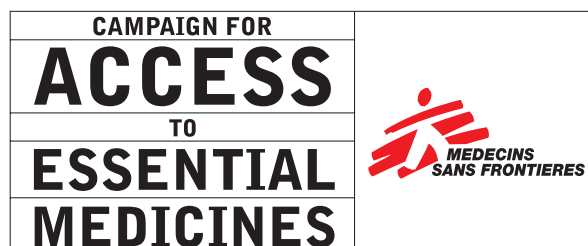




MALNUTRITION: HOW MUCH IS BEING SPENT?

An analysis of nutrition funding flows 2004-2007

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Executive summary

How much is the world spending on the treatment and prevention of childhood malnutrition? This Médecins Sans Frontières (MSF) report aims to answer this complex question.

An understanding of the precise levels of funding dedicated to malnutrition is essential for two reasons:

- to assess the trends in the financing of malnutrition, the only costing exercise previously undertaken only covered the years 2000-2004;
- to compare what is being spent with what is needed.

Funding levels are flat and insufficient

Malnutrition should in recent years have benefited both from the global renewed interest in the problem, and from the emergence of a broad consensus within the nutrition community enabling the scale up of activities in high-burden countries. Yet this analysis of the international funding flows dedicated to nutrition finds that funding has remained more or less flat, stuck at roughly the same level since 2000-2004.

The previous review, by Morris, Cogill and Uauy and published by The Lancet in 2008,¹ estimated that the 'total donor investment in basic nutrition in low-income and middle-income countries probably did not exceed US\$250-300 million a year' for the period 2000-2004.

For the period 2004-2007, based on data collected from the OECD, ECHO, the World Bank and other sources, we estimate international funding of nutrition programmes fell within a range of \$185 million to \$511 million a year. We have concluded that \$350 million a year is the most realistic estimate of funding for nutrition within that range. Exact figures are not possible, as existing funding reporting mechanisms were found to contain, within nutrition reporting lines, activities with little or no nutrition objective.

Our estimate of \$350 million at first glance appears to reveal a modest rise of \$50 million in funding since the analysis published in The Lancet. Not so: if the

same scope as the study published in The Lancet had been used, nutrition funding would have remained unchanged.

Not only is the amount dedicated to malnutrition stagnating, it is also falling drastically short of the needs. The World Bank's most recent costing exercise puts at \$12.5 billion the yearly funding needs to enable the scale up of the nutrition package² in the 36 high-burden countries³ and the 32 small countries⁴ with high prevalence rates. Funding dedicated to nutrition will need to be increased considerably if malnutrition is to be overcome. This will require political commitment from donors, recipient countries and international organisations.

Money is not being spent on the right things

We found that barely 1.7% of interventions reported as 'development food aid-food security' and 'emergency food aid' in the OECD database actually address nutrition.⁵ If interventions such as these are to be considered as a means to address malnutrition, then food security and food assistance projects (namely food transfer, cash or voucher programmes) must be targeted more precisely on nutrition as a main objective and be designed accordingly.

The World Bank recommended a package of interventions for the treatment and prevention of malnutrition. Agreement must now be found to determine which interventions should be delivered at country level and how to scale up prioritised interventions. Both are essential if we are to alleviate malnutrition blighting the lives of so many children and their families. Such an agreement would ensure a better allocation of funding resources and guide both donors and recipient countries in determining policy. Much of the nutrition funding gap could be filled not only by raising extra resources, but also by improving existing food aid funding practices.

1 The Lancet: Maternal and child undernutrition. Effective international action against undernutrition: why has it proven so difficult and what can be done to accelerate progress? S S Morris, B Cogill, R Uauy. Feb 2008.

2 \$11.8 billion - out of which \$1.5 billion is expected to be raised from private resources - for a year of fully scaled-up programmes for the 36 high-burden countries. Considering the needs of a further 32 countries with high prevalence rates would add 6% to this costing, reaching a total of \$12.5 billion. "Scaling up nutrition: What will it cost?" World Bank. 2009.

3 36 countries account for 90% of stunted children. They are: Afghanistan, Angola, Bangladesh, Burundi, Burkina Faso, Cambodia, Cameroon, Congo DR, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guatemala, India, Indonesia, Iraq, Kenya, Madagascar, Malawi, Mali, Mozambique, Myanmar, Nepal, Niger, Nigeria, Pakistan, Peru, Philippines, South Africa, Sudan, Tanzania, Turkey, Uganda, Vietnam, Yemen, Zambia. Source: Black et al. 2008.

4 The World Bank identifies 32 countries as having prevalence rates of stunting or underweight children over 20%. They are: Albania, Bhutan, Bolivia, Botswana, Central African Republic, Comoros, Republic of the Congo, Ecuador, Equatorial Guinea, Eritrea, Djibouti, Gambia, Guinea, Guinea Bissau, Haiti, Honduras, Lesotho, Liberia, Maldives, Mauritania, Mongolia, Namibia, Rwanda, Sao Tome & Principe, Sierra Leone, Somalia, Sri Lanka, Swaziland, Tajikistan, Timor-Leste, Togo, Zimbabwe.

