



# Equitable financing for nutrition

2018. Tucuru, Guatemala.  
The municipal market in Tucuru.  
Photo: UN Women/Ryan Brown.

# KEY POINTS

- 1** The 2013 Nutrition for Growth (N4G) summit triggered an increased and sustained investment in international assistance for nutrition. Increases in domestic resources for nutrition have been mixed and marginal at best.
- 2** Current levels of nutrition financing are no longer increasing, and remain far below the levels required to deliver on global targets.
- 3** Domestic investments are key for country ownership and long-term sustainability of programmes. We need strong leadership and coordinated action to prioritise nutrition investments to achieve greater equity and impact for those most in need.
- 4** Data on where and how nutrition investments are made remains inadequate. We urgently need information systems that provide disaggregated data for decision-making at the subnational level.
- 5** There is a growing funding gap for addressing malnutrition related to overweight and non-communicable diseases in poorer countries.
- 6** Stronger evidence on the costs and benefits of multisectoral actions for nutrition could provide the basis for smarter and more systematic investments in nutrition across sectors.
- 7** It is critical to develop new financing mechanisms that can complement existing sources. The Japan N4G summit is an opportunity to renew and expand financial commitments for nutrition, as well as strengthening accountability.

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## Introduction

An equity-focused approach to nutrition finance has the potential to make existing nutrition expenditures more efficient and better targeted so that the appropriate interventions reach the people who need them most – providing higher returns on investment.<sup>1</sup> This chapter presents the current state of nutrition financing in terms of mobilisation of domestic and donor resources, trends in nutrition-specific and nutrition-sensitive aid and funding gaps. It then considers how external and domestic nutrition financing mechanisms and investments need to adapt to be more equitable. It proposes approaches that draw on actors and resources outside the conventional funding channels, and emphasises investments in robust information systems to generate disaggregated data at subnational levels to address the needs of the most vulnerable and marginalised groups.

## The current state of nutrition financing

### Global target

The 2017 Investment Framework for Nutrition (IFN)<sup>2</sup> estimated the cost and financing needs to achieve the World Health Assembly (WHA) nutrition targets for stunting, anaemia and exclusive breastfeeding and to scale up treatment of severe wasting by 2025. The framework estimated that an average annual investment of US\$7 billion above existing levels of spending would be required over ten years to finance the scale-up of evidence-based interventions to achieve these targets. It was projected that this scale-up, coupled with improvements in the underlying determinants of undernutrition, by 2025 would help to save the lives of 3.7 million children, reduce stunting cases by 65 million, reduce the number of women with anaemia by about 43%, achieve the exclusive breastfeeding target, and treat 91 million cases of severe acute malnutrition. A priority package of ready-to-scale interventions within this framework was estimated to cost an average of US\$2.3 billion per year.<sup>3</sup>

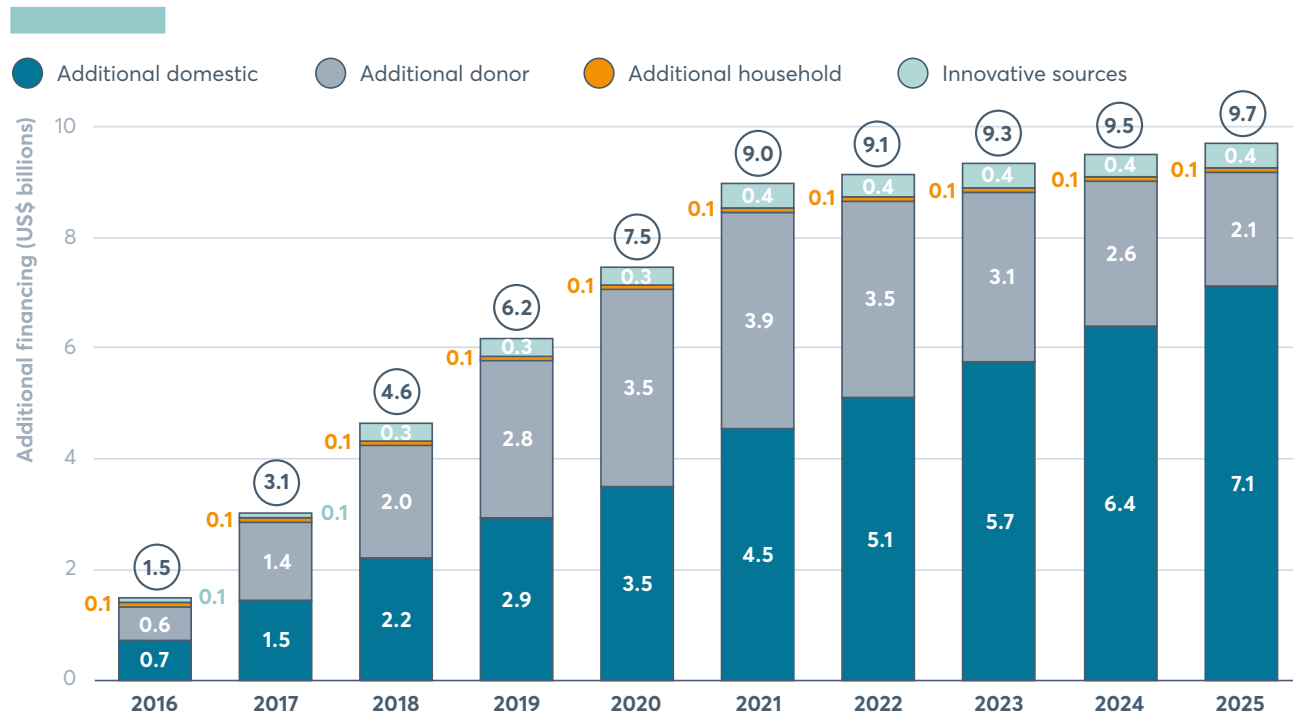
The IFN calls for donors, countries, innovative financing mechanisms, businesses, and even consumers themselves to act in “global solidarity” to “mobilise the resources needed to accelerate progress against malnutrition”.<sup>4</sup> Figure 5.1 shows the Global Solidarity financing scenario in the IFN, which models financing needs from different sources. The scale of additional funding required for this package calls for a strong commitment by both countries and donors. It also calls for the scale-up of other sources of investment, beyond the traditional mix of financing, that can be attracted directly to improve access to good nutrition as well as drive financing across sectors that affect nutrition.

The following two sections review the latest evidence on spending by governments and donors for nutrition-specific funding required to achieve the WHA nutrition targets. It is important to note that the WHA targets are a subset of all desired nutrition outcomes. The IFN focuses on the necessary activities and investments to realise these targets and does not cost the achievement of the broader goals. However, the framework remains a pivotal mechanism for tracking progress.

National and international investments in nutrition, while detailing whether they are specific or sensitive to nutrition outcomes, are not disaggregated in their reporting in a way that allows them to be tracked directly against the framework goals. The financial analysis that follows, therefore, assumes that trends in nutrition financing generally reflect progress against the framework. There have been some advances in tracking investments in nutrition-sensitive actions, and in response to non-communicable diseases,<sup>5</sup> but these are not discussed in detail here due to limited data.

**FIGURE 5.1**

The Global Solidarity financing scenario: additional financing needs to achieve WHA nutrition targets

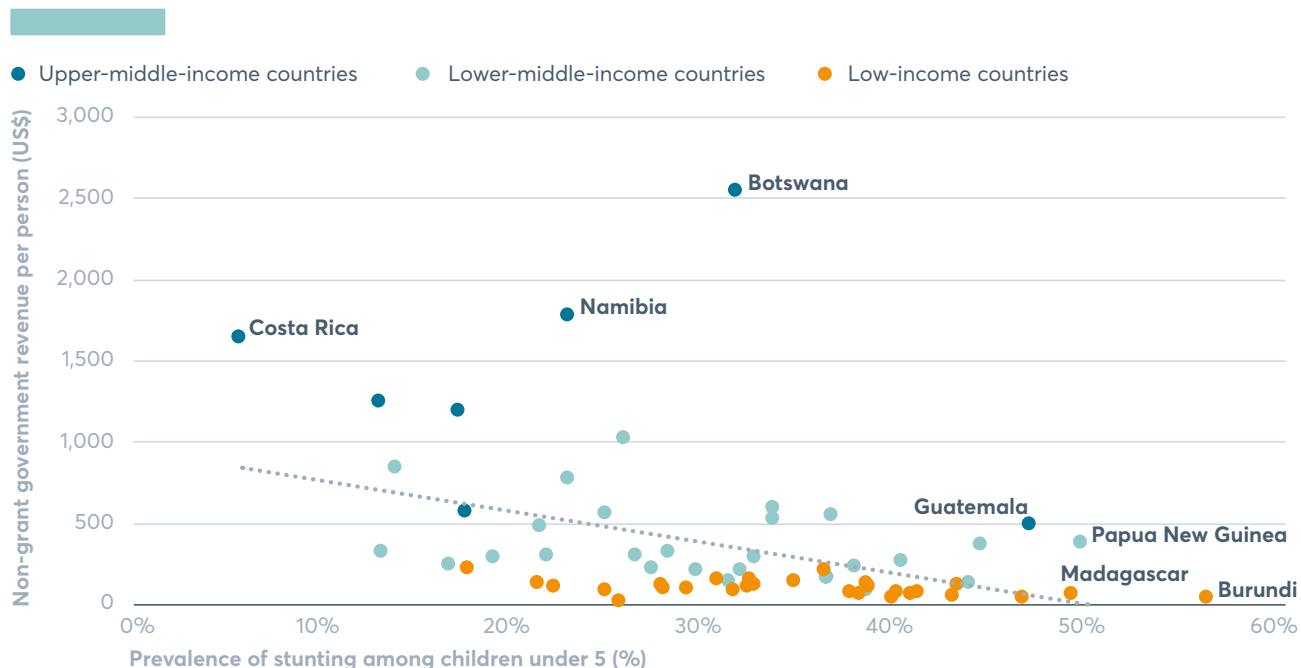


Source: Adapted from Investment Framework for Nutrition.<sup>5</sup>

Notes: The Global Solidarity financing scenario projects what it would take to mobilise the total ten-year costs of US\$70 billion to achieve the WHA targets based on a set of financing principles driven by country ability to pay and estimation of baseline 2015 spending by income group. In this model, upper-middle-income countries pay for 100% of scale-up costs; by 2025, lower-middle-income countries pay for 70% of scale-up costs and low-income countries pay for 50% of scale-up costs. Donors ramp up investments in the first six years and begin to taper off in 2021 when domestic financing covers most of the scale-up costs. The financing scenario does not include costs of intermittent presumptive treatment of malaria in pregnancy (total cost = US\$416 million), as this is currently being funded by other sources, including the President's Malaria Initiative, the Global Fund to Fight AIDS, TB and Malaria and, to some extent, country governments.

**FIGURE 5.2**

Government revenue and stunting prevalence in 61 countries



Source: UNICEF/WHO/World Bank Group: Joint child malnutrition estimates, OECD Development Assistance Committee (DAC) Creditor Reporting System (CRS), World Bank, 2019.  
Notes: Non-grant government revenue includes tax and non-tax revenue but excludes grants. Amounts for 2017, divided by 2017 population data. Income groups as defined by the World Bank country and lending groups, June 2019.



