INVESTING IN NUTRITION

UNDERSTANDING BARRIERS AND POTENTIAL SOLUTIONS FOR DEVELOPMENT FINANCE INSTITUTIONS

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Global Alliance for Improved Nutrition

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SUMMARY

While improved nutrition is central to achieving many development goals, investment in nutrition currently falls far short of what is needed. One group of actors that could potentially help address this is development finance institutions (DFIs): specialised financial organisations that promote sustainable development by providing capital, usually for private-sector-led projects. DFIs seem like promising actors to support nutrition: they are already active in low- and middle-income countries, invest in adjacent sectors like agriculture, and have large financial resources. However, to date DFIs have not been very active in investing in nutrition-supporting businesses and funds. This paper seeks to understand the barriers to investment in nutrition-related projects and develop concrete solutions to unlock funding through a mapping of DFIs' approaches combined with in-depth interviews with several DFI representatives.

The results of the mapping showed that most DFIs did not explicitly refer to nutrition as a core strategic objective and had few investments in that area. However, many did prioritise and invest in closely related sectors and development goals, such as Sustainable Development Goals 1 (End Poverty), 8 (Decent Work and Economic Growth), and 13 (Climate Action). The interviews revealed three main barriers: nutrition not being a core impact area within DFIs' mandates; nutrition not being seen as an investable market opportunity; and DFIs lacking internal capacity on nutrition. Through collaborative brainstorming and a validation workshop, two promising ways to address these challenges were identified: knowledge-building (including providing tools and metrics to identify and track investments) and strategic advocacy with DFIs and their stakeholders. Efforts to further engage with DFIs on nutrition hold promise but need to recognise DFIs' limited time and capacity, their specific mandates and constraints, and the extent to which they are already called upon to support multiple other development goals.

KEY MESSAGES

- The funding available for nutrition is currently well below what is needed to achieve development goals, and DFIs offer a potential avenue for increasing it.
- While DFIs are not currently very active in nutrition, many of them are actively investing in adjacent areas, such as agriculture.
- Mapping of DFIs' strategies/investments and interviews with DFI representatives revealed three main barriers to them investing more in nutrition: nutrition not being a core impact area within DFIs' mandates; nutrition not being seen as an investable market opportunity; and DFIs lacking internal capacity and knowledge on nutrition.
- Knowledge-building and strategic advocacy could help address these barriers but must consider DFIs' unique roles, constraints, and mandates.

BACKGROUND AND OBJECTIVE

Nutrition underpins achievement of nearly all the Sustainable Development Goals (SDGs) (1) and is essential for human health and wellbeing. However, malnutrition continues to be widespread worldwide, whether in the form of undernutrition (such as stunting and micronutrient deficiencies) or overweight/obesity and related non-communicable diseases (NCDs) such as diabetes (2). Indeed, poor diets are estimated to be responsible for more deaths than any other risk factor, including smoking (3). Alongside these large social costs are large economic ones, with malnutrition costing the global economy an estimated US$3.5 trillion per year, or 5% of global GDP (4). Due to these high costs, and the ways in which the effects of poor nutrition manifest throughout an economy and persist throughout life, investing in nutrition interventions has been argued to be one of the most efficient ways for countries to achieve and sustain their economic wellbeing (5,6).

However, investment in nutrition remains far below what is needed. In contrast to the 50-60 billion USD that is estimated to be needed annually (7), nutrition-specific official development assistance (ODA) was just 0.96 billion USD in 2019, down from 1.07 billion USD in 2017 (7). This represents only 0.50% of total ODA; an even smaller share, 0.018% of ODA, was allocated to obesity and diet-related NCDs, with much of this going to upper-middle-income countries (2,7). Domestic government allocations to nutrition and agriculture also tend to be very small (8,9). There are various options to try and close this financing gap, including encouraging more government spending on domestic nutrition programmes, greater reliance on philanthropic donors, trying to leverage private-sector spending to contribute to improving nutrition, and using approaches like impact investment, blended finance, and innovative finance approaches to crowd-in more funding (10,11).

