

Financing nutrition during and beyond COVID-19: implications for an African budget manager
Webinar 9 July 2020 14:00 – 15:30 CAT

Background paper

This background paper provides an overview of the existing nutrition-financing landscape and the interaction of Public Financing Management (PFM) systems with nutrition. This briefing document aims to ensure that key national finance and nutrition stakeholders have an adequate understanding of each other's fields and the interactions between public finance and nutrition.

*The paper also sets the scene for the focus of the webinar, “**Financing nutrition during and beyond COVID-19: implications for an African budget manager**” jointly organised by the SUN Movement, the Collaborative Africa Budget Reform Initiative (CABRI), the African Union Development Agency (AUDA) and the New Partnership for Africa's Development (NEPAD).*

1. Introduction

Over the last decade, increased attention has been given to the importance of investing in the fight against malnutrition¹ in Africa². The COVID-19 crisis, however, is exacerbating the resource mobilisation challenges that many SUN countries are facing. For example, before the pandemic, evidence shows that African countries were encountering difficulties in implementing financing for their national development plans and multisectoral national nutrition plans. These challenges remain, but we are now in a pandemic. The associated disruptions in the food supply, noticeable lack of coordination across relevant government ministries and agencies, and constrained fiscal space both domestically and externally, threaten to upend demonstrable nutrition gains made in all SUN countries.

To meet the increasing demands placed on health, agriculture, WASH, education, and social protection programmes, African ministries of finance and representatives of ministries working in nutrition-relevant sectors, such as health, agriculture, WASH, education, etc. will need to collaborate and find ways to increase domestic resource mobilisation, ensure effective and efficient public financial management and increase value-for-money in nutrition spending.

2. Making the investment case for nutrition during and beyond COVID-19

Why and how to invest in nutrition?

Malnutrition remains a driver of poverty despite evidence-based nutrition interventions consistently appearing as a high investment priority in economic analyses: “*Every dollar invested in proven nutrition interventions in developing countries yields approximately \$18 in economic returns*”³. The Global Investment Framework for Nutrition estimates that \$7 billion⁴ per year is required to scale up a package of nutrition-specific interventions (primarily delivered through health systems) to the level needed to achieve the World Health Assembly (WHA) targets by 2025. National Governments should contribute at least 3% of their health budgets to nutrition and

¹ Malnutrition, in all its forms, includes undernutrition (wasting, stunting, underweight), inadequate vitamins or minerals, overweight, obesity, and resulting diet-related noncommunicable diseases.

² Undernutrition is an underlying cause of almost half of all children who die under five years of age. Among those surviving children in Africa, 30% of the under-five population is stunted, making them more vulnerable to infection and illness, and preventing them from developing to their full potential

³<http://documents.worldbank.org/curated/en/333301482398953218/pdf/111273-WP-WBIncentivizingNutritionCompweb-PUBLIC.pdf>

⁴ This level of financing "was" required to meet the demands of projections based on 2017 data.

significantly improve their investments to the underlying determinates of malnutrition through nutrition-sensitive programming across agriculture and food security, education, social protection, gender, and many other sectors.

Nutrition must be considered a priority of every country's development plan with incentives shifted to key ministries by encouraging them to invest budgetary resources and improve their intersectoral collaboration. **Each ministry will need to adjust its work programme to become more nutrition-sensitive⁵** (see textbox 1 for distinction between nutrition-sensitive and nutrition-specific programmes).

Textbox 1: Nutrition-specific v nutrition-sensitive interventions

NUTRITION-SPECIFIC

Interventions and programmes that address the immediate determinants of fetal and child nutrition and development: adequate food and nutrient intake, feeding, caregiving and parenting practices, and low burden of infectious diseases.

NUTRITION-SENSITIVE

Interventions or programmes that address the underlying determinants of fetal and child nutrition and development— food security; adequate caregiving resources at the maternal, household, and community levels; and access to health services and a safe and hygienic environment—and incorporate specific nutrition goals and actions. Nutrition-sensitive programmes can be delivered across sectors including agriculture, education, social protection, and water supply and hygiene.

The COVID-19 crisis risks annihilating the recent nutrition gains made in Africa over the past decade.