## SPOTLIGHT 5.1

### Low domestic revenue mobilisation in Somalia is hampering government investment in nutrition

Richard Watts

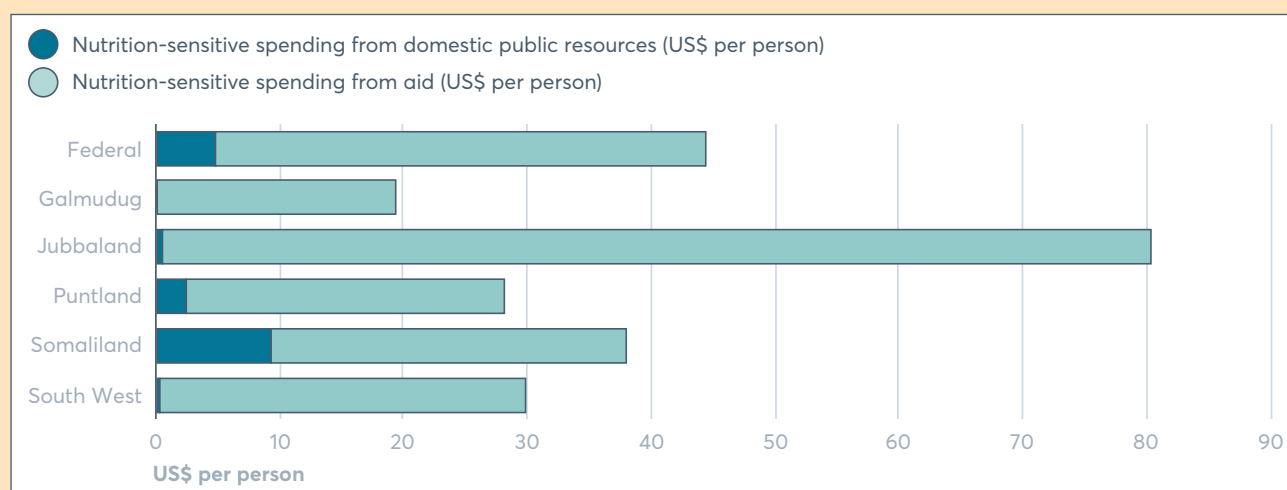
In 2018, the Federal Government of Somalia undertook nutrition budget analysis on its own budget and five state governments.<sup>7</sup> The investigation detailed both nutrition-sensitive spending funded by domestic public resources and all aid spending reported to governments (Figure 5.3). This produced several key findings, as follows.

**Aid played a crucial role in financing for nutrition** – the aid component of nutrition-sensitive areas in 2017 was almost ten times larger than the share of domestic public resources (US\$490 million compared to US\$55 million). A primary focus of aid in that year was in response to droughts, which left an estimated 3.2 million people severely food-insecure and created a crisis that could not be dealt with by governments alone.

**Domestic public investment in nutrition was significantly lower in newly formed states** – compared to more established states in Somalia, state government investment in nutrition was substantially lower in Galmudug (US\$0.05/capita), Jubbaland (US\$0.6/capita) and South West (US\$0.2/capita).

**FIGURE 5.3**

Nutrition-sensitive aid and domestic public resource funding in Somalia



**Source:** 2017 budget documents of the Federal, Galmudug, Jubbaland, Puntland, Somaliland and South West governments; 'Aid Flows in Somalia: Analysis of Aid Flow Data', March 2018. Ministry of Planning, Investment and Economic Development, Federal Government of Somalia.

The significant differences in the share of nutrition-sensitive funding between aid and domestic public resources in Somalia are primarily a result of low domestic revenue mobilisation. At present, the revenue base is very narrow, with a high dependence on port duties in the Federal (Mogadishu port), Somaliland (Berbera port) and Puntland (Bosaso port) governments. Other newly formed governments without established major ports are facing even more significant challenges in raising revenue, highlighted by the lower investments in nutrition by Galmudug, Jubbaland and South West states.

With a significant focus of current government spending on administration and security, it will be essential to increase domestic revenue mobilisation to free fiscal space to enable further investment in nutrition. There has been some progress in this regard, with the federal government reporting a 30% rise in non-grant revenue in 2018 compared to 2017, with plans to develop fiscal federalism structures through a fishery and petroleum revenue-sharing framework.<sup>8</sup> However, given the fragile context of Somalia, it is likely in the medium term that external support in financing nutrition will remain critical.

Full sources for this spotlight can be found in the notes.<sup>9</sup>

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## Mobilising domestic resources

The substantial amounts of additional funding required to reach the WHA targets for nutrition by 2025, as estimated by the IFN, need to be met through a mix of domestic allocations from country governments, official development assistance (ODA), and other financing mechanisms.<sup>10</sup> Within this mix, country ownership is critical to ensure the necessary political and institutional leadership for sustained action and outcomes, as well as the use of appropriate investments and mechanisms. Country ownership, and country investment through domestic resource mobilisation, is therefore vital.<sup>11</sup>

Different countries face different nutrition challenges on different scales, with different abilities to meet the costs. It is worth highlighting, although it may not be surprising, that countries facing the greatest malnutrition burden are often those with the least ability to finance action to address it (Figure 5.2).

Such disparities are equally prevalent at the subnational level. A case study of finance data disaggregated at a subnational level in Somalia (Spotlight 5.1) shows that spending is not allocated according to need, nor is there subnational government capacity to raise revenues or fiscal space to make nutrition investments.

While domestic sources of nutrition finance are vital for scale-up and sustainability, particularly in low-income countries (LICs) and lower-middle-income-countries (LMICs), a key finding of this report is that sparse data makes it almost impossible to track progress in nutrition investments accurately. Data is disparate, incomplete or incomparable. This chapter, therefore, draws on a limited set of assessments undertaken for subsets of countries and sectors. From these, it concludes that there is minimal evidence to suggest that governments are scaling up resources. Increases are nominal at best, with some countries moving in the wrong direction.

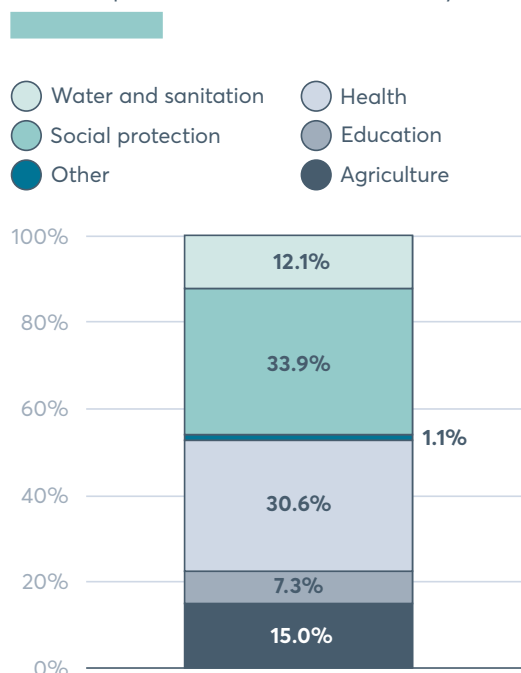
The WHO Global Health Expenditure database, covering 38 countries and detailing spending on health by disease including nutritional deficiencies from 2015 to 2017, shows a slight increase (5.6%) in total health spending; however, spending on nutrition deficiencies fell by 5.6% from 2015 to 2017, meaning that the proportion of health spending on nutrition deficiencies fell from 1.6% to 1.4%. The picture for low-income countries was more positive, with a 23.9% increase in health spending and a 20.1% increase in expenditure on nutritional deficiencies.<sup>12</sup> A separate review of the expenditure across 32 countries between 2015 and 2016 found that spending on nutrition-specific interventions increased slightly in 12 countries but decreased in 20 countries.<sup>13</sup>

Based on available global data, we can conclude that the proportion of expenditure directed to nutrition for many countries remains low. There is even some national evidence of falling investments in nutrition. For example, Guatemala, which is considered progressive in its nutrition policy, has seen a large drop in domestic public investment in food and nutrition security since 2014.<sup>14</sup>

Data on domestic investments for nutrition within other sectors is available through the Scaling Up Nutrition (SUN) budget-tracking exercise. The latest available data across 45 countries shows that 69.4% of nutrition spending (for both nutrition-specific and nutrition-sensitive interventions) comes from outside the health sector, with social protection accounting for under half of this (Figure 5.4).

**FIGURE 5.4**

Domestic public investments in nutrition, by sector



Source: Budget analysis exercise, SUN Movement Secretariat, 2019.

Note: Based on 45 countries with data points ranging from 2015 to 2019.

Data limitations inhibit an assessment of nutrition spending over time within these sectors. However, inadequate government spending on many sectors, such as agriculture and education – that are important sources of nutrition-sensitive spending – is a matter of concern for indirect nutrition investments.<sup>15</sup>

- In agriculture, there is little progress in public funding outside East Asia, the Pacific, the Middle East and North Africa.<sup>16</sup>
- Education expenditure in 29 SUN countries increased only by 6.6% in real terms from 2015 to 2017, with 12 countries showing either a growth of less than 1% or an absolute decline.<sup>17</sup>
- The water, sanitation and hygiene sector is an exception, with mixed trends. In 24 countries with available data, total real-term funding increased from 2017 to 2019 by 11.1% per year, although 9 countries reported declines.<sup>18</sup> Despite increases, however, a substantial financing gap remains, which has an indirect impact on nutrition. According to the recent GLAAS report,<sup>19</sup>

the majority of countries responding to the questionnaire said they had less than 50% of the financial resources needed to implement their water, sanitation and hygiene plans, with the situation being worse in rural areas, calling for a more equitable allocation of resources.

In summary, while available data is inadequate to quantify the domestic financing gap, the limited evidence available suggests that domestic spending on high-impact nutrition interventions is not at the level required according to the Investment Framework. Proportions of sector budgets such as health ascribed to nutrition outcomes are small. Increases in nutrition spending are marginal at best, and spending is falling in many countries. We need renewed efforts to mobilise the domestic resources critical to achieving sustainable impact.

## Mobilising donor resources

Donor resources refers to the external support provided to scale up national-level nutrition programming from country donors, multilateral donors (including the European Union, development banks and UN institutions) and private donors.<sup>20</sup> Limitations in the data available restrict efforts to map these resources accurately. Beyond donors that report their spending through the N4G process (Table 5.1), there is poor tracking of nutrition-sensitive ODA. There is limited information on the expenditures and activities of donors outside the OECD Development Assistance Committee (DAC) and of South–South donors. Improved clarity on this data is vital for improving nutrition outcomes and coordination efforts. Several initiatives and mechanisms to monitor donor resources for nutrition-specific aid, and emerging tools, are enabling improved tracking and analyses of nutrition aid beyond the basic nutrition purpose code<sup>21</sup> (Spotlight 5.2).

## Improvements in global tracking of donor disbursements

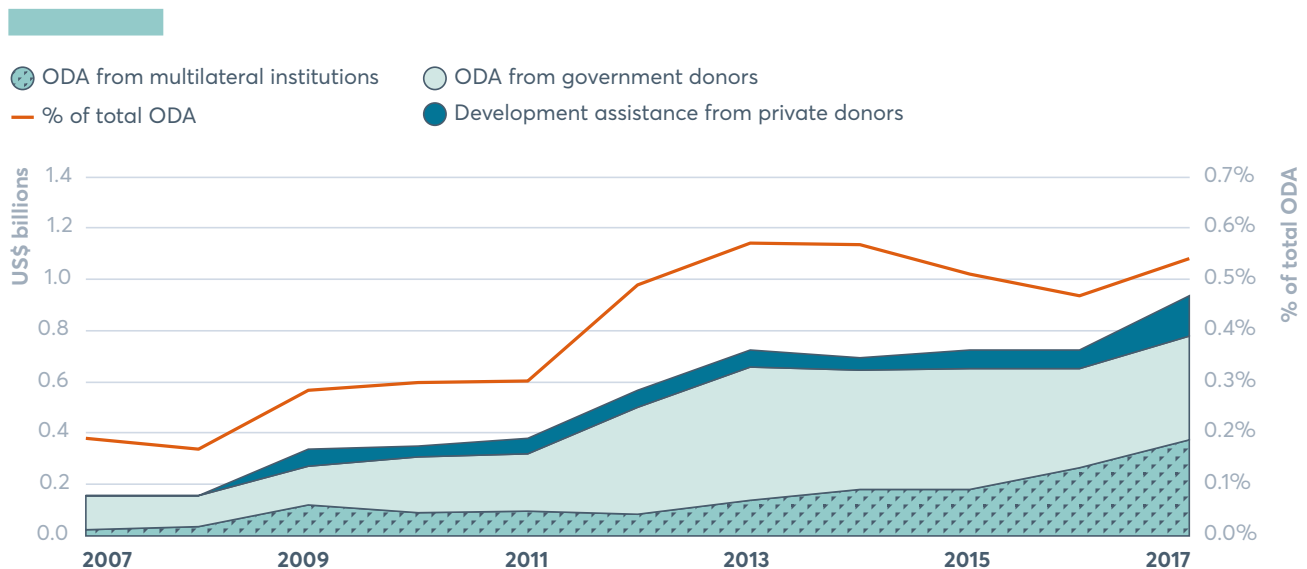
J.S. Kouassi, Mary D'Alimonte and Kedar Mankad

Tracking aid for nutrition is critical for monitoring and accountability. The SUN Donor Network has been using data from the OECD DAC Creditor Reporting System (CRS) to monitor spending against commitments made at the first Nutrition for Growth (N4G) Summit in 2013. The CRS previously had limited ability to track aid for nutrition but has recently been improved in the following ways.