One key group of actors to consider when discussing any type of development financing, including for nutrition, is development finance institutions (DFIs). DFIs, created starting in the 1940s, are specialised financial organisations that aim to promote sustainable economic development by providing capital for development, usually through concessional financing to private-sector-led enterprises (12,13). DFIs prioritise social impact and apply stringent investment criteria aimed at safeguarding financial sustainability, transparency, and environmental and social accountability; while they do expect financial returns on their investments, they may be more patient and long-term than other types of investors (14). DFIs can be bilateral (such as British International Investment or Proparco, the French DFI) or multilateral (such as the Asian Development Bank or International Finance Corporation); some are fully government owned while others also have private shareholders. DFIs support projects in diverse sectors, including transport, energy, water, information and communications technology, climate, gender, and agriculture. DFIs' financing is large – estimated at 84 billion USD in 2021. It has also grown considerably in tandem with increased focus on the role of the private sector in development: the estimated 75% growth rate in DFI investments in the past decade is much faster than the growth in ODA or global GDP (13).

DFIs seem like promising actors to support nutrition: they are already active in the low- and middle-income countries (LMICs) that are most affected by malnutrition, are investing in adjacent sectors like agriculture (the fourth-most-popular sector for DFIs, (13)), they have large financial resources, and investing in nutrition could contribute to achieving several SDGs that align with DFIs' mandates. To date, however, DFI investment in nutrition has been very limited. This working paper seeks to examine the reasons why, thereby understanding the barriers currently holding DFIs back from investing in nutrition-supporting businesses in LMICs.

METHODOLOGY

The study consisted of three phases. First, DFIs and regional institutions were mapped according to their level of interest and activity in food system/nutrition investing. This was based on a desk review of publicly available information as of February 2023. The overall goal of the landscape mapping was to identify which DFIs were most relevant to interview, so the mapping was structured to include information on six categories: DFIs' strategic priorities, general approach, size, portfolio composition, key impact indicators, the DFI's influence on the investment ecosystem, and its investment scope. DFIs to include in the mapping were identified from the OECD list of bilateral and multilateral DFIs[1], emphasising DFIs with a global investment focus. Available online information on DFIs' websites, including strategy and policy documentation as well as annual and financial reports, and other publicly available information (e.g., news articles, press releases) were used to complete the mapping, group the DFIs by size, and score them on each of the six categories, mapping them into three groups: laggards, supporters, and leaders.

Next, structured one-on-one qualitative interviews with key stakeholders focused on understanding DFIs' interest in nutrition investing, barriers and risks they face, and potential solutions. Selection of DFIs to interview was based on the archetypes identified in the preliminary mapping (leaders as well as supporters) and targeted a balanced size and regional focus distribution. Eight interviews were performed: seven of these were with DFI representatives, while one was with a representative of an association of DFIs. The interviews were conducted with a mix of DFI representatives, depending on availability and DFI organisational structure, but most interviewees were either food and agriculture portfolio managers, impact managers, or nutrition and/or food security specialists. The interview guide included questions on the DFI's strategic priorities and organisation, sector views, their nutrition investing, main barriers, risks, and other factors explaining why the DFI was not intervening (more) in nutritious food value chains, and what would be needed, in the DFI's eyes, to address the discussed challenges. To preserve anonymity, the responses from each DFI are associated with a code (A-K) where mentioned in the text.

The findings of the mapping and stakeholder interviews were then synthesised to draft solutions that could potentially stimulate DFIs' investments in nutrition and food systems. This analysis considered how each solution could address the identified barriers, as well as its strengths and weaknesses. The potential way forward was discussed with a selected group of DFIs during a validation workshop, based on which the recommendations were refined.

The study was reviewed and approved by the Ethics Review Board of HRL IRB, Study #2254.

STUDY FINDINGS

LANDSCAPE MAPPING

A total of 38 DFIs were included in the mapping, and key information on each DFI was collected in line with a scoring rubric assessing six categories (Figure 1).

[1] https://web-archive.oecd.org/temp/2024-02-15/237075-development-finance-institutions-private-sector-development.htm

