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DEVELOPING PRECEDENT FOR FOOD SYSTEMS INVESTING



TIFS TRANSFORMATIONAL
INVESTING IN
FOOD SYSTEMS

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Tim Crosby is Principal of the Thread Fund, which focuses on investing multiple forms of capital to generate social and environmental returns alongside financial returns. Additionally, Tim is Chair, TIFS; Steering Committee, Global Alliance for the Future of Food; Member, Agroecology Fund; and Member, Seattle Impact Investing Group.

Tim's previous work includes Co-Chair, Sustainable Agriculture and Food System Funders, Director, Slow Money Northwest, Manager, Cascadia Foodshed Financing Project, and fifteen years as a professional photographer and graphic designer. Tim holds an MBA in Sustainable Business from Presidio University and a BA in Anthropology from Kenyon College.



WHY WE NEED NEW APPROACHES

We are operating in unprecedented times. Governments, investors, corporations, non-profits, consumers, and citizens of various nations have awakened to the reality that supply chains are vulnerable to natural, health, and trade disruptions, that unassigned risks are present in portfolios, and that economic and financial growth rely upon factors either discounted or not present in most financial decisions.

The last few years have revealed how fragile our food value chains and systems have become. Global supply chains—once viewed as the pinnacle of efficiency—faltering during COVID. Regional and local supply chains, often undervalued, became critical lifelines for moving product to market. Yet producers working in these systems face what we call the ‘missing middle:’ a structural gap in access to land, capital, and markets that prevents regenerative and regional solutions from scaling. Bridging this missing middle has become the central challenge for transforming food systems.

Across the globe, economic and health priorities are beginning to move away from long-established norms into a period of new realities and new priorities. Part of this transition is due to a growing recognition that we live in a more complex world than previously understood. Traditional linear solutions are insufficient for complex systems like food, fisheries, forests, and agriculture. Without comprehending the differences between linear and systemic strategies, we risk repeating or reinforcing existing problems. As Einstein is often credited as saying: the definition of insanity is repeating the same behavior and expecting a different outcome. Without seeing pathways forward through complexity, there is an instinct to ‘retreat’ to something that feels safe, or that was safe decades ago under different economic and political realities.

It is in this context that I co-founded [Transformational Investing in Food Systems](#) (TIFS). Born from a meeting in 2018 among philanthropists and investors, TIFS has focused on building practical precedents for systemic change—identifying financial barriers, designing new investment tools, convening diverse actors, and sharing knowledge across the sector. I believe that bridging the missing middle requires not only new financial mechanisms but also a shift in how we think about financing food systems altogether.

TIFS' activities on five continents, in seven countries, and across numerous bioregions reveal a stunning pattern: global supply chains drive production toward commodity standards that are not centered on regenerating natural assets or producer livelihoods. Regional and local scale supply chains lack the same incentives and are deemed more risky and expensive. The dominant economic model continues to erode natural systems, pressure regenerative producers, and weaken community resilience. Because of the dominant model, the pattern of need is the same for every producer and bioregion we have engaged: regional food producers consistently lack equitable access to land, capital, and/or markets. This emergent reality simplifies the systemic complexity towards three fundamental strategies that consider access to land, capital and markets in integrated financing mechanisms.

Such conditions require new approaches to advance action towards overarching goals. Moving forward demands more than incremental fixes; it requires systemic interventions grounded in principles and a willingness to innovate. This is the road TIFS has chosen: creating pathways forward where producers, investors, and communities can navigate complexity, and developing financing models that establish precedent for shifting our food system from linear practices to systemic solutions.



“Moving forward demands more than incremental fixes; it requires systemic interventions grounded in principles and a willingness to innovate.”

— Tim Crosby, TIFS Chair & Co-Founder



WHAT WE DO



TIFS works from the ground up using systemic tools and methodologies we have developed so that nature, producers, and their communities perform better in markets. At the same time, we work from the top down to address the needs of institutional investors to deploy financial capital to regenerative and agroecological enterprises. We combine system design methodologies within a lean startup structure focused on developing tools and creating precedent for investors and businesses. Our focus on bioregional and landscape level transitions addresses natural capital, infrastructure, lending, insurance and data needs, recognizing the interconnected nature of related financial activities in these systems.