- The purpose code for basic nutrition has been amended to remove school feeding and match the global definition of 'nutrition-specific'. The CRS has also added new purpose codes for non-communicable diseases that will make it easier to track aid projects including investments to reduce exposure to unhealthy diets that contribute to obesity.
- A nutrition policy marker, to improve tracking of nutrition aid across sectors, has been adopted voluntarily. This has been developed in collaboration with the SUN Donor Network and other SUN Movement partners, including Action Contre la Faim. The SUN Donor Network, the SUN Movement Secretariat and the OECD Secretariat are currently developing guidance to support DAC member agencies to adopt and implement the nutrition policy marker.
- New private philanthropic donors, such as the Children's Investment Fund Foundation, have begun reporting to the OECD. This enables the CRS to capture additional information on donor financing.

All these improvements come at an opportune time. Better systems to track aid for nutrition will enable a better understanding of funding trends and gaps and could lead to an improved perspective on whether vulnerable and marginalised populations are being reached with appropriate interventions. This will support more accurate and comparable monitoring of overall progress, and of the anticipated donors' financial commitments at the N4G Tokyo Nutrition Summit.

**FIGURE 5.5**  
ODA disbursements for basic nutrition, 2007–2017



**Source:** Development Initiatives based on OECD Development Assistance Committee (DAC) Creditor Reporting System (CRS). Data downloaded on 29 January 2020.

**Notes:** ODA amounts are based on gross ODA disbursements, and include ODA grants and loans but exclude other official flows reported to the OECD DAC CRS. Government donors include DAC-member country donors and other government donors (Kuwait and the United Arab Emirates). Multilateral institutions include all multilateral organisations reporting ODA to the OECD DAC CRS. The amounts for private donors are based on private development assistance reported to the OECD DAC. Such assistance includes all international concessional resource flows voluntarily transferred from private sources for international development. These flows are the private finance channelled through NGOs, foundations and corporate philanthropic activities. All amounts are constant 2017 prices.



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## Trends in nutrition-specific aid

Donor disbursements reported under the CRS code for basic nutrition (a proxy for nutrition-specific aid) and under private development assistance reached US\$1.25 billion in 2017, representing an average annual increase of 11.3% in real terms since 2012 (Figure 5.5). Nutrition ODA from private donors such as philanthropic organisations contributed to this growth, although this growth may, at least in part, be attributed to better reporting. Trends in the proportion of ODA allocated to basic nutrition have been less consistent. Following increases over five years between 2008 and 2013, percentages fell each year until 2017, when there was an increase in spending for basic nutrition to 0.54% of ODA, up from 0.47% in 2016 but still below 2013 levels.

From an equity perspective, the allocation of nutrition aid based on social determinants is as vital as overall volumes. ODA needs to be targeted where needs are greatest and where the domestic capacity to address those needs is weakest. An exploratory assessment of per capita basic nutrition ODA – nutrition ODA that has been planned and programmed – against malnutrition indicators suggests that aid does tend to target countries with higher rates of malnutrition (Figure 5.6).<sup>22</sup> Rates of anaemia in women of reproductive age (WRA) and of childhood stunting each has a statistically significant, positive correlation with basic nutrition ODA per capita.<sup>23</sup> Additionally, when tested together, stunting is found to be a much better predictor than anaemia of where such aid is allocated.

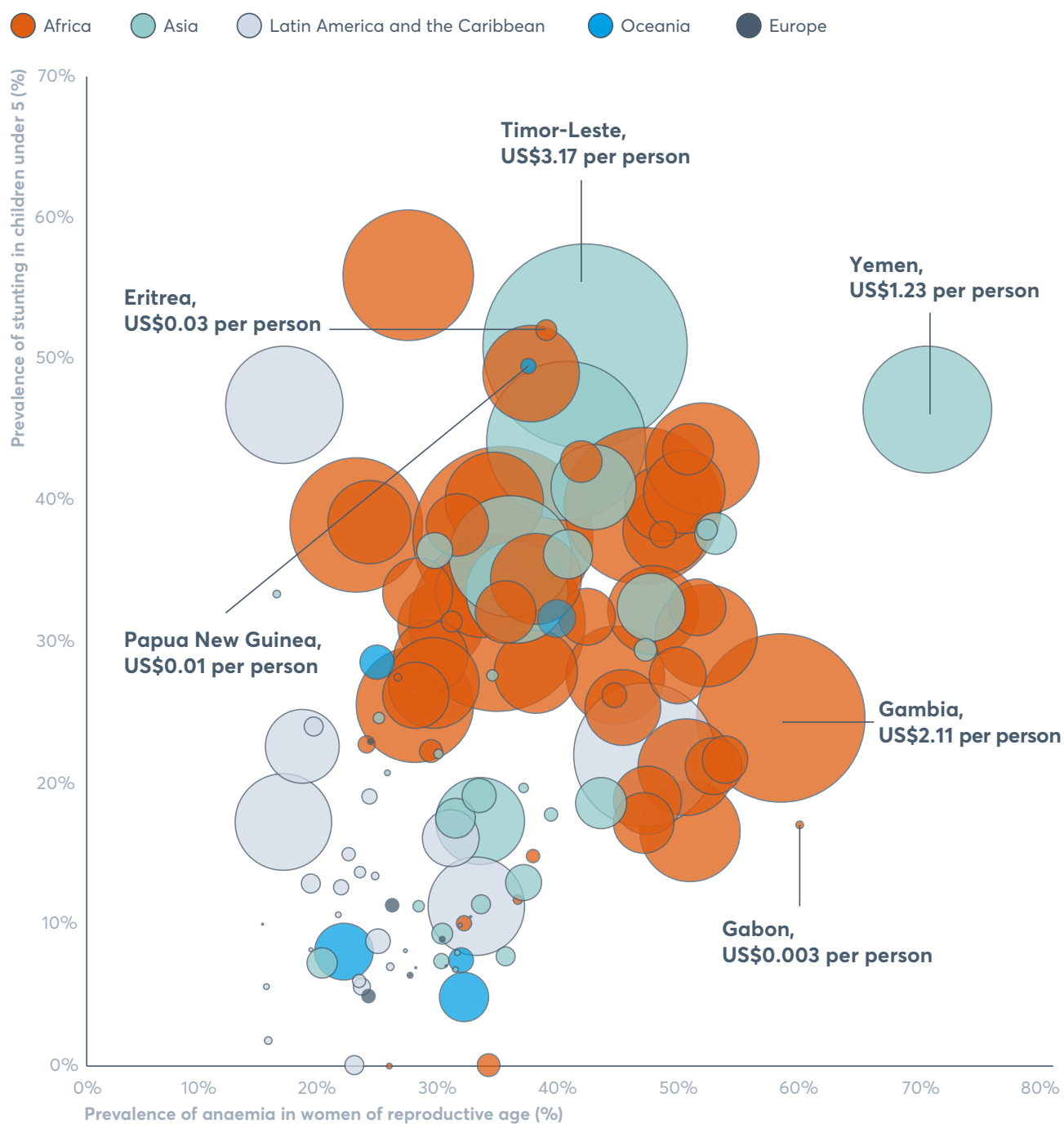
However, there is scope for significant improvement. Several countries with high needs receive relatively small volumes of nutrition assistance. For example, Gabon has the second-highest prevalence of WRA anaemia at 59.1% but receives among the lowest amount of basic nutrition ODA per capita – an average of less than half a cent per person across 2015–2017. Eritrea similarly received an average of US\$0.03 per person over the latest three years despite its stunting prevalence of 52.0%, while Papua New Guinea received US\$0.01 per person on average with a stunting prevalence of 49.5%.

Multiple factors shape where and how donors allocate their aid, and more research is required to understand these better, as the first step to improved targeting. However, many countries facing extremely high levels of stunting and anaemia, and receiving very low per-person basic nutrition aid volumes, are fragile. Fragile and extremely fragile countries account for 57 of the 124 countries assessed (46.0%). Yet, six of the eight countries that received an average of less than US\$1 per person across 2015–2017 and also have a WRA anaemia prevalence over 50% (i.e. countries with low basic nutrition aid and high malnutrition) fall into these categories. Similarly, when looking at countries with this low allocation, the 12 with the highest stunting prevalence all sit in one of these fragility groups.

Ways of delivering nutrition assistance also need to be considered. Nutrition aid is also delivered, for example, through humanitarian assistance, a modality one would expect to be more prevalent in fragile contexts. Indeed, averaged over the 2015–2017 period, 9 of the 15 extremely fragile countries received more nutrition aid via international humanitarian assistance than as basic nutrition ODA. Conversely, 54 of the 67 non-fragile countries did not receive any humanitarian nutrition assistance. Nutrition aid delivered through different modalities may be driven by different needs, with different objectives and subject to oversight from different sets of actors. Therefore, we need a better understanding of the types of nutrition assistance delivered in different contexts, and how each of these contributes to global commitments.

**FIGURE 5.6**

Allocation of 2017 basic nutrition ODA by recipient malnutrition burden



**Source:** UNICEF/WHO/World Bank Group: joint child malnutrition estimates; WHO Global Health Observatory; OECD Development Assistance Committee (DAC) Creditor Reporting System (CRS); World Bank, 2019.

**Note:** Bubble size represents the average basic nutrition aid received across 2015, 2016 and 2017, divided by 2017 population to show per capita amounts.

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## ODA financing for overweight, obesity and diet-related NCDs in LMICs and LICs

ODA financing to support improved nutrition needs to consider malnutrition in all its forms, and this includes overweight, obesity and diet-related non-communicable diseases (NCDs). The estimated rates of adult overweight and obesity, for example, have increased from 2012 to 2016 in every country – including the poorest – and the economic costs of diet-related NCDs are high. Globally, 27.3% of NCD deaths in 2017<sup>24</sup> were attributed to dietary risk factors.<sup>25</sup> To date, investment in many LICs and LMICs has focused on undernutrition. However, there is a growing funding gap for addressing malnutrition related to overweight, obesity and NCDs. These have traditionally been a problem for high-income countries where significant domestic resources are being allocated. However, over the past decade, there have been rapid increases in rates of overweight and obesity in LMICs, which have largely been ignored in nutrition aid allocations.

Increasing rates of overweight and obesity are still regarded by some as a marker of success in the war on food insecurity, coupled with a perception that addressing it can be delayed until countries reach their targets for economic development and hunger-reduction. Such an approach may have devastating health and economic impacts for low- and middle-income countries. Overweight, obesity and diet-related NCDs are conditions that often require expensive, lifelong therapies and care that these countries are currently ill-equipped to provide.<sup>26</sup> As highlighted by *The Lancet's* series on the double burden of malnutrition:

The OECD CRS has added new purpose codes specifically for NCDs (Spotlight 5.2). Improvements in global tracking of donor disbursements will help to provide a more comprehensive picture of aid allocations to the prevention and treatment of NCDs. The Global Nutrition Report applies its own methodology to track spending on diet-related NCDs and finds that such disbursements increased to US\$39.8 million in 2017, up US\$7.3 million from 2016 (Figure 5.7). Funding commitments to NCDs have also increased, rising to US\$57.5 million in 2017 from US\$51.2 million in 2016. Disbursements to NCDs increased by 22.6% between 2016 and 2017. Meanwhile, during the same period, disbursements to the basic nutrition sector increased by 21.2%, and disbursements to all sector-focused aid grew by only 5.4%. Indeed, NCD disbursements marginally increased their share of total ODA from 0.018% in 2016 to 0.020% in 2017.