Score	Strategic Priorities	General Approach	Portfolio Composition	Impact KPIs	Influence on Ecosystem	Investment Scope
0	Nothing/ No info	No investments in food systems/ No info	No relevant portfolio cluster/ No info	Nothing/No info	Nothing/No info	Nothing/No info
1	Food security/Nutrition are not stated as strategic priorities, but the DFI focus sectors's are closely related to food systems	Investment in food systems only	A portfolio cluster closely related to food systems is tracked, but it is less than 10% of total	Few or basic KPIs linked to DFI's activities in food systems	The DFI declared/committed publicly to addressing SDG 2	The DFI might be indirectly investing in the food value chain, or its enabling environment but without consistency (or not clearly tracked)
2	Food security is stated as a one of the DFI's strategic priorities	Investments in food systems + Technical Assistance	A portfolio cluster closely related to food systems is tracked, and makes up more than 10% of portfolio or is in top 5 sectors of the DFI	Extensive set of KPIs linked to DFI's activities in food systems	The DFI declared/committed publicly to addressing SDG 2 and takes part in some initiatives in the field, but without strong influence	The DFI invests in the food value chain or its enabling environment, but focus only one some segments
3	Nutrition goals are stated as one of the DFI's strategic priorities	Investments in food systems + Technical Assistance + Policy/Influence role	A portfolio cluster closely related to food systems is tracked, and is in top 3 sectors of the DFI	The set of KPIs also includes nutrition-sensitive indicators	The DFI declared/committed publicly to addressing SDG 2 and seems to launch large-scale initiatives and/or engage with other key stakeholders and/or share extensive knowledge on food/nutrition matters	The DFIs invests across the whole food system (comprehensive and integrated approach) and/or and may have a dedicated funding window or initiative

Figure 1. DFI scoring methodology

Based on this scoring, we categorised each DFI with an archetype of 'laggard' (not investing in sectors closely related to food systems and do not see them as strategic priority), 'supporter' (directly or indirectly investing in food systems, but without clear focus on nutrition or extensive influence on ecosystem), or 'leader' (actively investing across food systems, shows interest in nutrition, and engaging with and influencing key stakeholders) (Figure 2). A DFI could receive a maximum score of 18 points (i.e., 3 points per category), with the bottom 20% (score < 5) classifying as laggards, the middle 60% (score between 5 and 15) classifying as supporters, and the top 20% (score > 15) classifying as leaders. Figure 2 shows how the different DFIs scored relative to their size (in total assets), showing that there are DFIs with all types of nutrition potential at each size – but that those with the most potential (the leaders) tend to be the largest ones.

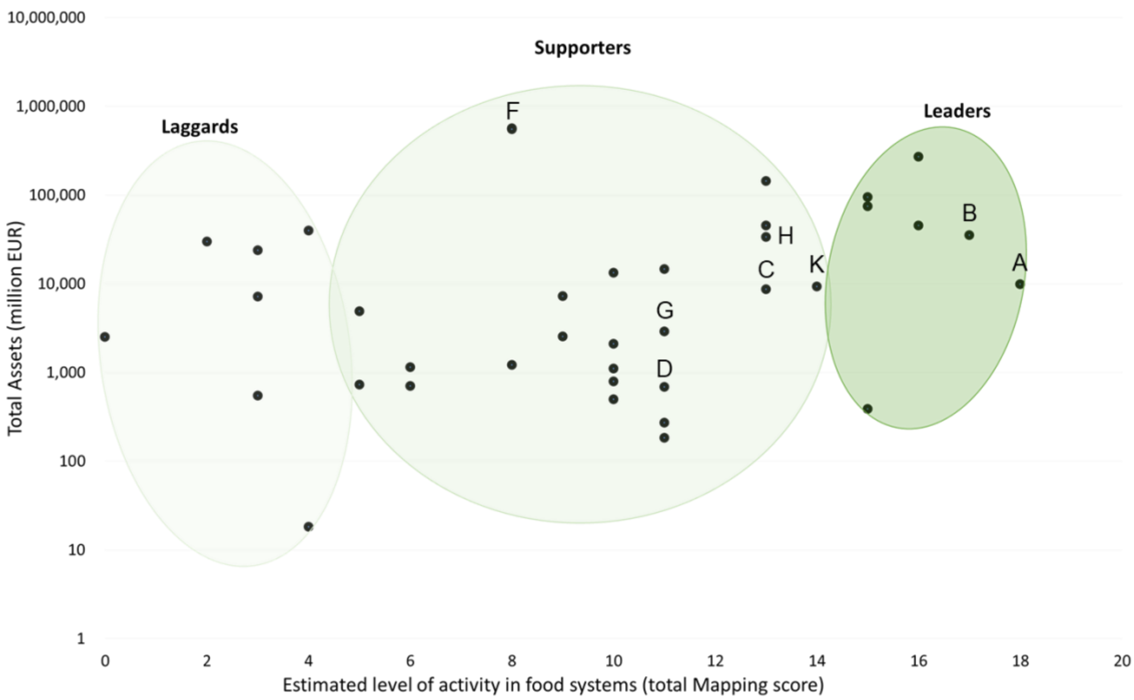

Figure 2. Estimated level of DFI activity in food systems and nutrition, by size. DFIs that were interviewed for the study are indicated with the same code letter used for them in the text.