5 Included as nutrition activities were all direct and indirect interventions as classified by Institute of Development Studies, in addition to The Lancet list of interventions affecting maternal and child undernutrition, and to the World Bank's package of interventions used for their costing exercise.

Money can be spent more efficiently

Food assistance must focus on addressing recipient countries needs and not be based on donors' interest. Our analysis suggests that donors could maximise the funds they do spend, by ceasing in-kind donations and instead providing cash to finance food aid interventions, thereby allowing delivery of the most adapted interventions based on medical needs and at a cheaper cost. This is particularly true for the U.S., for whom such a shift could save approximately \$600 million – close to double the global amount estimated to focus on malnutrition in any given year.

Data collection and reporting need to be improved

The lack of a transparent funding tracking system to assess how much is dedicated to malnutrition must be addressed. There is a great need to improve not only the data collection and classification, but also measures to determine the specific outcomes – in terms of malnutrition – of interventions described or classified as 'food security' or 'food aid'. More reliable and robust indicators, enabling donors to assess their contribution to the treatment and prevention of malnutrition, are essential to ensure evidence-based and outcome-orientated policy making. In addition, more research must be done to assess the levels of funding granted at domestic level by non-OECD countries.

Context

Global emergency

Malnutrition is a medical and humanitarian emergency that accounts for 11% of the global burden of disease, contributing to the death of between 3.5 million and 5 million children under age five each year, and leading to long-term poor health, disability and poor educational and development outcomes.⁶ Worldwide, 178 million⁷ children are underweight, and 20 million⁸ suffer from the most deadly form of severe acute malnutrition each year.

High malnutrition rates can be found in a limited number of countries; 90% of stunted children live in 36 countries. A concerted and focused action on these countries would drastically reduce child mortality worldwide. Yet according to UNICEF, the problem of undernutrition is worsening in 16 high-burden countries, with many more countries failing to progress towards meeting the Millennium Development Goal of reducing undernutrition by half between 1990 and 2015.⁹

If we fail to act now, we can only expect more deaths,¹⁰ more health care spending and further losses in productivity.

Positive developments

Malnutrition has nevertheless regained the world's attention in recent years. The 2007-2008 surge in food prices, which increased the number of malnourished children, brought home the urgency of the problem.

Scientifically-proven, effective interventions to tackle malnutrition have been documented,¹¹ while the roll-out of innovative treatment methods at the community level has facilitated the development of projects on a large scale. A number of countries have successfully implemented national nutrition programmes, paving the road for a massive scale-up of nutrition interventions in high-burden countries.

This highly dynamic context has triggered the establishment of various initiatives aimed at tackling hunger, food insecurity and undernutrition. Some are led by the United Nations,¹² others are collaborations between international organisations,¹³ sometimes involving private sector actors.¹⁴

In such a prolific environment, gaining understanding of the precise levels of funding dedicated to malnutrition appears essential for two reasons:

- to assess the trends in the financing of malnutrition, the most recent costing exercise covering the years 2000-2004;
- to compare what is being spent with what is needed.

An estimate of the needs was most recently provided by the scale-up costing analysis completed by the World Bank in September 2009 (see box on page 4).

The objective of this report is thus on the one hand to assess whether the money spent on malnutrition is rising, stagnating or falling; and on the other, whether it meets the needs required to reach the goals defined by the international community in the Millennium Development Goals.¹⁵

6 Black RE, Allen LH, Bhutta ZA, Caulfield LE, de OM, Ezzati M, Mathers C, Rivera J & Maternal and Child Undernutrition Study Group (2008) Maternal and child undernutrition: global and regional exposures and health consequences. *Lancet* 371, 243-260.

7 The Lancet, Black et al. 2008.

8 "Community based management of severe acute malnutrition" Joint statement - WHO, WFP, UNICEF, SCN. May 2007

9 Progress for Children: A Report Card on Nutrition (No. 4), UNICEF. 2006.

10 Severe wasting, stunting and intrauterine growth constitute the most important death risk factor of under-five children. The Lancet, Black et al. 2008.

11 The Lancet series(2008); The Lancet, Volume 374, Issue 9684, Pages 94 - 96, 11 July 2009, Copenhagen Consensus, World Bank.

12 The UN High-Level Task force (HLTF) was set up in 2008 after the global food crisis.

13 Global Action Plan (GAP) for nutrition, a collaborative process among many stakeholders including the World Bank

14 Global Alliance for Improved Nutrition (GAIN)

15 MDG1 includes the reduction by 50% of the proportion of children being underweight, while MDG4 includes the diminution by half of the under 5 mortality rate. These objectives are to be reached by 2015.

How much is needed for malnutrition?

In 2009, the World Bank completed an estimate¹⁶ of the cost of scaling up nutrition programmes. The cost estimation is based on a set of 13 interventions supported by the latest scientific evidence and identified as necessary for 36 high-burden countries. The interventions – to be implemented according to each country’s capacity – were classified in the following three categories:

Complementary and therapeutic feeding interventions:

For children 6-23 months of age: provision of micronutrient fortified and/or enhanced complementary foods for the prevention and treatment of moderate malnutrition: \$3.6 billion per year. For children under 5 years of age: community-based management of severe acute malnutrition: \$2.6 billion yearly.