Given the high number of countries facing multiple burdens of malnutrition, it is crucial that external and domestic financing systems adapt urgently to expand investment both in actions that have a demonstrated impact on overweight and obesity and in those that address undernutrition. The WHO policy brief, *Double-duty actions*<sup>28</sup> highlights how informed investment can address the double burden of malnutrition (two sides of one crisis) by exploiting synergies in actions to ensure good nutrition overall. Improving the availability of quality data on the cost of overweight, obesity and diet-related NCDs in all contexts will help to facilitate appropriate decision-making, including global and national target-setting for the reduction of adult overweight and obesity.

**the new emergent reality is that undernutrition and overnutrition are interconnected and, therefore, double-duty actions that simultaneously address more than one dimension must be implemented for policy solutions to be effective.<sup>27</sup>**

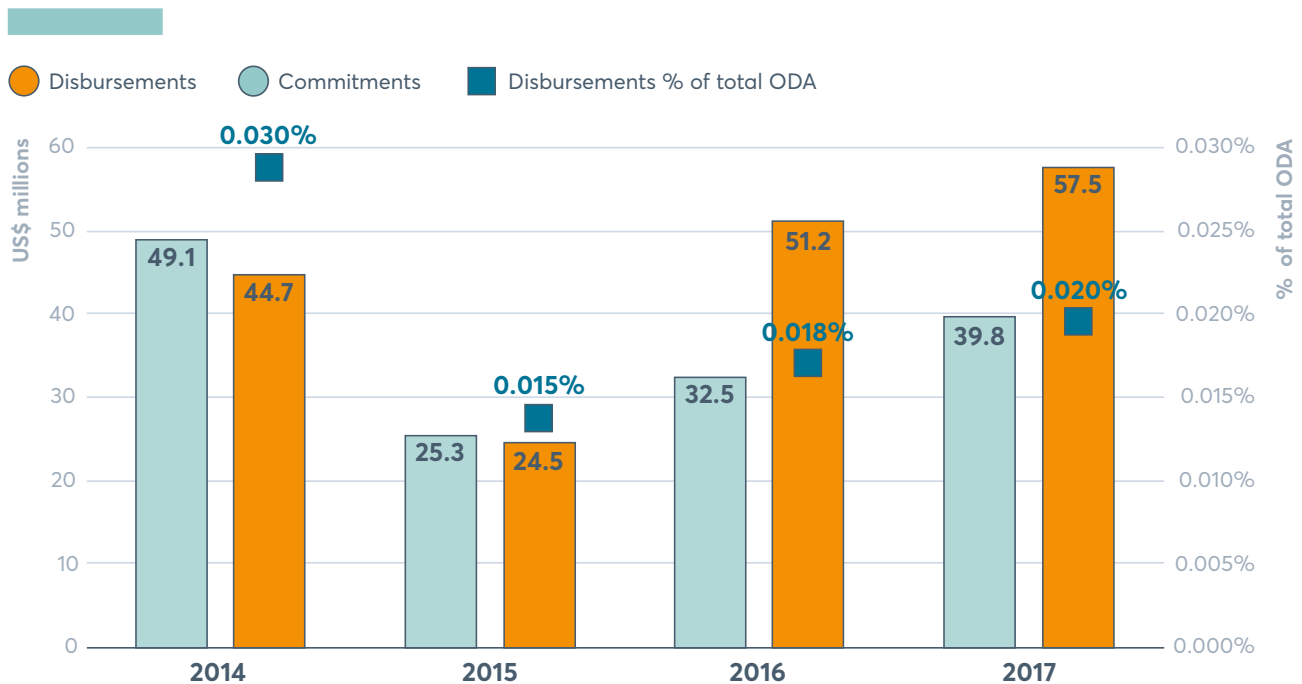
## Tracking aid against WHA nutrition targets

In consultation with the SUN Donor Network, researchers have been tracking donor aid in support of the IFN priority package of interventions to assess whether the donor financial targets have been met.<sup>29</sup> Using data from the OECD CRS that includes aid from both within and outside the basic nutrition code, the analysis finds that donors have made positive progress in mobilising funding for the WHA targets. Between 2015 and 2017, priority-package aid increased by 11% (annualised), from US\$1.1 billion to US\$1.4 billion.<sup>30</sup> Mapping these disbursements to the IFN priority-package financing scenario benchmarks suggests that, overall, donors mobilised 93% of their proposed share of priority-package costs for 2017. While this is positive, more is needed: there was still a gap of US\$100 million in external donor support needed for priority interventions in 2017. More importantly, the gap in support of the full IFN package costing US\$7 billion per year, as shown in Figure 5.1, will be substantially more significant, although this is yet to be quantified. As Figure 5.8 shows, not all targets have seen the same funding increases.

## Monitoring donor financial commitments made at N4G

Nutrition for Growth (N4G) was established through a partnership between the governments of the United Kingdom, Brazil and Japan, championed by leading philanthropic foundations and civil society organisations. Its goal is to secure new financial and political commitments from governments, donors, civil society, the UN and business, to help end malnutrition in all its forms by 2030. Every year, the GNR tracks the commitments made by stakeholders through the N4G process. Table 5.1 shows the latest donor-reported disbursements to nutrition-specific and nutrition-sensitive actions between 2010 and 2017.

**FIGURE 5.7**  
Donor spending on diet-related NCDs

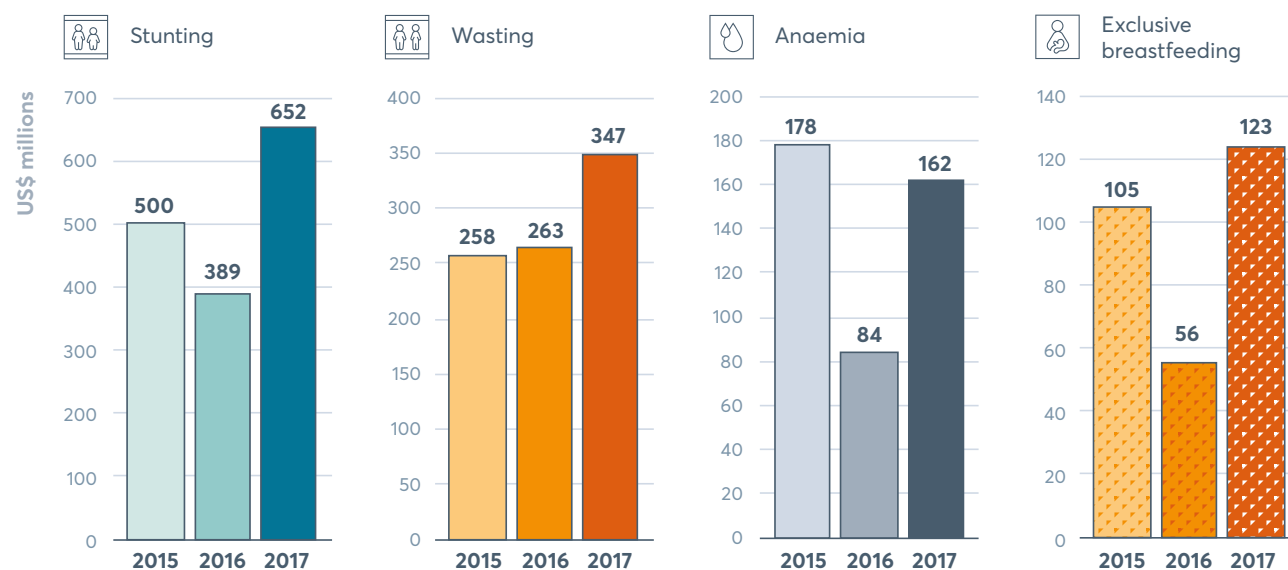


**Source:** Development Initiatives based on OECD Development Assistance Committee (DAC) Creditor Reporting System (CRS). Data downloaded on 11 July 2019.

**Note:** The graph presents donor spending coded under the purpose codes for NCDs. However, actual donor spending on addressing NCDs is likely to be quite different, as investments under many other purpose codes will also impact diet-related NCDs.

**FIGURE 5.8**

Donor disbursements to select WHA nutrition targets



**Source:** Results for Development, 2019. Tracking aid for the WHA nutrition targets: progress towards the global nutrition goals between 2015–2017. Washington, DC: Results for Development.

**Notes:** Disbursements across the WHA targets cannot be summed due to intervention overlap. See endnotes for details of the actions and targets of the package.<sup>31</sup>



**TABLE 5.1**

Nutrition disbursements reported by donors to Global Nutrition Reports

REPORTED AS US\$ THOUSANDS	NUTRITION-SPECIFIC						
	2010	2012	2013	2014	2015	2016	2017
AUSTRALIA	6,672	16,516	NA	20,857	NA	15,639	NA
CANADA	98,846	205,463	169,350	159,300	108,600	97,628	93,099
EU	50,889	8	54,352	44,680	48,270	29,721	57,097
FRANCE	2,895	3,852	2,606	6,005	4,660	8,572	4,339
GERMANY	2,987	2,719	35,666	50,572	51,399	18,047	19,621
IRELAND	7,691	7,565	10,776	19,154	13,079	12,391	18,238
NETHERLANDS	2,661	4,007	20,216	25,025	31,604	46,331	32,837
SWITZERLAND	0	0	0	0	0	0	0
UK	39,860	63,127	105,000	87,000	92,400	156,000	188,294
US	82,613	229,353	288,649	263,241	382,891	296,974	195,921
GATES FOUNDATION	50,060	80,610	83,534	61,700	96,500	96,616	144,532
CIFF	980	5,481	37,482	26,750	53,607	32,784	63,180
WORLD BANK	NA	NA	NA	NA	NA	NA	NA

REPORTED AS US\$ THOUSANDS	NUTRITION-SENSITIVE						
	2010	2012	2013	2014	2015	2016	2017
AUSTRALIA	49,903	114,553	NA	87,598	NA	128,706	NA
CANADA	80,179	90,171	NA	998,674	1,271,986	1,309,732	1,102,545
EU	392,563	309,209	315,419	570,890	423,704	496,672	538,637
FRANCE	23,003	27,141	33,599	NR	23,781	16,446	25,991
GERMANY	18,856	29,139	20,642	51,547	84,174	186,780	142,809
IRELAND	34,806	45,412	48,326	56,154	54,217	54,248	56,843
NETHERLANDS	2,484	20,160	21,616	18,274	28,422	56,510	53,917
SWITZERLAND	21,099	28,800	29,160	26,501	43,656	42,190	59,971
UK	302,215	412,737	734,700	780,500	928,300	693,000	706,334
US	2,005,880	1,968,759	2,449,706	2,656,269	2,555,332	3,038,180	3,548,197
GATES FOUNDATION	12,320	34,860	43,500	29,200	42,000	62,619	37,289
CIFF	0	0	854	154	20,725	21,595	38,538
WORLD BANK	NA	NA	NA	NA	NA	NA	NA

REPORTED AS US\$ THOUSANDS	TOTAL						
	2010	2012	2013	2014	2015	2016	2017
AUSTRALIA	56,575	131,069	NA	108,455	NA	144,345	NA
CANADA	179,025	295,634	NA	1,157,974	1,380,586	1,407,360	1,195,645
EU	443,452	309,217	369,771	615,570	471,974	526,393	595,734
FRANCE	25,898	30,993	36,205	NA	28,441	25,018	30,330
GERMANY	21,843	31,858	56,308	102,119	135,573	204,827	162,430
IRELAND	42,497	52,977	59,102	75,308	67,295	66,640	75,081
NETHERLANDS	5,145	24,167	41,832	43,299	60,027	102,841	86,754
SWITZERLAND	21,099	28,800	29,160	26,501	43,656	42,190	59,971
UK	342,075	475,864	839,700	867,500	1,020,700	849,000	894,628
US	2,088,493	2,198,112	2,738,356	2,919,510	2,938,223	3,335,154	3,744,118
GATES FOUNDATION	62,380	115,470	127,034	90,900	138,500	159,235	181,822
CIFF	980	5,481	38,336	26,904	74,332	54,379	101,718
WORLD BANK	NA	NA	NA	NA	NA	NA	NA

Source: Based on data provided by the donors.