An example of a leader DFI indicated food security to be one of their priority goals and claimed to have placed nutrition at the centre of their current strategic framework. Furthermore, they mentioned that they design their projects through a nutrition- (and gender-) sensitive lens, aiming to help rural people improve their diets by growing and consuming diverse, nutritious, safe, and affordable foods. This DFI aims to invest in nutrition-sensitive agriculture and food systems, provide technical assistance and capacity building support to value chain actors, and combine solid technical knowledge with investments to be able to meet their Key Performance Indicators (KPIs) focused on nutrition, food security, smallholder farmers, and the environment. Since it is also promoting dialogue on nutrition and nutrition-sensitive agriculture among concerned partners, has investment facilities focused on food systems or nutrition, and has a dedicated in-house nutrition team, this DFI can be seen as a frontrunner in the nutrition and nutrition-sensitive agriculture investment space. Other 'leader' DFIs did not explicitly mention nutrition in their strategic priorities in the publicly available documentation analysed.

Compared to leaders that scored at least 2 out of 3 points in all six categories, supporters scored between 5 and 15 points (out of 18) and had multiple categories with maximum 1 or 2 points. DFI-K for example, mentioned food security as a priority goal but did not mention nutrition goals in its strategy; rather, it focused on agribusiness to enhance food security and promote inclusive development. Agribusiness, food, and water was a strategic sector for this supporting DFI, but it was smaller in portfolio composition compared to other targeted sectors. Moreover, its investments did not track KPIs on nutrition or food security, but rather on the number of smallholder farmers supported and avoided greenhouse gas emissions. However, DFI-K could still be seen as a supporter since it had strong advocacy and thought leadership initiatives to influence the ecosystem and took a value chain approach in their investment, financing companies throughout the value chain, thereby potentially indirectly creating a positive nutrition impact.

Laggards were the DFIs that ranked in the bottom 20% of all mapped DFIs, with no clear link to food security and nutrition. Although for some of the laggards the investment scope included investment in food and beverage production, investments in food value chains were often indirect, through investment in infrastructure and business environment. Since these DFIs lacked KPIs on nutrition, food security, or food systems and also had no in-house team on agriculture or food systems, they overall did not seem to see nutrition or food systems as a strategic priority.

Key insights from the mapping showed that most DFIs did not explicitly refer to food security and improved nutrition as core strategic objectives, but they prioritised sectors directly related to SDG 2 on Zero Hunger. The most common development objectives for DFIs were SDGs 1 (End Poverty), 8 (Decent Work and Economic Growth), and 13 (Climate Action), and half of DFIs focused on agriculture and/or rural development sectors to achieve these goals. However, DFIs usually highlighted economic and environmental benefits more than nutrition and health outcomes. Furthermore, the mapping showed that a third of DFIs supported food systems through a comprehensive approach of investing, offering technical assistance to investees, and actively supporting the development of efficient food systems, for example through alliance building with other stakeholders. Among all mapped DFIs, there was clear interest in financing activities in the initial stages of the food value chain (i.e., inputs and primary production), with about 50% of DFIs investing in the agriculture sector.

ASSESSING BARRIERS TO AND INTEREST IN FOOD SYSTEM INVESTING

The interviews were highly informative, helping to provide insight into DFIs' mandates and activities. Representatives were open in sharing their thoughts on the topic and explaining why nutrition was not getting a higher level of traction within their organisations.

Throughout the interviews, it was clear that most DFIs have increased their intention to make nutrition-related investments in recent years. For example, DFI-B stated they will include nutrition objectives in their future strategy. **However, the main focus and nature of nutrition investing by DFIs remains more on traditional food security** (i.e., food availability and farmers' production volumes) **than nutrition**. This is motivated in part by the strong public attention to food security due to recent conflicts and the effects of climate change on food systems. For example, DFI-C mentioned the Russian invasion of Ukraine as a 'game changer' in their focus on food security and that their internal approach to investment has been altered by this. Reluctance to invest in nutrition can also arise because nutritious food is perceived as more expensive, and thus there may be a trade-off between supporting nutrition and supporting food security. Encouragingly, some DFIs are shifting away from a food production focus and towards more integrated approaches, targeting all stages of the value chain (from inputs to retail).

