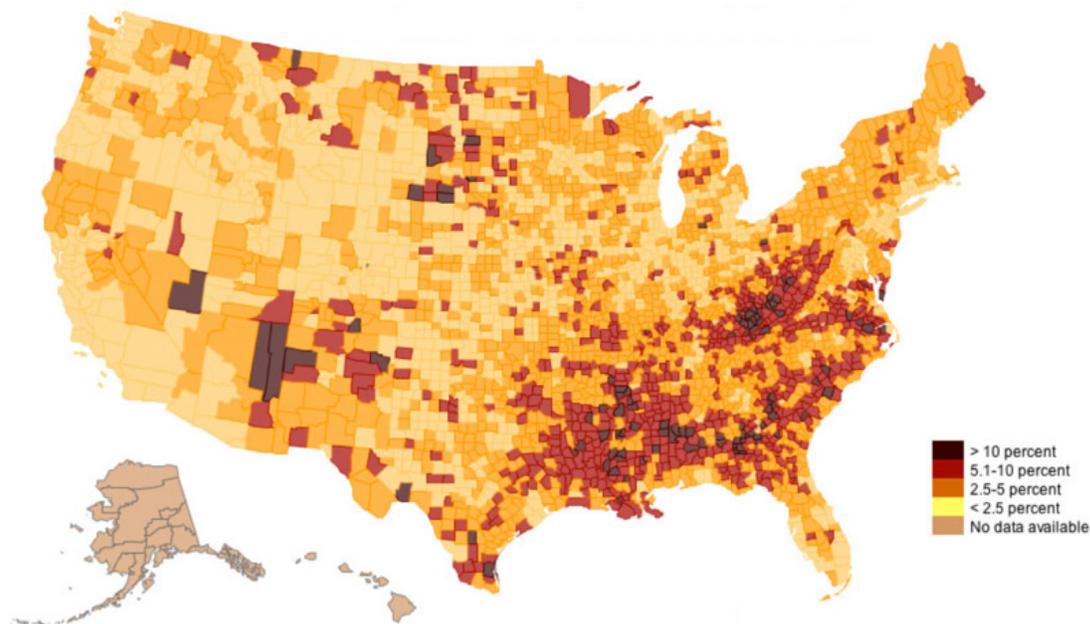
There are a number of factors that influence individual human health; some of these are genetic and not entirely within our control, and others are heavily impacted by our social and environmental circumstances.

One social determinant of health is a person's access to healthy food options, especially whole grains and fresh fruits and vegetables. Many low-income and rural communities lack such access, which results in their being categorized as "food deserts". Food deserts are geographical areas where access to healthy food within a reasonable traveling distance is restricted due to a lack of full-service grocery stores, farmers' markets, or a non-profit food pantry. The definition of a food desert typically means



that the community has a significant proportion of low-income households, with many of those households located a prohibitive distance from supermarkets (1 mile in an urban area and 10 miles in a rural area). It is estimated that roughly 23 million people in the U.S. live in food deserts.

## No car and no supermarket within a mile



Source: Department of Agriculture Centers for Disease Control

<sup>1</sup>[https://www.ers.usda.gov/webdocs/DataFiles/80591/archived\\_documentation.pdf?v=41332](https://www.ers.usda.gov/webdocs/DataFiles/80591/archived_documentation.pdf?v=41332)

<sup>2</sup><https://moveforhunger.org/harsh-reality-food-deserts-america>

<sup>3</sup><https://usa.streetsblog.org/wp-content/uploads/sites/5/2011/01/food-deserts.jpg>

Lack of access to healthy foods, coupled with poverty, increases the likelihood of food insecurity and poor nutrition, which has serious consequences on health and well-being. Conversely, residents with better access to neighborhood grocers tend to have healthier diets and reduced risk for obesity. Proximity to fresh food options has become even more important in the current environment, where the COVID-19 pandemic has created additional barriers for low income households, such as disrupted public transportation or the inability to buy fuel or make car payments after job losses that further burden already limited household finances.



One example of this type of investment is an SBA-backed loan that supports a small grocery store that provides fresh produce at affordable prices in a low-income neighborhood in Camden, New Jersey. The surrounding community is made up of nearly 93% people of color, and 36% of the population lives below the poverty line. Without this market, this area would qualify as a food desert. According to our impact measurement framework, this loan aligns with four of the UN SDGs:

## SUSTAINABLE DEVELOPMENT GOALS



### Sustainable Development Goals



Investors who seek to address this issue can do so through impact investing, which has the goal of earning a financial return while simultaneously supporting positive social outcomes. The impact investing strategies at RBC Global Asset Management (RBC GAM) aim to facilitate investor goals by ensuring that each project meets our investment criteria, while also helping to advance the United Nations Sustainable Development Goals (SDGs). The SDGs are a global agenda adopted by all United Nations Member States in 2015 to end poverty, protect the planet, and ensure prosperity for all by the year 2030. At RBC GAM, we utilize the SDGs as a useful lens that provides an objective framework for measuring impact.

Through partnerships with community-based lenders who are addressing the needs of local communities, we have been able to create custom, liquid securities where the underlying assets are small business loans backed by the U.S. Small Business Administration (SBA). While SBA programs can support any type of business, our efforts are focused on businesses that provide essential services to LMI neighborhoods, have an SDG-aligned purpose, or are owned by a member of a minority or underserved population group.

The primary link is to Goal 2: Zero Hunger, with direct ties to the related goals of Good Health and Well-Being (SDG 3) and Reduced Inequalities (SDG 10). The store also provides an opportunity for local employment and economic growth, which supports SDG 8.



2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

As we all adapt to a post-pandemic world in the coming months and years, impact investing will become even more critical than ever. There is no doubt that the economic impact of COVID-19 on communities as a whole will be substantial, but as businesses are shuttering and unemployment has reached all-time highs, those who were financially vulnerable prior to the pandemic will be disproportionately affected. Impact investing offers clients a meaningful way to effect change (including combating the prevalence of food deserts) and positively impact communities without sacrificing a competitive market return.

<sup>4</sup><https://frac.org/hunger-health>

<sup>5</sup><https://sustainabledevelopment.un.org/sdgs>

<sup>6</sup><https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1>.

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