

Innovative Finance for Food Systems Transformation

Investing for impact in Africa's Nutritious Food Businesses

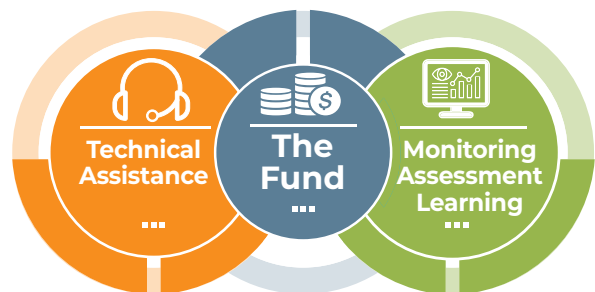
What is the tool and why is it needed?

Experts agree that food systems must be transformed for the well-being of people and planet – a transformation that needs to be funded. While eventual economic, social, and environmental benefits of transformation will far outweigh short-term costs, finance must still be mobilised to drive positive food systems transformation. Finance must deliver better nutrition and enhanced socioeconomic impact.

The Nutritious Foods Financing Facility – or N3F – launched in December 2023 aims to do this through three components (**Figure 1**). The N3F Fund is an impact investment debt fund managed by Incofin Investment Management, applying a blended finance approach to provide debt financing to small and medium-sized enterprises (SMEs) in sub-Saharan Africa (SSA) who are providing safe and nutritious foods to local lower-income consumers.

Technical assistance is provided by GAIN to the Fund's investee SMEs in two main areas: 1) general business management practices to support improved efficiency and financial sustainability (e.g. through business planning and strategy development); and 2) impact enhancement and food safety, such as product formulation, labelling and supply chain strengthening, to ensure, improve and oversee SMEs' nutrition impact, as well as gender equity and environmental sustainability. Finally, monitoring, assessment, and learning – also managed by GAIN – focuses on knowledge dissemination and the development and validation of metrics for targeting nutrition-sensitive investments.

Figure 1. Components of the Nutritious Foods Financing Facility (N3F)



N3F aims to finance up to 60 nutritious food SMEs across 15+ countries in SSA, reaching between 7 to 10 million end consumers with safe, nutritious foods by 2030.

USER TIPS

The N3F can inspire policymakers and other food systems stakeholders to:

- Believe that food that is good for nutrition can also be good for business, as well as other socioeconomic and environmental goals.
- Showcase the role of innovative financing in food systems transformation
- Invest in innovative financing and develop tailored solutions for food system transformation

Find the full set of briefs

The Food Systems Countdown to 2030 Initiative

The Food Systems Dashboard

Diet Quality Questionnaire

Diagnosing Food Systems Policy Coherence

Initiative on Climate Action and Nutrition (I-CAN)

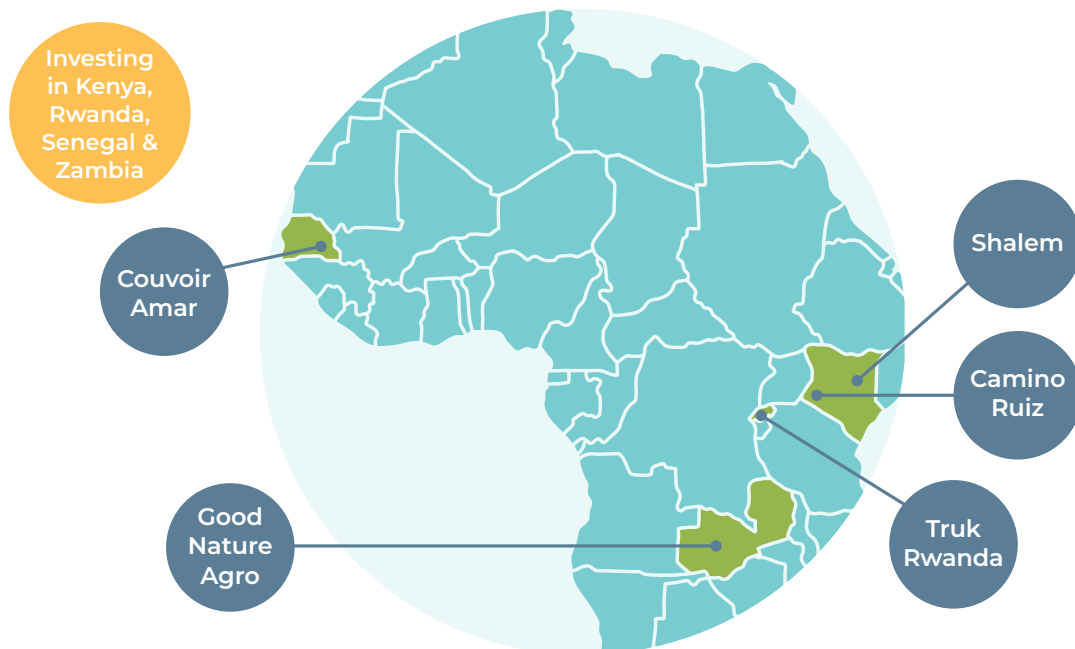
The Political Economy Decision Toolkit

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Providing Access to Finance for Local Enterprises