Moreover, **at present most DFIs do not have a strategy or policy for nutrition investments, and their commitment towards nutrition outcomes is limited**. There is limited institutional buy-in for nutrition: DFIs shareholders (which often consist of national governments) do not focus their strategy on nutrition, but rather on other priorities such as climate change or job creation. As one representative noted, 'Nutrition is a marginal subject in the overall strategy of the government'. DFIs participate in some nutrition-related initiatives, but most of them do so without a clear agenda or consistent approach. In addition, nutrition is often not specifically mentioned or targeted in DFIs' investments, and impact KPIs focus more on economic aspects (i.e., number of beneficiaries, volumes of production), with nutrition benefits not being captured. This can give rise to perceived trade-offs between nutrition investments and achieving other priority, mandated goals. For example, one interviewee mentioned prioritising job creation for smallholder farmers over what those farmers might be growing, and another noted reluctance to invest in livestock due to climate change reasons. DFIs also have limited awareness of the links between nutrition and other SDGs, and thus may not believe that focusing on nutrition can help them achieve impact on their core target SDGs.

Some DFIs mentioned having dedicated teams and in-house experts on food systems and agriculture within their investment, impact, and technical assistance teams. However, **most DFIs indicated having limited capacity and knowledge on nutrition**; many do not know where to place nutrition investments, as the theme links to several other impact areas, such as health and climate. DFI-C, for example, mentioned that they would like to invest more in nutrition, but they do not know how to identify whether an investment will be nutrition-sensitive or how to measure and report on nutrition-sensitive investments. DFI-A, on the other hand, stated that their mandate and pool of funding for nutrition was available, but that it was difficult to pinpoint one solution or structure that would allow for more nutrition investments. Other DFIs indicated not having a formal policy on what nutritious foods entail, that there is no specific definition of 'nutritious' or a standard metric to use to identify it, and that nutrition is a complex concept for them to grasp. DFI-H, for example, mentioned that the definition of 'nutrition' is unclear to them and that it would be helpful to them to have more nutrition expertise.

Finally, **DFI representatives also noted that the nutrition space is not seen as an investable market opportunity**. Rather, it competes with other more appealing investment topics (to DFI stakeholders), such as climate. Both the agricultural sector and SME investing are already seen as difficult investment targets, in terms of risk profile and company maturity; food security and nutrition are further seen as riskier and more influenced by social and cultural factors, making them more challenging topics for DFIs to grasp and target for investment. Investments in the sector are seen as limited, with small ticket sizes, non-diversified portfolios, and requiring longer-than-feasible time horizons. For example, DFI-H indicated that while they did see that nutrition investing aligns with the Paris objectives and global sustainability objectives, they did not yet see a commercial case for it. DFI-G stated they see high risk in investing in food systems, with potential investees being too small for them and companies in African food value chains, in particular, taking too long to mature and become profitable. Overall, some DFI representatives see limited evidence of a commercial case both for the investors (opining that nutrition projects should be funded by concessional investors/donors) and the investees (believing that nutritious food products have limited market potential and profitability). They may also be operating amid difficult macroeconomic conditions and systemic challenges, such as price fluctuations, value chain bottlenecks, and unhelpful regulations. Many DFIs see these systemic issues as being beyond their purview to address.[2]

The interviews thus indicated that many reasons seem to prevent DFIs from investing in nutrition. Indeed, DFI-B mentioned that the challenges are very scattered and that a multifaceted solution would be needed to overcome all the barriers.

