



Nutrition-lens investing

A framework and tool for DFIs and
impact investors

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Rationale for Developing a Nutrition-Lens Investing Framework and Screening Tool

- The aim of developing a nutrition-lens investing framework is to help development financial institutions (DFIs), funds, and donors evaluate **opportunities for nutrition impact when investing in private sector firms**. The framework aims to increase both the quality and volume of nutrition impact generated by the impact investing community by providing clear guidance on what constitutes a “nutrition investment”.
- This guidance will enable funds with different levels of ambition and focus on nutrition-lens investing to incrementally improve the nutrition impact generated by their portfolio through better deal selection, technical assistance to portfolio companies, and impact management and measurement.
- We have also developed a simple excel tool for investors to use and are currently working with GAIN to turn this into an online tool.



Nutrition Investment:

Overall, the investment thesis, or a key component of the deal, is focused on improving the availability and affordability of nutritious foods for consumers. This could be directly by increasing the volumes of nutritious foods produced or processed, or indirectly by providing enabling infrastructure (e.g., cold chain or storage facilities) for nutritious foods.



Photo by Namba Market LLC, USAID
Future Growth Initiative

Nutrition-lens Investing Theory Of Change (2/2)

Impact	Improved Nutrition for All		
	Improvement in nutrition indicators (e.g., decreased % of children underweight, decreased % of women and children with zinc, vitamin A, iron deficiencies, decreased % of population obese).		
	Improved Diets for All		
	Adequate intake of essential micro- and macro- nutrients through nutritious, sustainable, safe, and equitable diets, leading to reduced diet-related morbidity and mortality.		
Long-term outcomes	Production Pathway	Processing and Packaging Pathway	Storage, Distribution and Marketing Pathway
	Increased availability (quantity and quality) and affordability of nutritious foods produced within a climate resilient and sustainable food system.	Improved availability and affordability of nutritious processed foods (including fortified foods), packaged and labelled to increase desirability and improved consumer choice.	Improved availability and accessibility of nutritious foods through reduced losses along the supply chain and increased volumes transported to market and sold.
Medium-term outcomes (screening criteria)	Increased production capacity	Increased processing capacity	Efficient distribution
		Improved product composition (including fortified foods)	Increased cold chain and storage facilities
		Improved packaging and labelling	Modern and accessible retail
Cross-Cutting	Gender and inclusivity	Women, girls, youth, and vulnerable groups prioritized throughout the food system to promote equity and due to their essential role in family's health.	
	Agri-food policy	Regulatory agencies set evidence-based standards and enforceable guidelines while directing agricultural subsidies toward nutritious food production.	
	Access to finance	Patient capital helps catalyze and scale innovative nutrition-positive businesses, as well as increased lending from domestic banks and funds.	
	Climate adaptation and mitigation	Regenerative systems of production, processing, trade and consumption must collectively work toward carbon neutrality to ensure a safe future for all.	

Two-stage Investment Screening Process

This nutrition-lens investment screening framework utilizes a two-stage screening process – the first stage considers the food product¹ that the company or project falls into (if relevant), and the second stage considers whether the investment aligns with any of the levers of change in the three impact pathways.

Stage 1: Food product screening

The first stage of screening uses a traffic light system of red, yellow, and green food categories (as defined on slide 8)¹.

- If an investment is focused on producing, processing, distributing, or marketing foods in the **green** category, it passes to **stage 2 screening**.
- If an investment is focused on producing, processing, distributing, or marketing foods in the **red** or **yellow** category, it is not considered a nutrition investment.
- Investments that are not associated with a specific food (e.g., enabling infrastructure or technology and indirect investment) will go automatically to **stage 2 screening**.

Stage 2: Alignment with impact pathways

Investments then need to score against at least one of the screening criteria in Stage 2 (see slides 9 to 11) to qualify as a nutrition investment, although some (e.g., a vertically integrated agribusiness) may score against more than one.



Photo by Joni Waldron, Feed the Future
Malawi Ag Diversification Activity

¹ Stage 1 screening considers the food product or majority of the food products (if there are more than one product) within the company or project e.g., if 50% or more of food products within a company or project fall into the green category, then it is considered a “green food product investment”.