Notes: Data is in current prices. Most donors reported in US\$; where they did not, an annual average market exchange rate from OECD or the US Internal Revenue Service is used. CIFF: Children's Investment Fund Foundation; Gates Foundation: Bill & Melinda Gates Foundation; NR: no response to our request for data; NA: not applicable (meaningful totals cannot be calculated owing to missing data or data produced using a methodology other than the SUN Donor Network's). Calculations and reporting often differ by country and donor, as shown by symbols (\*) and (+) and explained in the notes.<sup>32</sup>

## Evidencing the current funding gap for nutrition

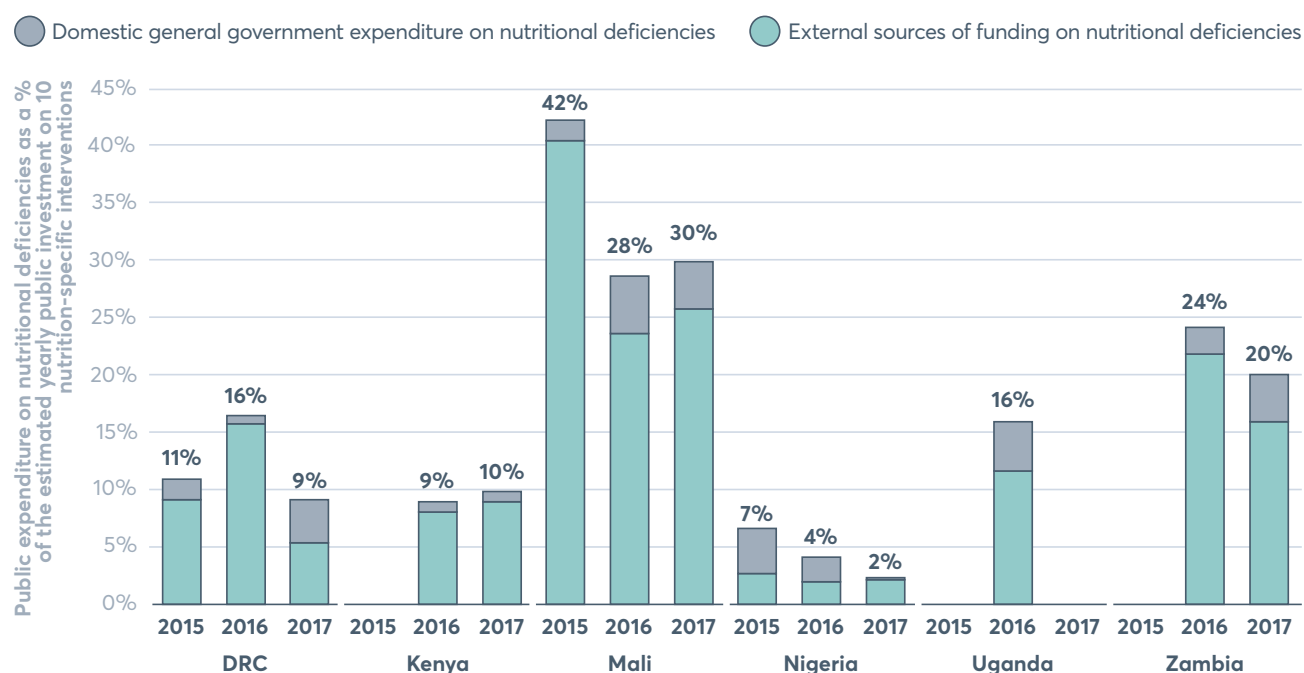
There is not enough available data to quantify the global national financing gap in a way that brings together costed needs with national and international public investments. This is equally challenging to assess at the country level.

An assessment by the World Bank demonstrates how trends in national funding gaps can be determined if information related to country needs and investments is available. By mapping costed plans of 10 nutrition-specific interventions against annual financing within the health sector in six African countries, the assessment finds a significant gap between the estimated requirement and current levels of domestic and donor resources (Figure 5.9). It also shows minimal increases over the three-year period from 2015 to 2017, with some countries, such as Nigeria, seeing year-on-year falls in spending.<sup>33</sup>

The combined evidence above suggests that domestic spending on high-impact nutrition interventions is not on track to meet levels required under the Investment Framework. Therefore, we need renewed efforts to mobilise both domestic and international resources. The funding gap cannot currently be quantified but national spending remains low, with some countries increasing marginally while others are moving in the opposite direction. Donors have increased spending within the range of the IFN's priority package. However, countries still face a gap that will widen unless they scale up domestic funding substantially.

**FIGURE 5.9**

Nutrition-specific public financing as a percentage of investment needs within the health sector in six African countries



**Source:** WHO global health expenditure database; Scaling Up Nutrition: What Will it Cost? – World Bank 6 country case studies.

**Note:** Although health expenditure on nutritional deficiencies covers the majority of the nutrition-specific interventions within the nutrition framework, there may be elements that are included within other sectors (e.g. child feeding). Therefore, the funding gap should be treated as an estimate rather than a direct comparison of progress.

## Strategies for nutrition financing

We know that current funding increases are falling short of targets. However, the data to assess financing needs and track investments is far from adequate, undermining efforts to target resources where they are most needed. Addressing the global nutrition challenge and the inequitable distribution of nutrition outcomes, in particular, requires:

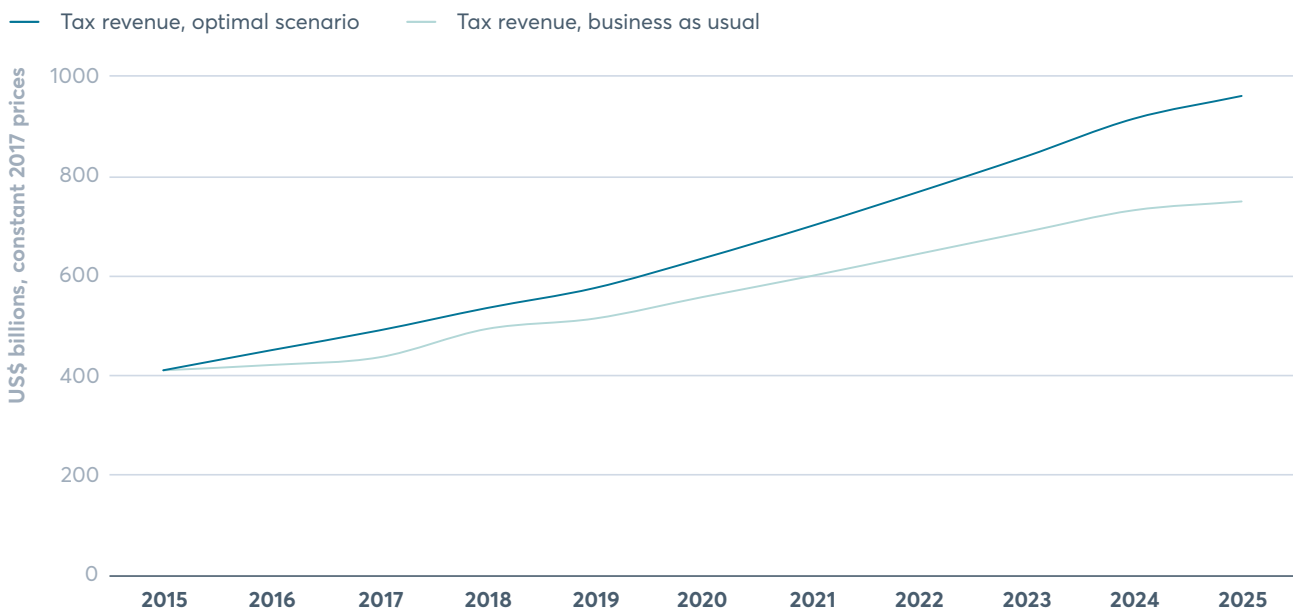
- Scaling up financing from domestic and external sources
- Supporting investments in nutrition and nutrition-sensitive actions across sectors
- Using an equity lens to better target existing resources to those most in need
- Prioritising contextually relevant, evidence-based interventions based on improved data
- Developing innovative financing options.

## Scaling up financing from domestic and external sources

Based on past growth trends, real-term growth in tax revenues from 2015 to 2025 is projected in most of the 61 SUN countries. If tax revenues grow at the rate of current estimates, an additional US\$337.3 billion will be available to governments by 2025 (Figure 5.10). However, if governments made extra efforts to maximise tax revenue, this could increase even further, to US\$551.8 billion.

**FIGURE 5.10**

Projected and optimal scenarios for tax revenue in SUN countries to 2025



Source: IMF article IV staff reports.

Note: Estimates for 61 SUN countries.

Translating this growth in tax revenues up to 2025 into domestic health spending on nutritional deficiencies in 33 SUN countries, with available data, shows significant increases. Maintaining the current percentage of resources allocated to nutritional deficiencies would lead to an increase of 72.5% over the 2016–2025 decade under the business-as-usual scenario, and of 83.0% if revenue-raising potential was optimised (Figure 5.11).<sup>34</sup> Further, if countries among the 33 with proportions of domestic public expenditure on nutritional deficiencies to total health lower than the median value moved to meet the median by 2025, without jeopardising other health areas, then this would lead to an additional 32.4% increase, or a total increase of 115.4%. This shows that both increasing domestic public resources and higher prioritisation of funding towards nutrition could lead to significant additional financing.

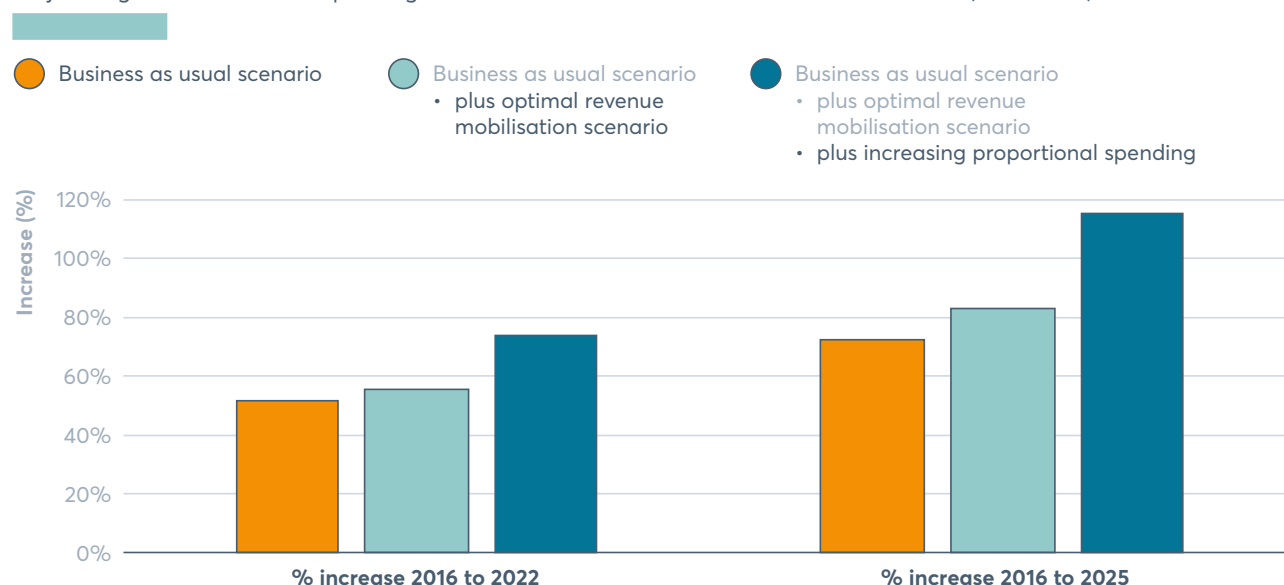
Furthermore, the World Bank analysis of six SUN countries outlined above (Figure 5.9) demonstrates that, in some countries, despite the potential increase in resources to nutrition through increased revenues, the scale-up would still be insufficient. In such cases, it will be necessary for governments to increase the proportion of available resources to nutrition-specific and nutrition-sensitive action to meet financing targets.

The potential to increase domestic revenues is not uniform across countries. Some countries do not expect to see significant growth in revenue due to other constraining factors. Therefore, external resources must be prioritised for these countries to ensure equitable allocation of global nutrition resources and improvements in domestic resource mobilisation so that marginalised and hard-to-reach people are not left behind.