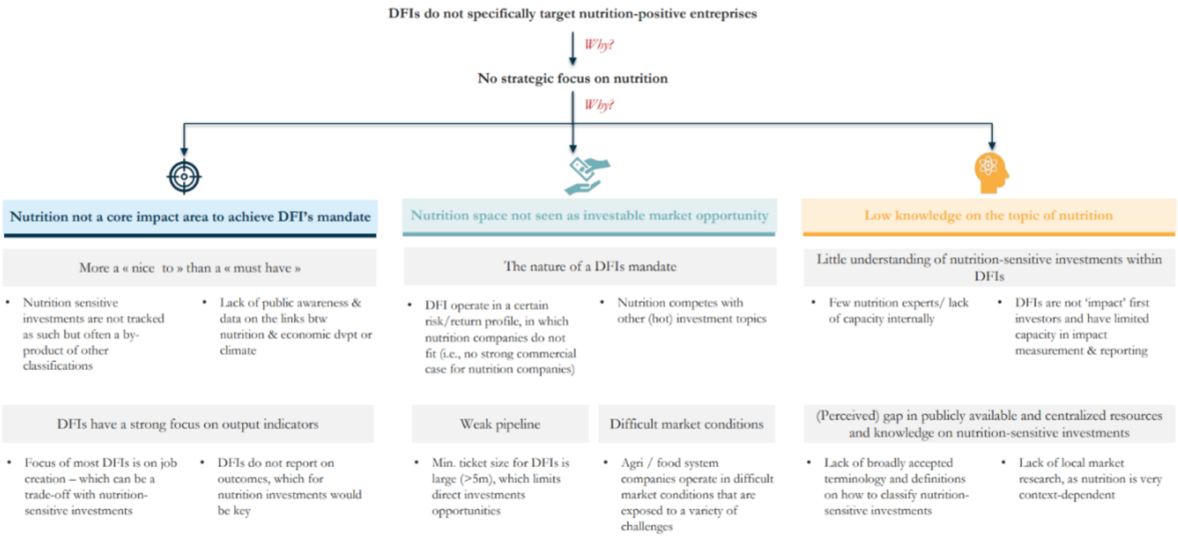

Figure 4. Overview of key reasons preventing DFIs from investing in nutrition

Based on the interviews, the major reasons why DFIs do not specifically target nutrition-positive investments can be grouped in three categories (Figure 4):

- **Most DFIs do not have nutrition as a core impact area in their mandate.** Additionally, when DFIs do consider food-related investments, the focus is mostly on food availability and affordability, instead of the nutritional content of foods.

[2] However, there may be some indirect benefits to investment in nutrition from this angle. For example, one DFI representative noted that they prefer to focus on domestic supply chains (which includes most nutritious foods in LMICs) because this entails that businesses are less sensitive to international commodity price fluctuations or foreign exchange risks.

- **DFIs invest seeking a strong commercial case, and the nutrition space is not seen as an investable market opportunity.** With the high perceived risks in agriculture and SME investing, other sectors (such as climate) are seen to offer more financially appealing investments.
- **DFIs lack internal capacity and knowledge on nutrition.** The topic is perceived as complex and technical, nutrition-sensitive investments are thought to be difficult to identify, and nutrition KPIs are seen as difficult to monitor.

POTENTIAL SOLUTIONS

One of the key findings from the interviews was that barriers to investing in nutrition are not easily overcome by any single instrument (such as a de-risking mechanism); rather, the challenge of investing in nutrition needs to be examined from different angles using a multi-level approach. In the interviews, DFIs proposed some potential solutions. This included efforts at the *organisation and strategy level*, such as raising awareness and building the commercial and impact case for nutrition-sensitive investments through global platforms and events, and showing how nutrition connects to other development topics/investment themes and how it can help DFIs with what they are already doing (e.g., meeting environmental sustainability or gender targets). It also included ideas at the *processes and teams level*, such as developing knowledge products on nutrition and the commercial case for nutrition-sensitive investments; supporting DFIs to build in-house expertise on nutrition through trainings or ad-hoc support; and proposing a clear definition of nutrition-sensitive investments and providing frameworks, tools, and metrics to make them more tangible for DFIs and their clients. Finally, they included *investee-level* ideas, such as supporting potential investees to become investor-ready, using technical assistance as an entry point with DFI investees, and providing incentives to financial intermediaries in which DFIs invest (e.g., funds, financial institutions) to deepen their focus on nutrition outcomes.

Based on the results of the interviews, we thus worked to develop potential solutions. An initial three potential interventions were proposed, focused on increasing the flow of DFI investments towards nutrition at several levels within the DFIs (Figure 5).