Stage 1: Food Product Screening Guidance

Category and description

Description and examples

NUTRITIOUS FOODS

Foods that have high nutritional value (e.g., containing micronutrients, dietary fiber, or high-quality protein), are generally widely recommended in existing guidance, and are often consumed below recommended levels in the target areas (or for which increased consumption would have no negative effects)

Fruits and vegetables; legumes; nuts and seeds; un- and minimally sweetened dairy products; poultry; eggs; fish and seafood; organ meats; nutrient-dense whole grains (e.g., teff, millet, sorghum, fonio); fortified grains/flours and related products; biofortified crops; science-based nutritional supplements for populations at high risk of malnutrition (e.g., micronutrient powders; lipid-based nutrient supplements)

FOODS WITH RISKS IF OVERCONSUMED, NEUTRAL FOODS, OR FOODS OF MILD POTENTIAL HARM

Sources of nutrients and healthy in appropriate quantities but also with some risks if overconsumed; mixed evidence on current consumption versus recommendations

Iodized salt; fortified cooking oil; minimally processed red meat

Foods that have limited nutritional value but no harmful ingredients or processing modes; foods normally consumed in such small quantities that their nutrient contribution is limited; or foods which are a key part of the diet but already widely consumed at or above recommended levels.

Unfortified cereals, roots, and tubers and products made from them; spices and herbs; low-salt condiments; unsweetened tea and coffee

Limited nutritional value and potentially harmful ingredients or processing

Highly processed meat; processed foods with little fiber and considerable salt, sugar, or fat; sugar-sweetened beverages with some nutritional value (i.e., juice, sweetened dairy drinks); sweeteners

DISQUALIFYING FOODS

Foods which are inherently low in nutrition and/or harmful to public health. All foods in this category are ineligible for investment and companies whose portfolio is dominated by these products may be deemed ineligible unless the investment is clearly targeted to nutritional products or services.

Breastmilk substitutes with evidence of marketing violations; alcohol; hydrogenated oils; highly sugar-sweetened beverages of no nutritional value (i.e., soda)


Source: Simplified from the GAIN N3F Fund deal screening guidance, which is also being adopted by Rockefeller Foundation's Good Food Innovation Fund.

Stage 2: Production Screening Metric




Investment or company increases or sustains volumes of nutritious food produced¹ AND/OR materially reduces or sustains price of nutritious foods² AND food will primarily be sold domestically or regionally (Y/N)


Example Investments




Agribusiness focusing on scaling production of tomatoes




Input supplier focused on providing fertilizers and pesticides to the horticulture sector



SME developing more drought-tolerant leafy green vegetable varieties



Horticulture business investing in precision irrigation infrastructure on its farms



Agribusiness producing orange-fleshed sweet potato in new region

1) Either through increased or sustained area under production or through sustaining yields or yield improvements (without any reduction in quality of food produced), and ideally using climate smart agricultural practices
2) E.g., as a result of economies of scale or other innovations which lower cost of production of nutritious foods

Stage 2: Processing And Packaging Screening Metrics

Sub-pathway		
Increased processing capacity	Improved product composition (including fortified foods)	Improved packaging and labelling
Metric		
Investment increases or sustains volumes ¹ AND/OR materially lowers or sustains the price of nutritious processed foods ² while utilizing safe food transformation processes AND food will primarily be sold domestically or regionally (Y/N)	Investment or company a) improves the nutrient profile of processed foods e.g., eliminating trans fats, decreasing sugar/sodium/additives, or b) directly or indirectly increases the domestic or regional capacity for fortification of staple foods (Y/N)	Investment or company improves a) packaging practices to increase attractiveness, nutrient profile, or affordability of nutritious foods, and/or b) and/or labeling practices with accurate nutritional information that meets or exceeds national standards (Y/N)
Example Investments		
Capex into dairy company constructing new milk processing factory	Canned fish producer investing in equipment enabling it to reduce salt content of food	Fortified wheat flour producer rolling out a new packaging size focused on bottom of the pyramid (BoP) consumers
Working capital finance to poultry processor to increase sourcing from smallholder broiler producers	Producer of minerals/vitamins premix expanding their factory	Imported food with labeling in a foreign language will begin to label in the national language
	Working capital finance to fortified wheat flour producer	Instant noodle producer who has committed to improving nutritional labelling

1) Either through increased or sustained production capacity or improved utilization of existing capacity (without reduction in quality)
2). E.g., as a result of economies of scale or other innovations which lower cost of processing of nutritious foods

Stage 2: Storage, Distribution, and Marketing Screening Metrics