Though data is limited, the domestic spending trends in SUN countries before COVID-19 were not on track with the WHA nutrition targets. With the current pandemic's impact on national economies, the capacity of governments to sustain their nutrition programming is highly questionable.

Several African countries have put in place formal COVID-19 response plans, and a majority have accessed funding through emergency and recovery responses⁶, essentially aiming at putting in place or scaling up the delivery of food, vouchers, or other in-kind assistance. Also, multisectoral national response plans, including nutrition actions and indicators, have been developed or are currently being finalised⁷. Several efforts are required in several countries to scale up monitoring of the nutrition and food security situation.

Increased food insecurity of profound dimensions is expected in the coming months due to a reduction in incomes. Concerns are also expressed about the availability of key commodities such as ready-to-use therapeutic foods to deal with a potential spike in the caseload for acute malnutrition. The impacts of COVID-19 are also compounded by the effects of widespread locust infestation in East Africa, and droughts are also an ongoing concern in Southern African countries. Reduced production prospects in combination with the economic downturn associated with COVID-19 present a deeply upsetting outlook for food and nutrition security in the short and medium term⁸.

The collapse in global commodity prices, rising costs of some goods, and widespread disruptions to supply chains will also continue to imperil government revenues, particularly in countries reliant on oil revenues. In combination

⁵ Sustainable and comprehensive reduction in malnutrition requires nutrition-sensitive interventions implemented through diverse sectors, such as agriculture, education, water and sanitation, the private sector, and social protection

⁶ The United Nations have established three main funding appeals to support countries in the Covid-19 context: the *WHO Strategic Preparedness and Response Plan*, *OCHA Global Humanitarian Response plan* and the *SG's UN COVID-19 Response and Recovery Fund*. The World Bank has also a specific trust fund launched to support countries coping with the COVID19 Pandemic.

⁷ Nutrition plans setting out actions to address nutrition and food security concerns during the pandemic are being developed in a few countries (the DRC, Chad and Togo) where the multisectoral national nutrition plan is currently being revised and costed.

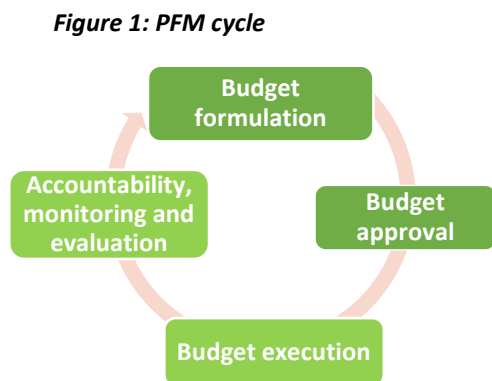
⁸ https://www.un.org/sites/un2.un.org/files/sg_policy_brief_on_covid_impact_on_food_security.pdf

with shifting funding priorities and a postponement of fundraising opportunities (Nutrition for growth⁹, national resource mobilisation events¹⁰), this could reduce nutrition funding availability in the medium and long term. As a result, the crisis aftermath will reduce the ability of national health systems to provide essential maternal, child, new-born, and adolescent nutrition and health services.

3. Supporting nutrition through the PFM cycle

Equally crucial to mobilising additional resources for nutrition is ensuring that these resources are allocated and utilised efficiently and effectively; Public Financial Management (PFM) is critical in this regard. PFM refers to the processes governments use to handle public financial resources (revenue and expenditure) and how these resources impact the economy and citizens. At the heart of PFM, therefore, is managing public resources efficiently to ensure effective service delivery, sustainable economic growth, and development.

It follows that achieving nutrition-related objectives relies in no small extent on efficient and supportive PFM systems and the way governments manage resources throughout the budget cycle. This section outlines how nutrition fits within each phase of the PFM system illustrated in figure 1 and where gaps currently exist.



Nutrition during budget formulation: translating nutrition targets into funded programmes

The formulation of the national budget¹¹ is the first step in translating political commitments to improved nutrition, contained in national development and multisectoral nutrition plans, into implementable nutrition projects. Aligning nutrition plans and budget formulation ensures that the government’s scarce resources are allocated most effectively in necessary quantities and to the right projects. However, in practice, only two out of thirty countries have linked their national nutrition targets to their government budgets¹².