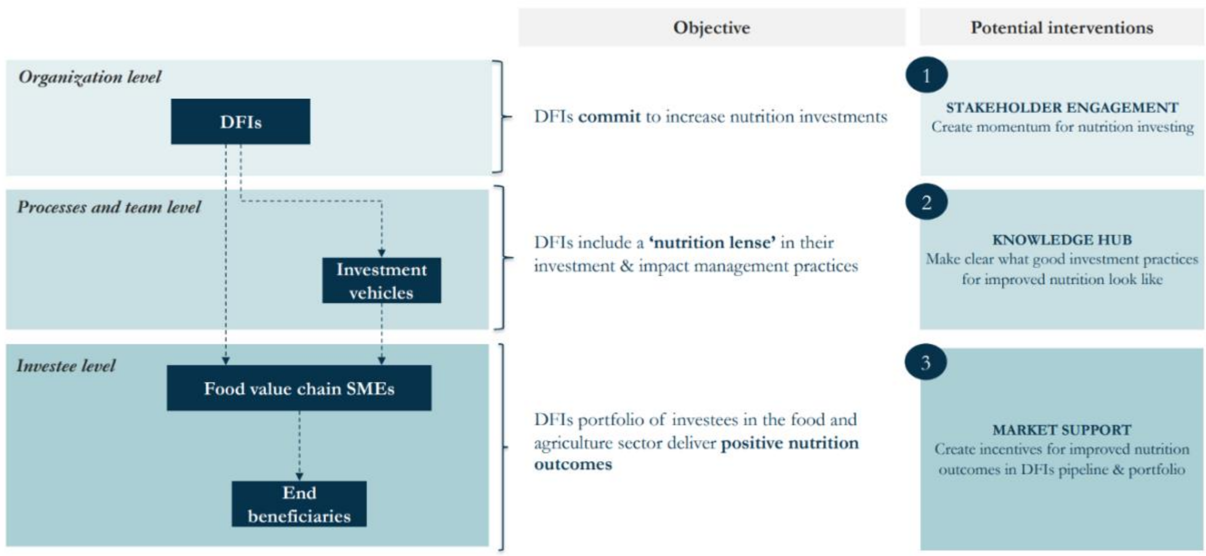

Figure 5. Potential interventions to support DFI investments in nutrition

BOX 1. THE 2X COLLABORATIVE

2X Global is an effort to engage investors, capital providers and mobilisers, and influencers on the topic of gender-lens investing: an investment approach that integrates gender analysis into the investment process to achieve better social and financial outcomes. 2X worked and continues to work to build capacity through sharing knowledge, forging partnerships, and developing and sharing tools that deepen investor commitments to gender equity, such as through convenings and trainings. They also align and advance standards related to gender lens investing and track progress in terms of capital mobilised, financial performance, and gender impact. Through this, they developed the 2X Criteria, the global standard metrics for gender finance, which have been integrated into major finance standard-setting frameworks and widely adopted by DFIs and capital providers. The 2X Global community comprises investment leaders, intermediaries, and other influential voices from across the capital spectrum, including several DFIs.

Source: https://www.2xglobal.org/

Stakeholder engagement would focus on creating a momentum for nutrition investing, with the objective that DFIs would commit to increase their nutrition investments. A **knowledge hub** could be developed to share good investment practices for improved nutrition and equip DFIs to include a 'nutrition lens' in their investment and impact management practices. Through **market support**, the creation of incentives for improved nutrition outcomes in DFIs pipeline and portfolio would result in the DFIs' investee portfolios in the food and agriculture sector delivering positive nutrition outcomes.

Experiences from the 2X Collaborative (see Box 1) were discussed as inspiration for how to create a similar initiative for nutrition and how to gather a diversified group of finance actors around the topic of nutrition: a potential DFI Nutrition Finance Collaborative. The three potential interventions, both separately and grouped within a potential DFI Nutrition Finance Collaborative, were developed in more depth, to be presented to a small group of DFIs in a workshop that would also serve to validate the interview findings.

Validation Workshop with DFIs

A virtual workshop was held to validate the interview findings as well as to discuss the three potential interventions and the idea of the Nutrition Finance Collaborative, to assess interest and gather feedback. Representatives from five DFIs and a development agency, most of which had been previously interviewed, participated.

During the workshop, most participants confirmed that, while they lack nutrition-specific targets currently, the topic is of interest to them and they are open to learning from what others are doing in this space. The DFI participants agreed with the main barriers identified through the analysis of the interviews. For example, DFI-A stated that it had taken them a long time to increase their level of nutrition investments and that they had to dedicate major efforts to building in-house nutrition expertise. They noted that measuring results and taking an integrated approach (e.g., looking at nutrition alongside gender, climate change, youth, and other key themes) helped to facilitate their success to date.