Micronutrients and de-worming: For children under the age of five: periodic vitamin A supplements, therapeutic zinc supplements for the management of diarrhoea, multiple micronutrients, and de-worming drugs. For pregnant and lactating women: iron-folic supplements as well as iodised oil capsules where iodised salt is not available. Iron fortification of staple foods and salt iodisation will be made available for the general population. The total cost for these interventions would amount to \$1.5 billion yearly.

Behaviour change interventions: Will be delivered through community nutrition programmes and include breastfeeding, complementary feeding, and hygiene promotion. The total funding required for community education would amount to \$2.9 billion.

Considering a further \$1.2 billion is needed for capacity and research, the estimated amount of additional funding needed to address undernutrition therefore comes to approximately \$11.8 billion for a year of fully scaled-up programmes for the 36 high-burden countries.¹⁷ Considering the needs of a further 32 countries with high prevalence rates would add 6% to this costing, reaching a total of \$12.5 billion.

The World Bank considers some funds could be reallocated from existing governments budgets, and that more could come from private sources. But these could only fill the funding gap to a minor extent, and the \$12.5 billion needed should come essentially from public sources, be it through domestic programmes or international aid.

The Lancet series

The starting point for this analysis, used as a baseline for comparisons and trends, was the estimate of malnutrition programmes funding included in the recent The Lancet nutrition series, covering the years 2000-2004. In their analysis, authors Morris, Cogill and Uauy acknowledge “the difficulty in isolating a discrete set of nutrition investments”, as “each donor’s financial management information system is different, with few routinely reporting on maternal and child nutrition as a distinct budget line.”

During the course of our research, it appeared that this information needed updating and expanding – some major donors, the European Commission for example, were not included in The Lancet exercise. A closer look at this baseline figure provided in The Lancet is therefore useful.

¹⁶ “Scaling up nutrition: What will it cost?” World Bank. 2009.

¹⁷ The World Bank costing exercise estimates that \$1.5 billion for the food-related costs could be borne by ‘wealthier affected households...through additional market purchases...leaving a total for other financing, domestic and external, of \$10.3 billion’.

What The Lancet estimate does and does not include

In their funding analysis covering the years 2000-2004, authors Morris, Cogill and Uauy analysed the records of the creditor reporting system managed by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD DAC). This was a welcome attempt to analyse the information but also illustrated the difficulties in so doing. Our analysis builds and adds to that work.

The database is the main source of information available, providing statistics on bilateral and multilateral aid flows from donors to developing countries. The OECD DAC provides guidelines to help countries determine the most appropriate project code to classify data, but the final responsibility for coding lies with the donor.

In the database, the 'basic nutrition' category is the main code dedicated to classify nutrition activities. Only aggregated amounts classified as 'basic nutrition' were considered in the analysis published in The Lancet. During our research, we came to the conclusion that we could not rely on aggregated data from the DAC database and decided to analyse the data further (see methodology).

Instead of just relying on the OECD aggregated data, we downloaded the source database from the OECD website.¹⁸ In this database, each line corresponds to a funding flow of one donor, which is classified in different 'purpose codes' according to the DAC classification. We selected the lines corresponding to the categories in which nutrition programmes could be found. We then reviewed all the lines selected and assessed each activity for its relevance for malnutrition. We found that interventions targeting malnutrition were included under a number of other categories,

so some funding had thus been missed by The Lancet estimate. At the same time, because interventions reported in the OECD database under the 'basic nutrition' code were not always appropriately classified, and included non-nutrition projects, on several instances The Lancet estimate included monies that should not have been considered.

In addition, The Lancet estimate either does not include or underestimates the contribution of some additional funders of nutrition interventions, such as the European Commission and Médecins Sans Frontières. It did, however, include a number of other sources in the analysis. One is the Bill and Melinda Gates Foundation, which as a private foundation does not report overseas aid to the OECD.

Deeming the World Bank's contributions (via the International Development Association) to malnutrition financing to be 'grossly underestimated in [the OECD data used in The Lancet] analysis', The Lancet authors included a 'nutritional portfolio total' for the World Bank, communicated to them directly by the Bank.

The Lancet figure for 2000-2004 therefore includes both the World Bank's communicated portfolio total and the interventions financed by the Bank and included in the OECD database. Those funds included in the OECD database as World Bank – a total of \$23.3 million – may thus have been counted twice in The Lancet estimate (see table below), a poignant illustration of the lack of clarity surrounding the global financing of nutrition activities.

Authors Morris, Cogill and Uauy acknowledged this uncertainty by estimating that the international financing of nutrition 'probably did not exceed \$250-300 million per year'.

Average annual commitments for nutrition, 2000-2004. Morris, Cogill and Uauy

	OECD database "Basic Nutrition"	World Bank data, direct communication	Gates Foundation	Total
Lancet estimate as published	\$123.8	\$120	\$25	\$268.8
Lancet estimate excluding World Bank OECD data	\$100.5	\$120	\$25	\$245.5

Figures in millions of \$

MSF methodology

The main available source of information used for this study was provided by the OECD Development Assistance Committee,¹⁹ whose database tracks different donors' development assistance flows. The funds are classified under different purposes and sectors codes on a yearly basis. For the purpose of this report, we have looked at the years 2004-2007.