Investments in nutritious food producing and distributing SMEs began in 2024, and by early 2025, the fund had made five investments in four African countries. Each investee company is supported by tailored technical assistance managed by GAIN, aiming to build local capacity to enable sustainable and resilient value chains. The five investees are profiled below. **Figure 2** provides a location and brief description.

Figure 2. Five Nutritious Food Businesses working with N3F



Kenya – Shalem



Shalem is co-founded and co-owned by a female Kenyan entrepreneur. Based in Meru, central Kenya, Shalem works across grain aggregation, grain milling, fortified flours, and animal feed processing. Shalem provides local communities with affordable, high-quality fortified maize and wheat flour, crucial for staple foods like Ugali and porridge. They also produce a line of porridge dedicated to children under 5. Fortified flours can play an important role in addressing malnutrition, as they provide an affordable source of micronutrients, especially in rural areas of low- and middle-income countries like Kenya, where access to diverse and nutritious foods may be limited. Shalem supports livelihoods by purchasing from over 30,000 Kenyan smallholder farmers.

Kenya – Camino Ruiz



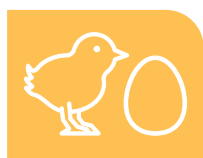
Camino Ruiz distributes tilapia fish and partners with Global Tilapia and farmers' groups for production. Tilapia is a vital source of protein and essential nutrients, providing vitamins and minerals like B12 and selenium to low-income communities. Camino Ruiz also supports women's groups in Homabay County, providing training and economic opportunities, particularly for women and youth.

Rwanda – Truk Rwanda



This logistics company provides cold chain storage and transport for fresh fruits and vegetables. N3F's investment enables the purchase of refrigerated trucks and the setting up of hybrid cold rooms, which allow farmers to extend the shelf life of their produce, maximizing income and reducing food waste. Truk Rwanda also connects farmers in central Rwanda with vendors. It offers them informal training on post-harvest handling to effectively preserve the nutritional value of products. The environmentally friendly cold rooms, powered by solar-backed grids (in place of diesel back-up power), contribute to reducing greenhouse gas emissions through this use of solar power as well as through their contribution to lowering food loss and waste. The company's services increase access to nutritious fruits and vegetables, which are important sources of micronutrients like Vitamins A and C for local communities.

Senegal – Couvoir Amar



Founded in 2020, this Senegalese family-owned poultry business focuses on producing hatching eggs, day-old chicks, and broiler chickens for consumption. Chicken consumption in Senegal remains among the lowest in the world (about 8kg per person annually). By increasing domestic production, Couvoir Amar aims to make poultry more affordable for lower-income groups. Poultry meat is a source of high-quality protein and micronutrients like zinc. The company also helps to create jobs in rural communities, with a positive impact on groups including women and youth.

Zambia – Good Nature Agro



This innovative SME specializes in legumes and seeds, focusing on soybean, groundnuts, cowpeas and beans as seed for replanting as well as for local consumption. Not only does Good Nature Agro partner with a network of over 15,000 smallholder farmers across Zambia to purchase seeds, it also provides farmers with inputs and training to help improve seed and food-grade commodity production. Good Nature Agro has been recently ranked among the fastest growing companies in Africa by the Financial Times, demonstrating its capacity to scale its impact in Zambia and beyond. N3F's investment in the company will contribute to increased access to quality beans and groundnuts by smallholder farmers and households in Zambia as either seed for replanting or food for consumption in their homes.