The budget formulation, begins with requesting line ministries to develop and submit costed budget proposals based on sector-specific plans and targets within a budget ceiling provided by the Ministry of Finance¹³ (or sometimes a separate budget Ministry). The Ministry of Finance and line ministries then negotiate until a budget proposal is finalised.

While all line ministries face the challenge of securing scarce resources for their needs, this challenge compounds when it comes to nutrition plans, given that nutrition relevant budgets are spread across multiple line ministries, including agriculture, health, education and water, sanitation and hygiene. This “sectoral breadth” of the malnutrition issue necessitates that during the budget formulation stages: relevant ministries work together to estimate the cost of nutrition goods and services accurately; adhere to a planning calendar that aligns with the

⁹ The Nutrition for Growth Summit was supposed to be held in July and December 2020 in Tokyo. More information is available at: <https://nutritionforgrowth.org/>

¹⁰ In the last two years, several African francophone SUN countries reiterated their ambition to hold a resource mobilisation roundtable for nutrition. Some events were planned in 2020 (Burundi, Burkina Faso, Guinea Madagascar).

¹¹ This budget provides an estimate of government’s revenue and planned expenditure, usually on an annual basis (however more frequently within a medium-term framework). The nutrition budget is the part allocated to nutrition-sensitive and nutrition-specific programmes across all implementing ministries and agencies.

¹² The figure references the countries that engaged in the Public Finance for Nutrition (PF4N) work with SUN.

¹³ There are two major budgeting approaches used across African countries: programme-based (PBB) and line-item budgeting. PBB aims to link funding with results and is structured by programmes, which, at least in theory, should allow decision-makers to fund priority objectives, such as achieving nutrition targets, and make trade-offs where necessary. In a traditional line-item budget, the budget is presented according to clusters of proposed expenses by department or cost centre. This makes allocating according to government’s objectives more difficult, as it is unclear what underlying activities are being funded and how these feed into broader objectives.

budget calendar; determine where to include nutrition within their budget line items; and, perhaps, most importantly, presenting a persuasive, data-driven argument as to who will benefit from improved nutrition outcomes and how value-for-money will be achieved. The Ministry of Finance or budget should also play a role in supporting and convening line ministries during budget formulation.

Budget approval: Making the political case for nutrition funding

Once sectoral inputs are reviewed and collated by the Ministry of Finance, the budget proposal is then submitted for approval to a political body that represents the citizenry. This is usually the parliament or congress, where ‘legislative debate and enactment’ takes place. This stage can include public hearings and enables information to be shared that can be accessed by citizens, providing an opportunity to advocate for nutrition financing to a broader audience.

At this point, the budget allocation becomes almost exclusively a political, rather than technical, exercise. If nutrition programmes are to receive an adequate budget allocation, relevant ministries and agencies will need to find ways to convince policymakers of the importance of investing in nutrition. SUN member Countries are increasingly recognising the critical role parliamentarians play in influencing budgetary decisions for nutrition, not only during budget approval but throughout the budget cycle and beyond - in securing necessary laws, policies, financing, and equitable implementation of nutrition actions.

In many countries, budget approval needs to take place more than once a year, as revenue and expenditure estimates are revised and incorporated into adjustment or supplementary budgets. Over the past few months, in response to forecasted reductions in revenue and additional COVID-19-related healthcare expenditure, several African countries, including Burkina Faso, Cameroon, South Africa, Seychelles, and Nigeria, have passed supplementary budgets; it is unavoidable that many more will be required to do the same. Given the time-sensitive nature of these supplementary budgets, there is concern that line ministries will not be able to defend their budgets adequately and that nutrition budgets may suffer. Competition for scarce resources is even fiercer, and nutrition budgets must be secured and defended to prevent backsliding on nutrition gains.

Budget execution: delivering nutrition programmes efficiently and effectively

In this stage, governments deliver on the promises and proposals included in the budget. A set of ‘resource management’ organisations and processes are meant to ensure that resources are available to those implementing nutrition interventions. During budget execution, oversight bodies are mandated to monitor and assess the performance and expenditure of ministries and agencies to ensure funds are spent effectively and efficiently.