In addition, other sources were consulted:

- The **World Bank** data on funding commitments for 2004-2007 was provided through personal communication and split over four years on the assumption of a linear disbursement. To avoid double-counting, we have chosen to remove those figures declared by the World Bank in the OECD database.
- **European Commission Humanitarian Aid Office (ECHO)** funding includes grants awarded in 2007. In the same way as with the World Bank data, we considered the data communicated directly to us by ECHO and excluded from the OECD database all interventions financed by ECHO. Interventions financed by other European institutions (other than ECHO) were left in the OECD database. Information from previous years was not made publicly available.
- The **Bill and Melinda Gates Foundation** grants have been taken from the Foundation's website for the years 2004-2007.
- **UNITAID**, established in late 2006, provided budgets of the orders placed for the provision of Ready-to-Use Therapeutic Foods as a part of the UNITAID/Clinton Foundation HIV/AIDS project for 2007. UNITAID's budget relies on a number of governmental contributions and levies on airplane tickets.
- **Médecins Sans Frontières** (all sections) funding flows are included in this study. The information corresponds to effective disbursement on nutrition programming only for 2005-2007 – the cost of supervision and support by headquarters is not included.

Note that for some of these sources (the OECD, World Bank, the Gates Foundation, ECHO) the figures used correspond to funding commitments. For others (MSF, UNITAID) they refer to actual disbursements. In each case, the most reliable and homogenous data was selected.

'Core funding' and 'mixed funding'

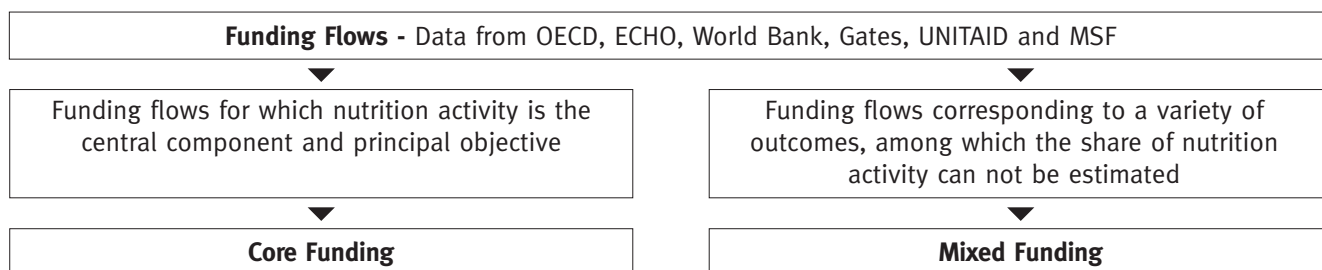
Each project line of the OECD database reported as 'basic nutrition', 'basic health', 'development food aid and food security', 'emergency food aid' and 'emergency distress' was analysed, thereby considerably broadening the scope of the analysis published in The Lancet which looked at 'basic nutrition' interventions only. All data was transferred to form a database of about 57,000 lines. We searched for key words describing direct and indirect nutrition interventions (such as nutrition, severe, complementary, CTC, zinc, etc.) in order to facilitate the data analysis.

One major difficulty in assessing the levels of funding dedicated to malnutrition is that reported activities do not reveal anything about the efficacy and efficiency of interventions. In addition, much of the data collected was found to be loosely classified, with the risk that funds reported as targeting malnutrition were in fact of little relevance. With the aim of establishing as precisely as possible how much funding is dedicated to targeting malnutrition, the data were thus codified and sorted into two categories.

First, interventions which corresponded directly to any nutrition activity or project including a nutrition objective were classified as 'core' nutritional funding. This included any activity whose title and description shows nutrition as the single objective, e.g. growth promotion, supplementary feeding, micronutrients, targeted food aid, nutrition education, etc. Included as nutrition activities were all direct and indirect interventions as classified by Institute of Development Studies,²⁰ in addition to The Lancet list of interventions affecting maternal and child undernutrition, and to the World Bank's package of interventions used for their costing exercise (see box on page 4).

Second, interventions which corresponded to both nutrition activities and another type of activity (e.g. other health objectives, food security, and hygiene) were classified as 'mixed' nutritional funding. Food aid activities that are not pursuing a nutrition objective were classified under a food aid category.

The figure below gives a graphical representation of the funding analysis.



¹⁹ www.oecd.org/dac/stats/data. Consulted in April 2009.

²⁰ Institute of Development Studies; Greater DFID and EC leadership on chronic malnutrition: Opportunities and Constraints. A Sumner, J Lindstrom, L Haddad. April 2007. "Direct interventions tend to address the immediate determinants of chronic malnutrition while indirect interventions tend to address the intermediate determinants".

Results

Higher, lower and central estimates

In our attempts to assess the precise amount of financing dedicated to malnutrition programmes, we found high levels of inaccuracy or imprecision in the existing reporting mechanisms.