However, an important consideration is the potential impact that domestic revenue mobilisation may have for the poorest and most vulnerable. Governments need to consider the nature of revenue collection to ensure that tax regimes and user fees do not disproportionately or adversely affect the incomes of the poorest and most vulnerable citizens and exclude them from accessing services.

**FIGURE 5.11**

Projected government health spending on nutritional deficiencies based on three scenarios (2016–2025)



Source: IMF article IV staff reports; WHO global health expenditure database.

Notes: Estimates for 33 SUN countries. Median values for the proportion of health funding on nutritional deficiencies calculated by income groups.

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## Investing in nutrition-sensitive actions across sectors

Given that the determinants of malnutrition are complex and that financing targets for nutrition-specific interventions are off-track, it is becoming increasingly important to address nutrition through broader, multisectoral approaches. This requires coordinated efforts across sectors, supported by strong political will and adequate funding to scale up productive investments.

National leadership for nutrition needs to be located at the highest levels of government to convene different line ministries and facilitate joint agreement on a multisectoral plan and funding priorities to address malnutrition. The Global Nutrition Policy Review 2016–2017 (GNPR2)<sup>35</sup> reports an increase in the number of countries where the coordination body for nutrition is located within the office of the president or prime minister, from 17% of 90 countries (in the Global Nutrition Policy Review GNPR1 conducted over 2009 and 2010) to 30% of 105 countries (in the GNPR2, conducted over 2016 and 2017). This is a significant achievement, as high-level political leadership has been proven to facilitate coordination and cooperation across the multiple sectors and levels involved in the nutrition system and improve capacity, which in turn can lead to improved investment in nutrition-sensitive approaches. According to GNPR2, African countries have made significant progress in this area, but nearly all countries in the Americas or the Eastern Mediterranean lack such high-level governance mechanisms for nutrition, and need to accelerate efforts to secure high-level commitment.

Despite some recent progress on improved resource tracking for nutrition-sensitive programmes (as described in Spotlight 5.2), there are still significant data gaps within sectors critical to transforming nutrition – including health, agriculture, social protection, water, sanitation and hygiene, and education. This is mostly due to a lack of global consensus on a prioritised package of nutrition-sensitive investments for governments and partners.

Agreeing on this is not simple, as there is a limited evidence base on the impact of nutrition-sensitive actions on nutrition outcomes, and on intermediate outcomes for improved nutrition. Also, the package of nutrition-sensitive actions is likely to be context-specific and would vary for rural and urban settings. Data on intervention costs, cost-effectiveness and return on investment is also limited. Spotlight 5.3 describes some current efforts to develop the evidence-base, but other assessments could also help to determine what to do in each sector. For example: within agriculture, which nutrition-sensitive actions have evidence of impact? How much will it cost to scale up these interventions to achieve SDG targets? Who will pay for this – what is needed from national governments, businesses and external partners? Finally, what are the expected impact and economic rationale for this investment?

Answers to such questions can help orient governments, partners and funders towards a common goal of making each sector more nutrition-sensitive by strengthening advocacy, policy and resource mobilisation. Various actors can help fill the information gap by supporting economic analyses for nutrition across sectors. For example, funders can finance economic evaluations of the programmes they support (such as adding costing modules to the evaluation of programme effectiveness), and implementers/researchers can use a common approach to ensure that outputs are comparable.



## SPOTLIGHT 5.3

### Building the evidence base on multisectoral nutrition programming

Carol Levin, Dale Davis, Aulo Gelli, Mary D'Alimonte and Augustin Flory

Evidence on the costs and benefits of multisectoral actions for nutrition is limited. This impedes the ability of budget holders to make informed decisions about which interventions to prioritise in resource-constrained settings. However, The Agriculture, Nutrition and Health Academy has developed a framework to measure the costs and benefits of multisectoral nutrition programmes.<sup>36</sup> This opens the door for more economic evaluations of nutrition-sensitive programmes and, importantly, evaluations that follow the same overarching principles to allow for standardisation and comparison.

The Department of Global Health at the University of Washington is leading a new initiative called Strengthening Economic Evaluation for Multisectoral Strategies for Nutrition (SEEMS-Nutrition). The initiative is conducting economic evaluations of six programmes spanning nutrition-sensitive agriculture and food-systems interventions, market-based approaches to improve access to nutritious foods, and other multisectoral nutrition actions. Evidence from these cases will bring us a step closer to documenting the economic rationale for scaling up nutrition interventions across these sectors. SEEMS-Nutrition will also provide a guidance document tailored for programmes working across sectors to improve nutrition. The guidance on methods will focus on principles and best practices for costing, study design, measurement of quantities of resources and outputs, valuation of costs and benefits, and reporting cost and benefit estimates. Members of the nutrition community are encouraged to contribute additional evidence beyond these six cases. This could provide the grounds for an investment framework of smarter and more systematic investments in nutrition across sectors.

### Equity-focused nutrition financing: targeting those most in need

As outlined in Chapter 1, there are nutrition inequities driven by a range of political, economic, geographic and social factors that shape the range of opportunities available. Addressing such inequities may not be limited to financing, but who has access to what resources is a significant contributor. To ensure nutrition equity, resources should be targeted preferentially to those who need it most – the poorest and most malnourished people.<sup>37</sup>

While targeting the very poorest does not always have to cost more, achieving equitable outcomes in challenging or remote contexts will require a scale-up of investment and, in some cases, higher per capita costs. This is something governments must accept if they intend to close the gap equitably.

However, case study evidence demonstrates that it can be cost-effective to target the poorest, while other assessments now suggest that achieving outcomes in challenging contexts, such as fragile states, may not be as ineffective as once thought.<sup>38</sup> For example, a recent study shows that an equity-focused strategy prioritising good-quality healthcare and nutrition for the poorest and most deprived people can save almost twice as many lives as equivalent investments in non-poor groups (see Spotlight 5.4 below). Another recent modelling study conducted across 24 countries demonstrates that, with the same level of investment, an equity-focused approach is more cost-effective and results in sharper declines in child mortality.<sup>39</sup>

There is limited literature on what an equity-focused investment strategy for nutrition looks like. However, applying lessons from financing universal health coverage (UHC),<sup>40</sup> an equitable nutrition investment strategy should: provide support to all who need it; give access to all, taking into consideration location and timing of services; and remove the requirement to pay for the right to use services (particularly relevant for nutrition services that rely on out-of-pocket payments). Definitions of 'support' and 'needs' in nutrition may vary between sectors but the concept can be applied to financing for the full range of nutrition activities.

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Improved targeting is necessary at global, national and subnational levels. At the global level, exploratory analyses looking at total nutrition-specific aid aligned with the Investment Framework for Nutrition suggest that such assistance is currently targeted towards lower-income countries. However, there is little additional targeting based on the burden of malnutrition, and some countries consistently receive very little support relative to their need.<sup>41</sup> An equitable pattern of nutrition finance would ideally see more development finance, of all kinds, directed towards countries with a higher burden of malnutrition and those with less ability to mobilise domestic resources for programmes. This could be further supported indirectly by a scale-up of international investments in domestic resource mobilisation, particularly in those countries that demonstrate development strategies that prioritise the poorest.

Addressing inequities is even more vital at the subnational level. Despite significant limitations in finance data at this level, studies of public finance – both subnational allocations of ODA and national government transfers within countries – suggest that funding for social services such as health and education is not actively targeted towards more impoverished regions.<sup>42</sup> And in many cases, poorer regions receive lower amounts of funding per capita. A review of World Bank and African Development Bank funding to human capital in 27 countries from 2005 to 2011 found that regions with higher infant mortality did not get more project funding.<sup>43</sup>

While it is difficult to assess subnational equity specifically for nutrition, more data is becoming available. A public expenditure review in Tanzania, for example, found that nutrition-related spending per child in Local Government Areas increased with stunting prevalence. But, with substantial variation, most government transfers were not allocated to Local Government Areas using any equity-sensitive assessment.<sup>44</sup> Through the SUN budget exercises, some countries are also starting to scrutinise subnational allocations for nutrition, which provides useful data on equity.

An equitable nutrition investment strategy should prioritise funding to populations most in need. This requires information systems capable of identifying the most deprived and marginalised groups and communities – where is the burden of malnutrition the greatest, who is most affected and why? Also required is information on coverage levels of existing interventions, and about the nature and scale of investments being directed to different regions.

However, data on what is currently spent on nutrition programmes, from both domestic and external sources, is often not available. Additionally, analyses of equity in nutrition finance by target group, such as financing according to sex, are not currently available. There is, therefore, considerable need for more action to develop better data and information systems that adequately disaggregate data at the subnational level.

Once the data is available, it is vital that financial decisions for nutrition also take place at subnational levels. This is where there is better understanding of priorities and needs of the most vulnerable and marginalised groups, and also where final decisions are taken around local-level spending. Several modelling tools for advocacy, decision-making, and costing are available to help decision-makers.<sup>45</sup> The Optima Nutrition tool aims to provide support on how to target nutrition investments across multiple interventions to achieve greater impact under a known budget envelope (Spotlight 5.4).<sup>46</sup> In parallel with developing disaggregated data systems, the nutrition community can also build on relevant sectoral efforts towards equity, such as efforts to improve gender equity in health financing, which substantially affect nutrition.

## SPOTLIGHT 5.4

### Optima Nutrition to reduce childhood stunting through better targeting

Meera Shekar, Jonathan Kweku Akuoku and Jean Sebastien Kouassi

#### Background and context

The Global Investment Framework for Nutrition (2017) estimated that an additional US\$7 billion per year would be needed for 2016–2025 to reach four global nutrition targets. To achieve this aim requires improvement in the efficiency of spending through the use of better nutrition cost estimations, cost-effectiveness analyses and benefit–cost analyses. However, many questions remain unanswered to date:

- What is the optimal allocation of resources across interventions, given a government's budget for nutrition?
- How can these analytics help generate more national political commitments for nutrition?
- How can these analytics support judicious/informed subnational financial allocations responsive to local nutrition priorities and for those most in need?

#### Optima Nutrition, an allocative efficiency tool to reduce malnutrition

Optima Nutrition is a tool created in 2017 for impact and economic analyses for nutrition. For different funding levels, Optima Nutrition helps to estimate resources to be allocated across a mix of nutrition interventions, and the associated achievable impact. For example, considering an overall public health budget available for nutrition, Optima Nutrition will provide to policymakers the investment combination leading to optimal outcomes. Optima Nutrition can be used to inform:

- key policy documents such as SUN countries' national nutrition plans
- new nutrition investments
- budget allocations within existing nutrition programmes or projects at the national and subnational levels.