Systems-based tool development is itself an innovation. Such innovation involves working with ‘fractals’ of issues that overlap and support each other. Take farm lending as an example: it looks very different depending on whose perspective you consider. If we are addressing the borrower’s interests: What is the loan for? Is it for a capital expansion or operations? Does the borrower need \$10,000, \$10,000,000 or \$100,000,000? Is the key consideration a rate, time, or collateral issue? If we are addressing the investor interests: is this regarding a national, state, private or community bank? Or is it another regulated entity like a credit union or CDFI? What regulations govern that lender’s operations? What are their requirements to approve the loan?

Each question represents a different segment of interests, yet they are all financial questions. Layered on top are questions about the impact that investing has on soil, biodiversity, water, climate, fish, birds, and bugs. How is nature represented in the balance sheet? Does the water have to be clean? Once used, will the water be usable again? What about personal and

worker health? Does the producer end up ahead at the end of the loan, or merely treading water? Do the end products regenerate natural, human and/or community health? Then there are questions of production: crop types—grain, vegetable, root, tree—or livestock—cattle, sheep, goat, swine, fish.

Our global and regional food systems encompass all of these variables, which is what makes the food system work so incredibly complex. The path forward begins with grounding in science and data. Since we cannot change the data emanating from the ground—biodiversity loss, water scarcity, producer livelihoods—we have to change our approach at the institutional levels for how we invest for our collective needs. In my 25 years working on systemic interventions I have found success with such complexity by considering all of above questions up front, engaging both ground—level actors (producers and stewards of biodiversity) and top-level stakeholders (government agencies, corporations, institutional investors), testing ideas, identifying patterns of success, pivoting as needed, and surrounding myself with brilliant, action-oriented people. This formula—learning through design and prototyping—yields emergent properties faster and often at a lower cost than overplanning. Such an approach can be misunderstood since it is inherently different, cuts across silos, and fuses the system change goals of philanthropic investors with the enterprise success goals of financial investors. This can lead to various tensions, best managed by strong relationships, trust, and open communications. The proof of success involves what tools and precedent result from such innovative approaches.



HOW WE WORK

DEVELOPING AND TESTING TOOLS

I co-founded TIFS in late 2019 because I could not confidently invest in impact first investment strategies. TIFS launched in Jan 2020, just two months before COVID became a global pandemic. From the start, our goal was to develop a systemic investing tool based off of the UN Environment Program’s [True Cost Accounting methodology](#), which the private sector had deemed “... scientifically sound and robust.” Our first tool, the Systemic Investing Assessment tool, created a systemic impact screen of private funds to show how a fund was or would perform against high-level system goals: environment, human health, biodiversity, producer livelihoods, and system sustainability. Every fund we analyzed found itself in our results. Some asked, “How can we do better?” One EU enterprise that had just raised \$250M for a climate food system fund said, “This was the best tool out there.” We even had an advisor bring our emergent methodology to her investment firm and use it for strategy purposes. These responses validated that we could develop systemic investing tools that are fit for purpose. However, we were ahead of the market and have not yet secured additional grant capital to expand this effort.

FACILITATING CONVENINGS OF DIVERSE STAKEHOLDERS

Next, we tested how to align a system of food system actors with different issues and needs into an unified approach to scaling agroecological and regenerative agriculture. We began by attending existing finance and food conferences and holding side meetings and dinners with key players in our networks. Participants described these conversations as ‘work therapy’ since they no longer felt isolated. TIFS connected them to peers in other organizations who were grappling with similar implementation challenges. Learning as we went, we formalized this approach into a series of meetings we have called the Missing Middle of Food Systems Investing, inviting strategic investors, asset managers, corporations, government, foundations, family offices, value chain enterprises, and of course producers. At our second dedicated meeting, someone in the group asked, “How do we finance the transition of a whole regional landscape towards regenerative agriculture?” This was personally exciting, as I had previously succeeded with a similar idea in the Pacific Northwest through the Cascadia Foodshed Financing Project. TIFS took this question as a challenge, and with aligned donor capital began prototyping ideas forward.



FINANCING FOR REGENERATIVE AGRICULTURE: LEADING THE WAY ON SYSTEMIC FINANCE MECHANISMS

Soon afterwards, we were commissioned by the Rockefeller Foundation to co-author the report [Financing for Regenerative Agriculture](#). The report's Market Maturity Curve has generated incredible praise by investors and corporations for breaking down the different stages of growth for regenerative agriculture and highlighting the sector's early scaling phase. A breakthrough came when we were invited to design a four day workshop at Rockefeller's Bellagio facility to explore scaling landscape level transitions within India, East Africa, Brazil, and the U.S. Midwest. We co-created a process engaging producers, offtakers and investors utilizing our innovative approach to develop a strategic plan to scale deep regenerative agriculture, including producer livelihoods. One global corporate participant said, "I was not going to attend this meeting since nothing usually happens. Then I saw the workbook and knew this would be different." This innovative approach has now become a replicable Four Step Missing Middle Methodology to engage bioregional, bieconomy and landscape level transitions through collaborative design and development of systemic finance mechanisms.