Having separated activities with a 'core' nutritional objective from activities where nutrition was but one of several objectives, and for which the precise level of funding allocated to addressing malnutrition was therefore impossible to determine, we collated the data to produce the following three estimates:

A higher estimate, including both core and mixed funding flows. Such a scenario is equivalent to considering that when nutrition programmes are mixed with other activities, the weight of the latter is negligible.

A lower estimate, including only core funding flows and excluding all mixed funding. This scenario assumes that the weight of nutrition activities within the programmes that also have a non-nutritional element is negligible.

A central estimate, considering both the higher and lower estimates to be unrealistic, such a scenario hypothesises that 50% of the amount of the mixed funding is dedicated to nutrition activities.

The results obtained are given in the table below.

The total amount of funds dedicated to nutrition thus ranges between \$185 and \$511 million annually during the period 2004-2007. Based on our central estimate, the annual commitment was more likely to be close to \$350 million annually, over the period 2004-2007.

The OECD Development Assistance Committee database

The Lancet analysis puts the total commitments reported in the OECD DAC database under the 'basic nutrition' purpose code at an average \$124 million a year for the period 2000-2004.

Our own analysis of the period 2004-2007, finding that some interventions targeting malnutrition are inappropriately classified under other OECD codes, extends the accounting exercise to five purpose codes. At the same time, many activities reported as 'basic nutrition', could not be referred to as nutrition activities per se – we found projects financing the building of a dining room, generic poverty alleviation or ecological forestry, for example. \$45 million out of the \$160 found in this classification had no nutrition objective.

Having classified the data, we reached a central estimate for funding allocated by OECD countries to nutrition: \$171 million a year for the period 2004-2007. More than half (53%) of the total flows dedicated to malnutrition were in fact found under codes other than 'basic nutrition' – an illustration of the extent to which interventions are misreported, and hence the tracking exercise rendered more difficult.

Higher, lower and central estimates by main donors

	OECD DAC (excl. World Bank & ECHO) Commitment 2004-2007	World Bank Commitment 2004-2007	Gates Foundation Commitment 2004-2007	ECHO Commitment 2007	UNITAID Disbursement 2007	MSF Disbursement 2005-2007	Total
Lower estimate	74.4	-	26.2	39.9	4.4	40.3	185.2
Central estimate	171.2	48.1	26.2	58.0	4.4	40.3	348.2
Higher estimate	268	96.3	26.2	76.1	4.4	40.3	511.3

Figures in millions of \$

Commitments to OECD DAC under five purpose codes (excluding World Bank and ECHO contributions)

OECD DAC PURPOSE CODE	Yearly commitments 2004-2007		Yearly commitments actually dedicated to malnutrition core+mixed		Central, lower and higher estimates		
	\$ millions	% of total	\$ millions	% of total	Central estimate		Higher and lower estimate
					\$ millions	% of total	
Basic nutrition	160	2%	115	43%	81	47%	High: 115 Low: 46
Basic health	1 285	14%	70	26%	36	21%	High: 70 Low: 2
Development food aid and food security	1 399	16%	23	9%	12	7%	High: 23 Low: 1
Emergency food aid	1 845	20%	33	12%	28	16%	High: 33 Low: 23
Emergency distress	4 333	48%	27	10%	14	8%	High: 27 Low: 2
Totals	9 022	100%	268	100%	171	100%	High: 268 Low: 74

Some remarks:

- Activities for which nutrition is the central expected outcome accounted for barely 1.9% (\$171 million out of \$9,022 million) of all funds reported in the OECD DAC database for the five categories.
- Within the 'basic nutrition' OECD purpose code, activities for which nutrition is the main expected outcome represent barely 29% of the total (\$46 million out of \$160 million). The rest includes a range of activities where nutrition is not predominant.
- Within the 'basic health' purpose code, only \$2 million out of the \$1,285 million of funds reported were allocated to activities for which nutrition is the main expected outcome. For 'emergency food aid' and 'development food aid and food security', the proportion is similarly low. This illustrates how most food aid or food security activities do not exclusively pursue a nutrition outcome and were excluded from this study – this is the case for school feeding interventions, for example, when the principal objective is educational (school attendance). Another example is provided by monetised food aid programmes which are designed to generate cash for other activities, and which may or may not be used for nutrition activities.
- Only 62% (\$46 million out of a total \$74) of activities for which nutrition is the main expected outcome were reported in the 'basic nutrition' purpose code. 38% of the funding targeting malnutrition was thus spread over the other project codes.

The World Bank

The World Bank funds are channelled through two main development institutions: the International Bank for Reconstruction and Development, which provides loans to middle-income developing countries, and the International Development Association, which offers interest-free loans or grants to the poorest countries.

The figures presented in this analysis are those provided directly by the World Bank.²¹ In order to avoid double-counting, we have removed all World Bank commitments from the OECD database.

The World Bank's global coding system collapses both food security and nutrition projects under the same code. It is therefore impossible to extract nutrition projects from the overall data, so we have considered all World Bank commitments as being 'mixed' funding.

The yearly commitment across the fiscal years 2004-2007 averages \$96 million.²² For the years 2000-2006, the same source gives a yearly commitment by the Bank of \$90 million, contrasting with the figure published in The Lancet study of \$120 million.