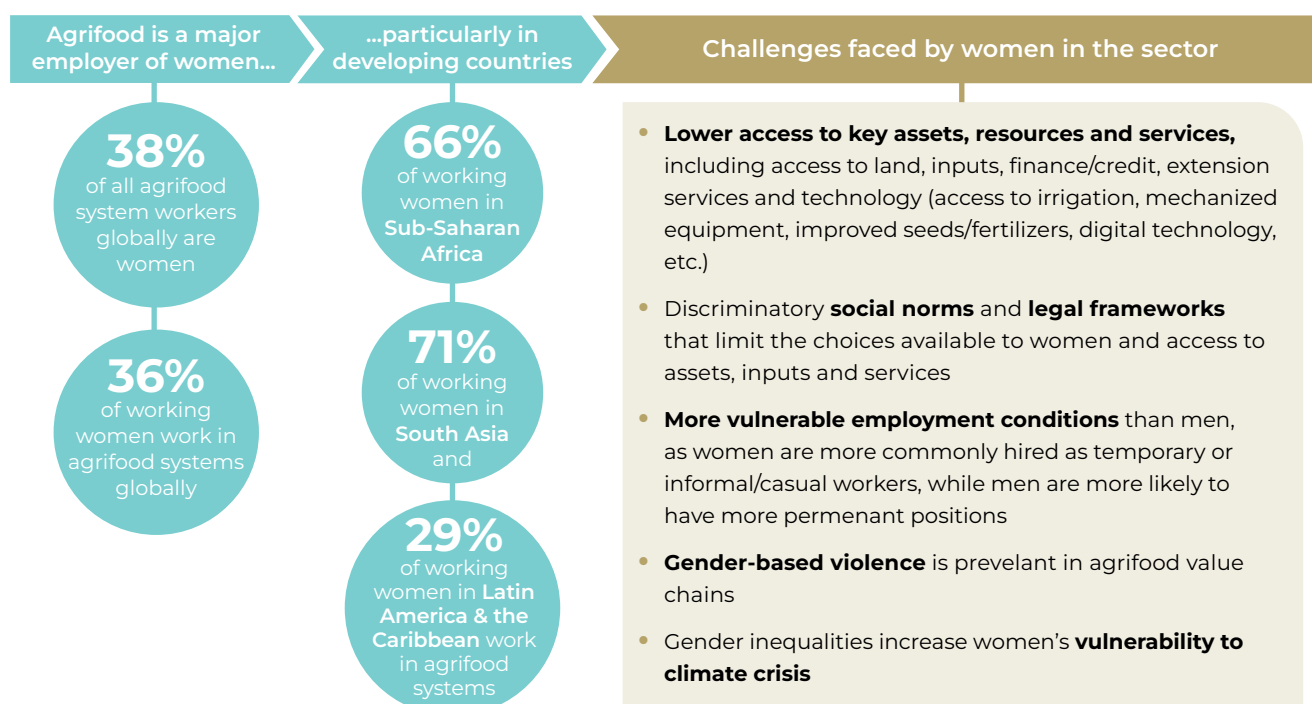
More about the facility and its aims

N3F is a relatively new and innovative facility, with ambitious impact targets. The N3F will publish its first impact report in the summer of 2025, profiling its first five investments.

The aim is that through demonstrating success, N3F will act as a pioneer proof of concept, ushering in further nutrition impact-investment mechanisms to unlock the potential in nutritious food value chains. In non-high-income and emerging economies, this potential is particularly concentrated in SMEs. While SMEs support and deliver the bulk of the food, particularly the food purchased by low-income and nutritionally vulnerable consumers, in these countries, they have been operating under a chronic and critical lack of access to financing.

Another aim of N3F is to demonstrate not only how investing in nutrition-focussed businesses can deliver tangible nutrition and business benefits, but also how additional benefits in further areas aligned with the UN Sustainable Development Goals (SDGs) can accrue. These include gender equality (**Figure 3**), child welfare, livelihoods, environmental sustainability, and other aspects of human development.

Figure 3. Role of women – and challenges faced – in the global food system



Summary

Small and medium-sized enterprises are the backbone of food systems in Africa and beyond. Unfortunately, the vast majority, even those which are involved in providing food that is good for people's nutrition, face severe funding and technical challenges preventing scale-up. This means local production of nutritious foods like fruits and vegetables, chicken, fish, and more, is being held back, right at a time when experts agree food systems must be accelerating their positive changes and holding back the negative ones. SMEs involved in nutritious food value chains must be supported as part of greater efforts to transform food systems. Public and private blended finance coupled with technical assistance and sound monitoring, is proving an effective instrument in the toolbox with which to bridge the funding gap faced by SMEs in the region.

References

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Bove, R. Nordhagen, S., Alaniou, N., Kahn, E., Dwivedi, M., Machimbarrena, M., and Roberts-Robbins, K. (2024) The Case for Investment in Nutritious Foods Value Chains: An Opportunity for Gender Impact. Presentation. GAIN, SAGANA.