TIFS brought this Four Step Methodology innovation back to the Midwest, focusing initially on Minnesota due to prior engagements, to dive deeper into customized landscape-level needs. Following those first meetings, a key player remarked that, for the first time, they now had a strategy to move forward—evidence that our approach was helping unlock clarity where it hadn't existed. A draft finance mechanism was developed, and work commenced on creating a financial structure that could accommodate diverse investment needs.



At the same time, targeted research in the Red River Valley—engaging producers, businesses, non-profits, research and investor interests—revealed the synergistic need for crop insurance, actuarial data, and better lending terms for producers. By focusing on insurance we are addressing a collateral mechanism that improves a producer's chances of securing competitive lending terms and stabilizing purchase orders that generate crucial cash flow. Our insurance work will also close critical field-to-boardroom actuarial level data gaps needed by global institutional investors. We are intentionally aligning with existing insurance efforts to complement their offerings rather than duplicate them, creating opportunities for synergies across the field. Our first designed project was purchased and is under development via a Non-Disclosure Agreement, affording us a chance to pivot to a captive insurance and data prototype which we are excited to be pursuing through the founding of the Resilience in Agriculture Lending & Insurance Coalition (RALIC).



Shortly after, we connected with USDA's Farm Service Agency Administrator who was just finishing that appointment. On the call, he described his vision for a better way of lending that would build more equity than conventional loan offerings, allowing producers to retain that equity within their own businesses. I've learned that when such serendipity occurs—when another expert names what you've already been sensing—the best thing to do is say yes and go now. Acting in real time, with the right people for the right purpose, always moves the work forward faster. We are now working together to develop the Retained Production Income (RPI) lending model, which is attracting interest from independent ranchers, philanthropists, and investors. This model aims to create a finance mechanism that can scale to institutional investors, including pension funds, allowing producers to keep more of their income, build equity in their own businesses, and enabling transitions to alternative production systems and markets, and in some cases, even exiting traditional commodity markets.

TIFS took its prototyping flywheel—already spinning at the pace needed—and spun it toward developing an investment structure that is fit for purpose. The prototyping process was built around outcomes emerging from our work on natural capital, infrastructure, lending, insurance, and data. That research led to the creation of a zero-carry fund that has independently gone to market as [DiversiFund](#), a multi-asset platform structured as a series LLC. DiversiFund gives investors (full disclosure: I am one) the ability to deploy capital flexibly through debt, equity, or guarantees; directly with enterprises, through a fund, or via special purpose vehicles. Unlike most funds in the food space, DiversiFund does not chase unicorns or require exits to generate returns. Instead, it is designed for steady growth that enables system-level transitions to take root and endure over time.

With momentum established on financial structuring, we redirected our innovation flywheel to our Missing Middle Methodology, focusing on institutional investors and the unassigned risks associated with natural assets and capital. We designed a meeting ahead of [Regenerative Food Systems Investment Brussels 2025](#) that brought together twelve institutional asset owners and managers. We had over \$6 trillion AUM in the room for our presentation. Why did they show up at an event hosted by TIFS, this relatively new small shop? Because we unify ethics, expertise, and networks toward action that sets new standards and enhances competitive market forces for the better. From that meeting, we have recently launched a strategic natural capital project to help these institutional asset owners and managers incorporate natural assets across their enterprises, benefiting nature, producers, and their communities.

TIFS Missing Middle Methodology and innovative approaches have now been put to practice in the US Midwest, India, East Africa, and Brazil. Work continues in these regions as well as in [local infrastructure, market growth and resiliency interests in Hawaii](#), deeper regenerative agriculture and healthy school meals in Indonesia, with additional queries under discussion. By building bridges across related dimensions of the missing middle of food system finance—natural capital, infrastructure, lending, insurance, data—our strategies create a foundation for multiple forms of growth and returns that ultimately benefit nature, producers, their communities, and investor returns. As the growth of these pathways occurs, so does the growth of resiliency.

There are many more system dimensions that need attention. These are the areas where TIFS contributes to collective solutions by accelerating prototypes, strengthening resilience, and generating systemic impact from the ground up.



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OUR MISSION:
To unlock finance and accelerate the
transition to regenerative food systems worldwide.



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Transformational Investing in Food Systems