²¹ Personal communication with, inter alia, Meera Shekar, Lead Health and Nutrition Specialist, HDNHE World Bank.

²² Personal communication with World Bank. 2009.

The European Commission Humanitarian Aid Office (ECHO)

The European Union is a major contributor to nutrition and food aid humanitarian interventions. These activities are funded through the DG ECHO general humanitarian aid budget and include a share for ECHO specific food aid budget lines targeting life-saving activities and livelihood activities.

Determining precisely on what the European Commission's funds are spent is not possible through the OECD DAC database, as the project titles include a budget code line that made precise analysis impossible. As with the World Bank data above, therefore, the figures presented in this analysis are those provided directly by ECHO.²³ Data was however only available for 2007.

In order to avoid double-counting, we have removed all ECHO commitments from the OECD database. Our central estimate puts the 2007 contribution of ECHO to nutrition at \$58 million – this represents barely 5.7% of ECHO's total budget of \$1 billion.²⁴ 'Core' nutrition funding totalled \$40 million, with another \$36 million spent on nutrition interventions, associated with other activities and objectives (i.e. 'mixed' funding).

ECHO also finances the World Food Programme to the tune of \$215 million (almost a quarter of its total budget), of which barely 6% is actually dedicated to nutrition, the vast majority going to food assistance projects. A further \$40 million is given to UNICEF, of which only 22% goes to support nutrition interventions.

Note that other (non-ECHO) European Commission grants were counted in the overall OECD database. The central estimate puts at a further \$20 million the annual contribution of European agencies other than ECHO (mostly through the European Development Fund) to nutrition.

Médecins Sans Frontières (MSF)

MSF as a medical emergency organisation has been deeply involved in nutrition, particularly the treatment of severe acute malnutrition. In 2007, MSF treated over 120,000 children affected by severe acute malnutrition, making it the biggest actor in the world in the field of severe acute malnutrition care.

MSF data presented in this study includes direct programme funding for the years 2005-2007. To avoid any double-counting, MSF nutrition projects funded by

bilateral or multilateral donors have been removed from the OECD and ECHO databases. We have chosen to include only those projects with a core nutrition objective, excluding projects where nutrition is a secondary component. The cost of supervision and headquarters support are not included in the figures.

Over the years 2005-2007, MSF disbursed more than \$40.3 million per year on nutrition programmes. Some of the activities supported by the organisation take place in contexts of acute needs. They included therapeutic treatment, supplementary feeding and targeted feeding programmes as main activities.

UNITAID

UNITAID is a specialised organisation that contributes to scaling up access to treatment for HIV, Malaria and Tuberculosis. UNITAID supports nutrition activities as part of a joint project with the Clinton Foundation HIV/AIDS Initiative on paediatric HIV/AIDS and prevention of mother-to-child transmission, and provides ready-to-use therapeutic foods (RUTF) to address malnourished patients' nutritional needs.

In 2007, UNITAID allocated \$4.4 million to the purchase of RUTF. Since then, UNITAID's contribution has almost doubled, with more than \$8 million budgeted in 2009.²⁵

Bill and Melinda Gates Foundation

The Bill and Melinda Gates Foundation is the largest private grant-making foundation and has a very large portfolio of grants supporting global health.

All data regarding Bill and Melinda Gates Foundation's grants is accessible from their website. For each grant the following are available: the name of the grantee, the grant's duration, purpose, region served and amount. Data for each nutrition grant was extracted and transferred on an excel spreadsheet.

Over the years 2004-2007, no fewer than 10 grants were awarded in this sector for a total of \$105 million, representing \$26 million yearly. Gates funding of nutrition increased from 2004 to 2006, then fell in 2007 before a sharp increase in 2008 – a rise so steep that including data for 2008 would increase the 2004-2008 average to \$46 million per year. Yet 2008 data has not been included in this study, whose scope extends to 2007.

The Gates Foundation supports two different broad areas as a part of their nutrition portfolio. The most important

23 Personal communication with ECHO A6 Information and Communication.

24 €732 million. The € to US exchange rate applied is 1.37 for 2007.

25 UNITAID is funded by the collection of air ticket taxes and regular contributions by countries.

encompasses support to think tanks and research institutes in various areas: agricultural research (such as rice fortification), market-based models to increase access to fortified complementary food for children, research on undernutrition, workshop on growth standards and micronutrients, etc.

The second broad category represents 40% of the budget. This includes support to operations in the area of food fortification, including vitamin A, iron and zinc fortification.

Fortification would thus appear to draw the core funding of Gates Foundation in the area of nutrition. Universities and research institutes are the main recipients of this funding, attracting 43% of the budget, with support for United Nations institutions and the Global Alliance for Improved Nutrition (GAIN) coming second.

Who are the major donors?

Using the central estimates based on data provided directly by donors or included in the OECD database, the following ranking is obtained:

- the European Commission (\$78 million in 2007, with DG ECHO at \$58 and other agencies at \$20 million)
- World Bank (\$48 million)
- Canada (\$30 million)
- United States (\$30 million)
- UNICEF (\$30 million)
- Bill and Melinda Gates Foundation (\$26 million)
- United Kingdom (\$25 million)
- Spain (\$15 million)
- Asian Development Fund (\$13 Million)
- Norway (\$5 million).