#### How can Optima Nutrition be useful for SUN countries?

Every SUN country can use this modelling tool to assess the impact of its interventions on multiple malnutrition conditions: stunting, wasting, anaemia in children and in women of reproductive age, child and maternal deaths. In preparation for the next N4G summit, Optima Nutrition can help SUN countries to:

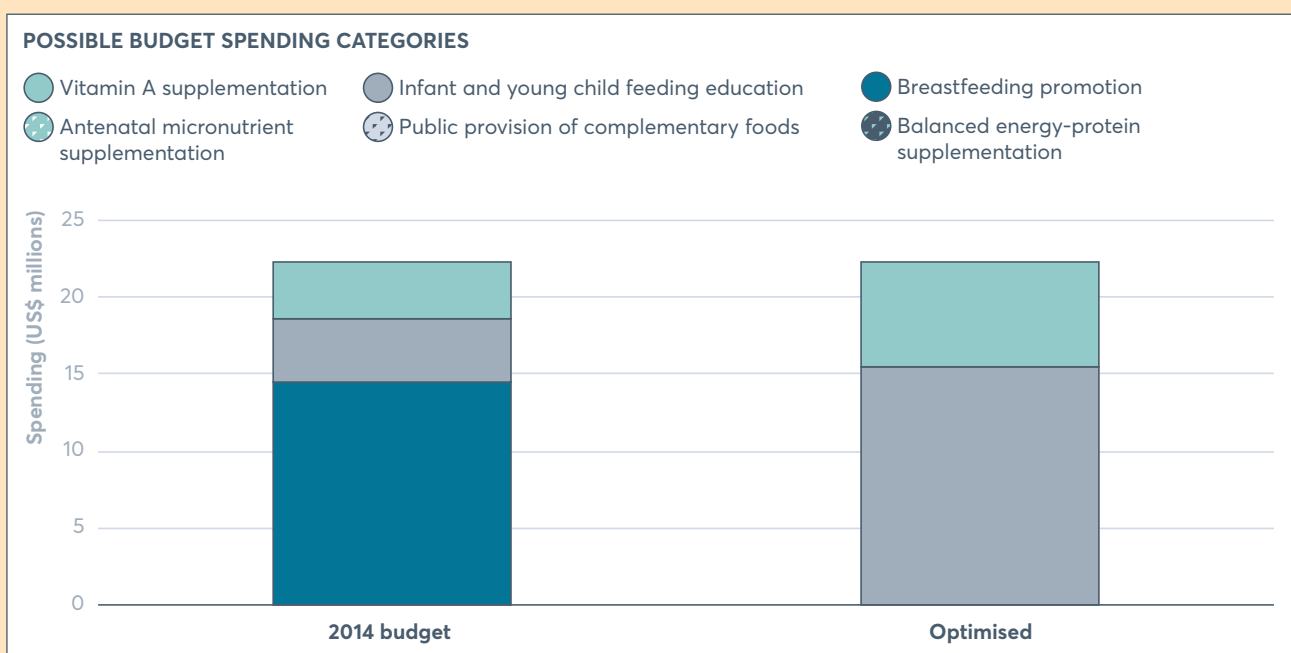
- better allocate a fixed budget across interventions to minimise malnutrition
- efficiently prioritise interventions and geographical regions if additional funding is available
- estimate the potential achievements if the current allocation or current volume of financing is reallocated optimally
- estimate the minimum funding required and its optimal allocation to meet nutrition targets.

The Optima Nutrition tool was used to decide the best use of available resources across seven districts in Bangladesh through enhanced targeting of the most cost-effective interventions (Figure 5.12), to increase the number of children aged 5 years and above who are not stunted by 1.4 million by 2030 (representing an increase of 5% for the same budget). The reduction-in-stunting objective could be maximised by shifting allocations of the available resources to a combination of just two of the interventions: IYCF promotion for children aged 6–23 months and vitamin A supplementation. From an equity perspective, the analysis also enabled decision-makers to identify districts where the targeting of these interventions could achieve the greatest impact. This tool is increasingly in demand: two assessments have been completed (in the DRC and Pakistan), seven are underway (in Benin, Burkina Faso, Burundi, Rwanda, Sierra Leone, Sindh Province in Pakistan, and Tajikistan), and four more have been requested (in Indonesia, Nigeria, Tanzania and Togo). This demonstrates the need for more evidence-based guidance and improved targeting methodologies that focus on those most in need.

Currently, Optima Nutrition includes mainly nutrition-specific interventions, due to limited availability of data on cost and impact for many nutrition-sensitive interventions. Future inclusion of nutrition-sensitive actions in tools such as Optima Nutrition will require a stronger evidence-base for these interventions.

**FIGURE 5.12**

Optima Nutrition in Bangladesh: comparison of planned and optimised budget



**Source:** <http://documents.worldbank.org/curated/en/859891555500406318/pdf/Optima-Nutrition-An-Allocative-Efficiency-Tool-to-Reduce-Childhood-Stunting-by-Better-Targeting-of-Nutrition-Related-Interventions.pdf>

**Notes:** Estimated 2014 allocation and optimal annual allocation across nutrition-specific interventions with budget fixed to 2014 levels. Optimisation is with respect to maximising the number of children not stunted at 5 years of age, over the 15-year period from 2016 to 2030.

Full sources for this spotlight can be found in the notes.<sup>47</sup>

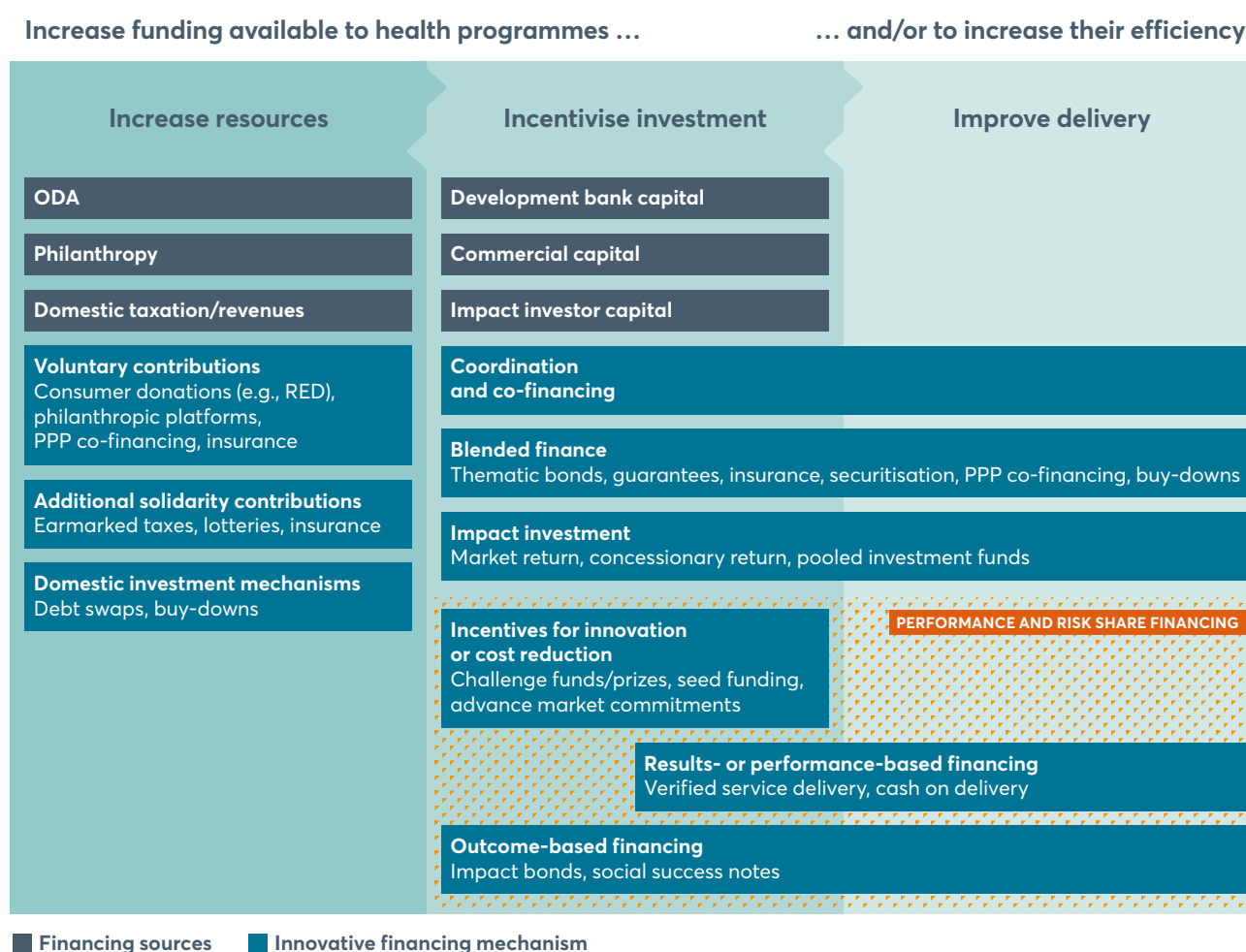
## Innovative financing options

The bulk of new funding mobilised to scale up nutrition actions across sectors is expected to come from domestic, donor and private sources. In this mix, innovative financing can help increase available resources, catalyse private investments and incentivise efficient utilisation of development resources for nutrition. Figure 5.13 provides an overview of the main types of innovative financing mechanisms.

Many types of innovative mechanisms to increase resources for nutrition have been under consideration for more than a decade, but only two have achieved significant scale so far: The Power of Nutrition (described in Spotlight 5.4 in the *2018 Global Nutrition Report*), which has mobilised over US\$430 million to nutrition programmes since 2015,<sup>48</sup> and the Global Financing Facility (GFF) (Spotlight 5.5).

**FIGURE 5.13**

An overview of innovative financing mechanisms



**Source:** The Global Fund, 2018. Update on innovative financing, p. 31. Available at [www.theglobalfund.org/media/7435/bm39\\_25-innovativefinance\\_update\\_en.pdf](http://www.theglobalfund.org/media/7435/bm39_25-innovativefinance_update_en.pdf)

**Notes:** There are many definitions and typologies of innovative financing instruments for development and global health. This functional typology is borrowed from a Global Fund simplified landscape of innovative financing instruments.



Other examples of innovative financing mechanisms being implemented or developed to support nutrition include voluntary contributions, additional solidarity contributions, outcome-based financing and blended finance.

## Voluntary contributions

In recent years, private resources have been mobilised to support nutrition programmes. Unitlife is a common, pooled and scalable fund launched in 2015 that initially planned to use income from extractive industries to invest in fighting undernutrition. Following challenges in its early years, Unitlife plans to relaunch in 2020 with a new programmatic focus on both malnutrition and closing the gender gap in climate-smart agriculture. The new revenue-generation model is based on voluntary micro-donations for payment transactions, leveraging sports events and celebrity power to drive social giving, and creative donation-matching and revenue-sharing schemes with private partners.<sup>50</sup>

## Additional solidarity contributions

Taxes on sugar-sweetened beverages are being implemented in a fast-growing number of countries,<sup>51</sup> with increasing calls for a portion of the revenue to be invested in stronger health systems, as well as expanded programmes to encourage healthy diets.<sup>52</sup> The taxes are modelled on tobacco taxes, which have been hugely successful in reducing smoking and improving public health.

## Outcome-based financing

The first Development Impact Bond (DIB)<sup>53</sup> with a nutrition dimension is being piloted in Cameroon, and others are being considered.<sup>54</sup> Pre-financed by Grand Challenges Canada, the Kangaroo Mother Care programme was launched in February 2019 in ten hospitals across Cameroon. The two-year bond worth US\$2.8 million aims to reduce the number of deaths and improve health and nutrition for low birth weight and preterm infants. If the programme is successful, the Cameroonian Ministry of Public Health (drawing on funds from the Global Financing Facility) and Nutrition International will pay back the financial outlay to Grand Challenges Canada with a small return on the investment.<sup>55</sup>

## The Global Financing Facility for Women, Children and Adolescents (GFF)

Leslie Elder

Launched in 2015, the Global Financing Facility (GFF) is a funding mechanism hosted by the World Bank to support governments in low- and lower-middle-income countries in financing their priority health and nutrition programmes. The GFF optimises existing resources by leveraging domestic government resources, development-bank financing (from the International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD)), external financing aligned with government plans, and private sector resources.<sup>49</sup> As of July 2019, the GFF had committed US\$574 million from the GFF Trust Fund linked to US\$5 billion from IDA/IBRD in 27 GFF-supported countries. By 2023, the GFF partnership aims to expand its support to a total of 50 countries.

Equity analysis is a critical aspect of the prioritisation process for the GFF, to enable the most vulnerable people to benefit from health and nutrition services. The focus on community-based approaches also lends itself well to allowing the countries to reach their most vulnerable populations. Furthermore, the GFF uses a gender-equity lens in the analysis of health determinants to support prioritisation. The facility also offers other innovative approaches to catalyse additional domestic resources for nutrition and health. For example, in Guatemala, a US\$9 million grant from the GFF is enabling the government to access financing from IBRD at lower interest rates. The government is reinvesting the money saved from interest payments towards a conditional cash transfer programme, which aims to contribute to improving nutrition outcomes.

## SPOTLIGHT 5.6

### Blended finance for improved nutrition

Greg S. Garrett

Blended finance refers to the use of development finance from the public or philanthropic sector, at market rates or on concessional terms, to mobilise additional private sector investment to support projects with social and development benefits. This financing mechanism is emerging as a promising way to help fill the nutrition financing gap.

Blended financing mechanisms using public sector resources have helped to unlock commercial investments in nutritious food-value chains. Some of these are driven by the Global Alliance for Improved Nutrition (GAIN) and its partners, as in the following examples.