The participating DFIs generally agreed that it is challenging to know how to enter into nutrition investments, in terms of understanding what nutrition means, what a nutritious food product is, and what the local context means for nutrition investment. For example, DFI-C stated that their exposure to nutrition is relatively recent, as investments in food availability and access are easy for them to visualise and identify, while nutrition is a more holistic concept. To do more, they would need practical guidance, easy-to-use frameworks, and information on local nutrition contexts. DFI-H noted that their main challenge is identifying nutrition-relevant KPIs and understanding what is (and is not) a nutrition-sensitive investment. The findings were thus generally validated, and it was confirmed that there was interest in doing and learning more about nutrition.

However, when the Nutrition Finance Collaborative was presented as a potential way forward, most participants felt that another collaborative would be too much for DFIs at this stage: DFIs' time and resources are scarce, and other similar groups exist on other topics, in which they are already involved. A nutrition collaborative could be something to consider for the long term, but not the short term. Instead, the DFIs suggested to start with simpler, practical activities. Within knowledge building, this could include providing definitions, tools, and criteria for nutrition-sensitive investments; leveraging existing resources; and sharing learnings on existing deals, such as those from the Nutritious Foods Financing Facility (N3F). Within advocacy and stakeholder engagement, it was agreed that it should start in a way that was not too structured or formal but rather focused on leveraging strategic events (e.g., the UN Climate Change Conference of the Parties (COP) to advocate on the nexus of nutrition and climate change) to create momentum, showcasing the importance of nutrition in supporting economic development and climate mitigation and adaptation goals (i.e., showing how it fits within the DFIs' existing mandates).

DISCUSSION & CONCLUSION

This paper has examined the interest of DFIs in investing in nutrition and the barriers that prevent them from doing so. An initial mapping exercise found that a large share of DFIs have some potential for engaging in nutrition-related investment, based on their focus on and prioritisation of related sectors. A handful of them showed clear interest in engaging in nutrition – even though few are actively doing so at present. To better understand why, a set of key-informant interviews and a workshop were held, revealing three main barriers: nutrition not being a core impact area within DFIs' mandate; nutrition not being seen as offering investable commercial cases; and DFIs lacking internal capacity and knowledge on nutrition. Through collaborative brainstorming and a validation workshop, two promising ways to address these challenges were identified: knowledge-building and strategic advocacy with stakeholders.

In terms of knowledge-building, approaches will need to be practical and easy to use, where possible highlighting integration with existing activities, metrics, and tools. In terms of advocacy, efforts could focus on how nutrition contributes to the priorities DFIs already have, by showing how nutrition is a core (but often forgotten) component of SDG2, how nutrition links to and supports many other goals (including gender equity and job creation), and how nutrition underpins local socio-economic contexts in the countries where DFIs work. Effort will also be needed to address the barriers related to a perceived lack of a commercial case. Some of this can be done through advocacy – i.e., by showing that nutrition-supporting companies can be profitable and that viable investment opportunities in the sector already exist. However, additional, long-term efforts will likely also be needed to further grow the pipeline of investable companies and funds, particularly in terms of enabling smaller companies—which comprise a large share of the food system in LMICs—to become investment-ready. Work will also be needed at the policy level, to create a more enabling local environment for businesses to start, grow, and thrive. It has been argued that DFIs need to become more accepting of risk if they are going to be able to support a wider range of development goals – such as nutrition – in low-income countries (12,13), and advocacy efforts may need to focus on their stakeholders to enable this shift.

Bringing these ideas to fruition will require aligning with DFIs' needs and constraints. For example, DFIs have their own stakeholders to whom they are answerable, some have requirements to invest in line with national security or foreign policy interests, and their governance structures can limit their risk appetites or restrict the sectors in which they can invest (12,13). DFIs have many – and increasing – demands placed on their resources and time, and engaging in a whole new sector can be a daunting prospect. Some DFIs have as few as a dozen staff (12), further limiting their ability to expand their expertise and enter new areas. DFIs are also demand-driven: their investments are in response to requests from potential clients, and they do not create investment opportunities where they do not already exist. DFIs require some prospect of positive financial returns, their investments are often large and take time to develop, and they have strict and structured processes for investment. It is important for the nutrition community to recognise these limitations and engage only on opportunities where the potential returns, private-sector role, and risk level align with DFIs' restrictions. If this is done well, however, there is potential for leveraging DFI resources to simultaneously improve nutrition and achieve other important development goals.

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