MSF allocates \$40.3 million annually which ranks the organisation as the third main contributor to nutrition activities.

These figures, averages over the past four years, disguise certain trends – with the proviso that the scope of this study is limited to four years, and that many of the data classified as nutrition activities do not appear to have a main nutrition activity. Since 2004, major contributors such as the United States or the United Kingdom appear to have reduced their efforts on nutrition funding, while a few others like Spain, Canada and UNICEF have greatly reinforced their commitment. Although data from 2008 was not included, the information made available to us suggests that donors such as UNICEF, the Gates Foundation, and Spain for example have further increased their commitment.

Non-OECD countries

The scope of this study includes the main OECD donors and some private funding initiatives. Other private or governmental funding on nutrition could not be included, due to the complexity of tracking funding from these sources. No reporting system exists to centralise this information.

Further research is needed to assess non-OECD countries' contributions to tackling nutrition. High-burden countries – and particularly middle-income countries whose weight in the financing of multilateral organisations is increasing – have the capacity to contribute to the international funding of malnutrition. Between 2004 and 2007 for example, non-OECD countries contributed an annual \$140 million²⁶ to World Food Programme appeals.

In addition, this study focuses solely on international aid – and thus does not consider nationally funded programmes. Yet these are potentially massive contributions to treating and preventing malnutrition. India's national nutrition programme, for instance, is funded by the federal state budget up to \$1.4 billion a year.

Other high-burden countries may, like India, be in a position to fund part of their national nutrition schemes, thus bearing a share of the estimated funding needs as detailed in the World Bank costing exercise. Additional research is required in this respect.

Who are the major recipients?

Using the central estimates, close to 40% (or \$68.3 million per year) of nutrition funding flows were allocated to sub-Saharan Africa, within which the main recipient countries included Sudan, Ethiopia, Somalia, Niger, Kenya, Zimbabwe and the Democratic Republic of Congo.

17.7% of funds were allocated to South and Central Asia – of which two thirds were channelled to India, Bangladesh and Afghanistan – and 10.3% to Asia/Pacific region, with Indonesia receiving 75% of these funds.

This shows that recipient regions have changed little over the years, although major nutrition emergencies can alter the ranking in the short-term. There is strong correlation between regions receiving funding dedicated to nutrition and countries that are the main food aid recipients.

It is worth noting that almost 23% of the funds do not have any precise destination country (labelled as 'unspecified', and representing multi-country allocations of bilateral or multilateral aid), further clouding any attempt to track comprehensively the flows of international funding dedicated to malnutrition.

Discussion and recommendations

Is the amount that is being spent rising or falling and is it sufficient?

Our estimate of \$350 million a year at first glance appears to reveal a modest rise in funding since the analysis published in *The Lancet* put funding at \$250-300. Not so: if the same scope as the study published in *The Lancet* had been used, nutrition funding would have remained unchanged.

Had the MSF analysis reproduced the exact methodology used in *The Lancet* analysis, the 2004-2007 annual levels of funding attributed to malnutrition would have reached \$366 million. However, given that the World Bank is now more active in reporting to the OECD DAC database, the amounts contributed by the Bank and double-counted in *The Lancet* methodology have increased considerably (from \$23 million in 2000-2004 to \$88 million in 2004-2007). If one excludes these double-counted World Bank commitments, and otherwise follows *The Lancet* methodology, the overall levels of funding attributed to malnutrition for 2004-2007 reach \$282 million – a figure thus unchanged since *The Lancet* estimate of \$250-300 million per year for 2000-2004.

This report however both expands the scope of the analysis to other budget codes and includes further institutions that have funded nutrition activities that were not included in the OECD database or reported in *The Lancet*. Including ECHO, MSF and UNITAID in the analysis has thereby increased funding levels by more than \$100 million a year. It is therefore likely that global nutrition funding flows have stayed constant at around \$350 million a year.

In comparison to needs, funding is at a critically low level. The World Bank costing exercise estimates need at \$12.5 billion a year. In order to achieve a massive scale-up of nutrition activities in high burden countries, nutrition funds need to be expanded by more than 30 times their present level.²⁷

Recommendation: Funding dedicated to nutrition must rise considerably if we are to address the short- and medium-term challenges in high-burden countries. Most of the extra funding is expected to come from

public sources, be it domestic programmes or international aid. Funding should be balanced between acute and chronic needs and increased by around 30 times in comparison to the 2007 level. This will require political commitment from donors, recipient countries and international organisations.

Is the money being spent on the right things?

Malnutrition²⁸ is primarily a matter of public health – nevertheless, other sectors such as ‘food aid’ and ‘food security’ may also form part of the response to address it. When looking at malnutrition, it is generally admitted that various determinants act in synergy with one level influencing another.²⁹ The wide variety in the nature of interventions being funded is an illustration of the two different paths³⁰ to address malnutrition: one, more immediate, focusing on health and nutrition services, and the other, more long-term, targeting birth spacing, food and agricultural policies, and education.