- The GAIN Premix Facility includes a revolving fund to provide credit for buying vitamins and minerals. This facility has now provided nearly US\$80 million on extended credit to food businesses in Africa and Asia while maintaining a 1% default rate. It has reached roughly 150 million individuals a year since 2009 with fortified foods. Donors have funded the core costs of the services while the private sector funds the costs of the vitamins and minerals and the transactions.
- Grant funding through GAIN has helped to release two debt-financing deals made with companies that locally produce and distribute nutritious food in Haiti and Kenya.
- The Nutritious Foods Financing Facility (N3F) is a new blended finance fund. In 2018–2019, this facility was designed as a US\$60 million direct debt fund for agri-food businesses in sub-Saharan Africa. The fund is currently in its inception phase and raising investment capital. GAIN has commissioned an assessment of companies in nutritious food value-chains in Kenya and Tanzania and is supporting the development of nutrition investment metrics. It is envisioned that the N3F can provide a demonstration effect to the sector and could be replicated many times over.

**Source:** Elmer and West, 2018.<sup>56</sup>

### Blended finance

Blended finance is the blending of public/ philanthropic funds with private sector funds, as well as the blending of grants and loans to improve concessionality. Loans or credit buy-downs are blended finance mechanisms championed by the World Bank and other key donors or international institutions wherein grant money from foundations or bilateral aid agencies is used to buy down the interest and sometimes the principal of loans or credits: (1) upon the delivery of specific results, (2) to increase the concessionality of loans (Spotlight 5.6), or (3) to free borrowing capacity from low- and middle-income countries for new programmes in nutrition. Blended finance for nutrition remains relatively new but could help to address the financing gap in nutrition, as outlined in Spotlight 5.6.

# RECOMMENDED ACTIONS

- ▶ Governments need to increase domestic financing and understand direct funding flows for nutrition in relation to their population needs, based on disaggregated and quality representative population data on nutrition outcomes.
- ▶ Donors should increase nutrition financing and coordination, with a focus on equity by targeting countries and populations most in need, including those that are fragile or have limited options for effective mobilisation of domestic finance for nutrition.
- ▶ Governments and other stakeholders need to be supported with situational assessments to understand the bottlenecks for improved diets in the food, health, education and social protection systems. Such assessments would permit the identification of context-specific packages with a common goal of making each sector more nutrition-sensitive.
- ▶ Information systems need to be financed to: strengthen data on financial flows, improve coordination, reduce fragmentation and enable determination and alignment with national nutrition priorities.
- ▶ There is considerable interest in identifying innovations to garner more financing for nutrition or to strengthen nutrition programming in a way that optimises outcomes at less cost. To enable this, systematic evidence, as well as enhanced knowledge-sharing on mechanisms and opportunities, is needed to support decision-makers.
- ▶ The Japan N4G summit is a critical opportunity for planners and policymakers to make a strong case for renewed and expanded financial commitments for nutrition, using equitable approaches to maximise nutritional impact.

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# NOTES

## Chapter 5

- 1 Carrera C., Azrack A., Begkoyian G. et al., 2012. The comparative cost-effectiveness of an equity-focused approach to child survival, health, and nutrition: a modelling approach. *The Lancet*, 380, pp. 1341–51, doi: 10.1016/S0140-6736(12)61378-6
- 2 World Bank, 2017. An investment framework for nutrition reaching the global targets for stunting, anemia, breastfeeding, and wasting (authored by Shekar M., Kakietek J., Dayton Eberwein J. and Walters D.). Washington, DC: World Bank Group.
- 3 Priority package interventions include: antenatal micronutrient supplementation; infant and young child nutrition counselling; iron and folic acid supplementation for girls aged 15–19 years, in school; vitamin A supplementation; treatment of severe acute malnutrition; breastfeeding promotion through social policy and national promotion campaigns; staple food fortification (wheat and maize flour); and estimated costs for capacity strengthening, monitoring and evaluation; and policy development in support of these interventions. The priority package also includes intermittent presumptive treatment of malaria in pregnancy in malaria-endemic regions, although this is not tracked.
- 4 World Bank, 2016. Investing in nutrition: the foundation for development – an investment framework to reach the global nutrition targets (English). Washington, DC: World Bank Group. Available at: <http://documents.worldbank.org/curated/en/963161467989517289/Investing-in-nutrition-the-foundation-for-development-an-investment-framework-to-reach-the-global-nutrition-targets>
- 5 The WHO released a framework of 'best buys' to combat non-communicable diseases (NCDs), where the most cost-effective strategy is to reduce unhealthy diets, with a return of almost US\$13 expected for every US\$1 invested. For the first time, the financing needs to tackle NCDs are clear; however, mechanisms to track funding are currently not established in order to comment on progress (<https://apps.who.int/iris/bitstream/handle/10665/272534/WHO-NMH-NVI-18.8-eng.pdf>).
- 6 World Bank, 2017. An investment framework for nutrition reaching the global targets for stunting, anemia, breastfeeding, and wasting (authored by Shekar M., Kakietek J., Dayton Eberwein J. and Walters D.). Washington, DC: World Bank Group, p. 170.
- 7 Somaliland considers itself an independent state.
- 8 International Monetary Fund (Middle East and Central Asia Dept), 2019. Somalia, 2019, Article IV Consultation-Second Review Under the Staff-Monitored Program, Country Report No. 19/256; Development Initiatives, 2016. Somalia: an overview of poverty, vulnerability and financing. Available at: [www.devinit.org/wp-content/uploads/2016/08/Somalia-an-overview-of-poverty-vulnerability-and-financing.pdf](http://www.devinit.org/wp-content/uploads/2016/08/Somalia-an-overview-of-poverty-vulnerability-and-financing.pdf)
- 9 Budget analysis by the Federal Government of Somalia in 2018 was produced with technical support from MQSUN+ during the 4th round of the SUN Movement budget analysis exercise (which wasn't published). Then, under MQSUN+'s support to the Global Nutrition Report, this Spotlight was produced with permission from the Federal Government, which included the data and some additional analysis on revenue mobilisation.
- 10 Government spending in low- and middle-income countries can come from revenue generated from their tax base along with borrowing from development partners and other means. It is often difficult to untangle the source of funding for social programmes, which should be considered when analysing domestic flows. Some international development loans or grants may be considered as part of a government's fiscal space.
- 11 In this section we use the terms expenditure, spending, investment or funding (based on the source from which the information is obtained) to refer to the resources that governments apply to nutritional interventions.

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- 12 WHO, 2020. Global health expenditure database. Available at: <https://apps.who.int/nha/database> (accessed 27 March 2020); World Bank, 2020. GBP (current US\$ database), accessed 25 March 2020; deflators based on Development Initiatives analysis of OECD DAC deflators and IMF WEO GDP figures, April 2019.
  - 13 Clift J. and D'Alimonte M., 2019. Domestic financing for nutrition. Blog, R4D. Available at: [www.r4d.org/blog/domestic-financing-for-nutrition/](http://www.r4d.org/blog/domestic-financing-for-nutrition/) (accessed 4 March 2020).
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  - 20 Philanthropic private contributions and civil society contributions are difficult to track and quantify although could be a major source of funding. Due to data limitations, this is not captured comprehensively.
  - 21 The OECD maintains various code lists which are used by donors to report on and classify their aid flows to the DAC databases. Basic nutrition purpose code: 12240.
  - 22 Nutrition aid delivered through humanitarian assistance, as identified in OCHA's Finance Tracking Service, is not correlated. The 121 basic nutrition ODA recipients have a positive correlation between basic nutrition ODA per person (as a three-year average between 2015 and 2017) and stunting prevalence of 0.51. When humanitarian assistance (also a three-year average between 2015 and 2017) is added to basic nutrition ODA and divided by population, this correlation decreases to 0.36.
  - 23 Correlation coefficients for 2017 basic nutrition ODA and anaemia and stunting: 0.30 and 0.51, respectively. When these indicators are tested together in a t-test, stunting is shown to be a much better predictor than anaemia in terms of where basic nutrition ODA per capita is allocated, with a p value for anaemia and stunting at 0.25 and 5.47e-07, respectively.
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- 32 World Bank: does not submit disbursements to the Global Nutrition Report and reports only on commitments through the N4G process. For the Bank, these commitments are legally binding and can be considered disbursements. However, the reporting is not comparable to other donors' disbursement figures hence not presented in the table.
- The Japan international Cooperation Agency (JICA): data on JICA's nutrition interventions was sent separately to the Global Nutrition Report and does not include figures from any other Japanese government agency. In 2018, this was ¥487 million (US\$4.4 million) for nutrition-specific interventions and ¥19,945 million (US\$181 million) for nutrition-sensitive interventions. This represents an increase against 2016 for both nutrition-specific disbursements (previously ¥273 million; US\$2.51 million) and nutrition-sensitive disbursements (previously ¥17,090 million; US\$157 million).
- Australia: disbursement figures are reported biennially to the Global Nutrition Report.
- Canada methodology: 1) for nutrition-specific disbursements, used Creditor Reporting System (CRS) purpose code 12240–basic nutrition disbursements as reported to the OECD DAC; 2) for nutrition-sensitive, used a pre-identified subset of CRS codes linked to nutrition-sensitive outcomes to identify potential nutrition-sensitive projects, manually assessed each referred project according to the SUN criteria, and applied the associated proportional allocation to nutrition-sensitive CRS codes of validated projects. For the aggregate figure, it applied an annual average market exchange rate for 2016 to report in US\$.
- EU: At the N4G Summit, the EU committed €3.5 billion for nutrition interventions for 2014–2020. EU: 1) for nutrition-specific disbursements, identified all disbursements reported to the DAC linked to nutrition-specific commitments made so far and applied the SUN methodology of 100% of the disbursement amount; 2) for nutrition-sensitive, identified all disbursements reported to the DAC linked to nutrition-sensitive commitments made so far and applied the SUN methodology of the proportional allocation of 100% or 25% of the disbursement amount depending on whether the related commitment had been categorised as 'nutrition-sensitive dominant' or 'nutrition-sensitive partial'. A commitment corresponds to a legally binding financial agreement between the EU and a partner. The disbursement figures reported by the EU are the total amounts of commitments contracted so far. Further disbursements of funds are made according to a schedule of disbursements outlined in individual contracts, progress in implementation and rate of use of the funds by the partner.
- France: reported US\$4.7 million as nutrition-specific disbursements in 2015. The only difference between what France reported through the OECD DAC system and to the Global Nutrition Report is the SUN contribution, which was counted as a nutrition-specific disbursement for our reporting.
- Germany: figures represent nutrition disbursements from the Federal Ministry for Economic Cooperation and Development and the Federal Ministry of Food and Agriculture.
- Switzerland: does not use the basic nutrition code and thus reports 0 for nutrition-specific spending.
- UK: figures represent nutrition disbursements from the Department for International Development only; 2016 figure includes US\$45 million of nutrition-specific matched funding; 2017 figure includes US\$89 million of nutrition-specific matched funding.
- US: The nutrition-sensitive component is calculated differently from that of other countries. For nutrition-specific, the US government uses the OECD DAC CRS purpose code 12240, which includes activities implemented through the McGovern-Dole International Food for Education and Child Nutrition Program. It also includes the portion of 'emergency food aid' (CRS code 72040) and 'development food aid' (CRS code 52010) under the Title II Food for Peace Program identified as nutrition (programme element 3.1.9) in the US government's Foreign Assistance Framework. This programme element aims to reduce chronic malnutrition among children under 5 years of age. To achieve this goal, development partners use a preventive approach during the first 1,000 days – from pregnancy until the child is two. Programmes use a synergistic package of nutrition-specific and sensitive interventions that help decrease chronic and acute malnutrition by improving preventive and curative health services, including: growth monitoring and promotion; water, sanitation and hygiene; immunisation; deworming; reproductive health and family planning; and malaria prevention and treatment.

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- 33 This assessment considers only health sector spending on nutritional deficiencies. It is possible that some (or part) of the 10 interventions could fall under other sectors. Percentages, therefore, are an estimate rather than a holistic assessment of progress on financing for the investment framework.
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