We found that programmes classified as ‘food aid’ or ‘food security’ do not always seek to achieve a nutrition outcome – in fact barely 1.7% of interventions reported as ‘development food aid-food security’ and ‘emergency food aid’ in the OECD database actually address nutrition. If interventions such as these are to be considered as a means to address malnutrition, then food security and food assistance projects (namely food transfer, cash or voucher programmes) must focus more precisely on nutrition as a main objective and be designed accordingly.

During its costing exercise, the World Bank recommended a novel package of interventions for the treatment and prevention of malnutrition. Agreement must now be found to determine which interventions must be delivered at country level and how to scale up prioritised interventions. Both are essential if we are to alleviate malnutrition blighting the lives of so many children and their families. Such an agreement would ease a better allocation of funding resources and guide both donors and recipient countries in determining policy.

²⁷ Even if in 2008, based on UNICEF, Gates, and EU available data we can assume that donors have increased their commitment, further steps need to be taken by donors to reduce the difference between the requirements and the funds allocated.

²⁸ Undernutrition is most often the result of acute or sustained inadequate access by people of all ages (including in utero babies) to dietary intake and/or illness. It can refer to stunting whose consequences include physical and mental impairments (e.g. low height for age, poor psychomotor development, lower cognitive development and ability) with long-term effects on learning and working capacities; wasting (thinness); and nutritional oedema and/or deficiencies of micronutrients (vitamins and minerals). Undernutrition exacerbates vulnerability to diseases and may lead to premature death.

²⁹ Malnutrition causal analysis scheme (immediate, underlying, basic causes) <http://fex.enonline.net/18/causal.aspx>

³⁰ “Repositioning nutrition as central to the development. A strategy for large scale action.” World Bank. 2006.

Much of the nutrition funding gap could be filled not only by raising extra resources, but also by improving existing food aid funding practices.

The nutrition outcome of funds allocated to ‘food assistance’ and ‘food security’ should be reinforced. This would ensure that funds already invested effectively contribute to addressing malnutrition.

Recommendation: Amounts allocated by donors to food aid and food security should be optimised for their nutrition impact, and must include a nutrition outcome. In order to better shape policy, there is a need to endorse a series of proven interventions to be delivered in high-burden countries. These interventions should be designed according to strategies defined in coordination with recipient countries with technical support from agencies. The package to be delivered and funded should be defined according to each context.

Could the funds be spent more efficiently?

We found that a shift in U.S. food aid purchasing policies could plug a considerable proportion of the gap. If, instead of relying on in-kind transfers, where food produced in the U.S. is shipped abroad, the U.S. chose to adopt a policy of locally purchasing food, this would free up about \$600 million. The U.S. Government Accountability Office³¹ estimates that in sub-Saharan Africa, the cost of U.S. in-kind deliveries is 34% higher than local or regional purchase.

Indeed, according to the OECD DAC database, out of a total \$2 billion a year of food aid committed by the U.S. government, more than \$1 billion goes to freight costs supporting U.S. national carriers’ interests. Using the figures given by the Government Accountability Office to estimate the cost differential between in-kind and local purchase for each region, we found that local purchase could save approximately \$600 million a year – a considerable sum that could easily be reallocated to the neediest countries every year.³²

These funds could be invested on a package of food assistance in high-burden countries or on the supply of nutritionally adequate food for young children, thus contributing to the reduction of child mortality.

Recommendation: Governments should cease in-kind donations and instead provide cash to finance food aid interventions and allow delivery of the most adapted interventions based on medical needs and at a cheaper cost. Food assistance must focus on addressing recipient countries needs and not be based on donors’ interest. The U.S. government in particular should speed up the reform of its food aid assistance and reallocate funds which are currently designed more as a support to national interests³³ than to address malnutrition.

What should be done about data collection and reporting?

This study has shown that it is difficult to track annual funding dedicated to malnutrition. Contributions are scattered across different activity sectors, including those other than malnutrition, such as health, food aid and food security. The codification done by the OECD is perhaps the most accessible and developed system to date. Nevertheless, improvements to the monitoring system are required.

At the same time, activities are all too often funded in a joint envelope with other activities, which prevents transparent accounting of the funds exclusively committed to nutrition. To overcome this uncertainty, we have used lower, central and higher estimates. That only 36% (\$185 out of \$511 million) of the total funding dedicated to nutrition can be said without doubt to pursue nutrition objectives is a measure of the uncertainty surrounding the amounts being spent today.

Recommendation: Nutrition funding should be earmarked to allow accountability and transparent tracking of activities funded. This should be done at donor level to allow follow-up on nutrition within the OECD database. In addition, more research must be done to assess the levels of funding granted by non-OECD countries.

³¹ United States Government Accountability Office (GAO). May 2009. Local and regional procurement can enhance efficiency of the U.S. food aid, but challenges may constrain its implementation.

³² This move would actually require a change in U.S. law.

³³ The bulk of U.S. food aid is supplied by national companies and shipped on U.S. flag carriers. According to the 1954 cargo preference act, 75% of gross tonnage of U.S. funded food aid is to be transported on U.S. flag vessels.



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