However, it is at this stage that we see that an approved budget does not always equate to an implemented budget. Lack of absorptive capacity at the spending-agency level and rigidities and lack of capabilities within the PFM system contribute to many African countries under executing their nutrition budgets. While data on under execution of nutrition projects is not currently available, we know that [between 2008 and 2016, budget execution rates in health averaged below 80 percent during in African countries](#). Understanding where bottlenecks occur and what practices and capabilities contribute positively and negatively to budget execution are critical for ensuring that nutrition targets are reached; unfortunately, research into this remains in its infancy¹⁴.

In addition, tracking and monitoring nutrition projects/programmes/interventions during the budget execution is not a simple task. Vertical funding of projects, the multisectoral nature of nutrition, off-budget spending by government, and parallel systems set up by development partners make it challenging to track nutrition financing

¹⁴ One reason why research remains nascent in this field concerns country experiences with nutrition-related financial tracking. As of 2020, 50 of 61 SUN member countries – or 81 percent – have conducted a nutrition budget analysis exercise, of which thirteen countries analyzed their financing for nutrition three or more times between 2015 and 2020. Overtime, the “budget analysis for nutrition” has become the commonly used method for tracking financial investments in nutrition at the country level across the SUN Movement. The methodology is designed to capture both allocation and expenditure data. Still, expenditure data is challenging to obtain. For example, only ten SUN countries have reliable and consistent data on expenditures.

and expenditure. Effective tracking requires a nutrition plan that is well-costed, well-reflected in the country's financial management information system, integrated with the activities of implementing agencies, implemented as intended, and monitored at the output level (SUN, 2016). There is recognition amongst African ministries of finance that monitoring emergency spending during COVID-19 will present unique challenges, leading the establishment of dedicated expenditure monitoring committees across the continent.

Another challenge seen during budget execution is that budget allocations are not always executed most cost-effectively. With increasingly limited fiscal space given the impact of COVID-19, ensuring value-for-money in all nutrition spending needs to be a primary focus for all stakeholders. Broadly, value-for-money comes about when governments have the right policies (given specific needs), choose the most cost-effective interventions, and implement these interventions efficiently, fairly, and with moral considerations. Importantly, this is not only about reducing the amount government spends on its nutrition projects; underspending on projects can also be inefficient.

The current pandemic underlines the importance of strengthened PFM systems capable of supporting efficient budget execution. To ensure that nutritious food, healthcare, cash transfers, and WASH services reach the most vulnerable populations. PFM systems may need to allow for ex-post rather than ex-ante controls, rapid release of funds, changes in approval processes, and emergency procurement protocol. This, again, requires that all ministries and agencies involved in nutrition programmes, the ministry of finance, and development partners work together to find ways to expedite service delivery without unduly compromising the government's ability to track and account for expenditure.

Accounting for nutrition budgets

The final phase of the PFM cycle takes place after the financial year has come to a close, with an external audit of spending, typically by a supreme audit institution (SAI). Ideally, the legislature then reviews the audit and financial statements to determine whether spending has been undertaken equitably, efficiently and effectively and for its intended purposes. This type of ex-post budget oversight is most useful when the SAI and legislatures provide recommendations to the executive in a timely fashion, and when the executive takes due notice of these. It also requires accurate and comprehensive expenditure data, which, as discussed, may be difficult to acquire given the complex budgeting structure associated with nutrition and the degree to which nutrition is off-budget or externally funded.

There is concern that the emergency nature of expenditure associated with COVID-19 will further complicate accountability efforts given that some expenditure will be done outside of financial management information systems and by bypassing regular approvals and controls. When it comes to public spending on priority areas, such as nutrition, it is essential that citizens and civil society hold the government to account and ensure that nutrition remains a priority and whatever funds are allocated are spent efficiently and effectively.

4. Conclusion

This background note reiterates that nutrition should remain a priority of national governments, particularly given the indirect impact of COVID-19 on vulnerable populations and the imminent decline in external funding. It has highlighted the degree of overlap between nutrition and PFM, and reflected the importance of dialogue and collaboration between ministries of finance and nutrition-relevant sector ministries. During the webinar and beyond, the SUN Movement, CABRI and NEPAD-AUDA will work with African countries to:

- (i) enhance value-for-money of and absorptive capacity for nutrition budgets through dialogue between domestic stakeholders;
- (ii) increase domestic resources for nutrition;
- (iii) estimate the impact of COVID-19 on their nutrition financing gaps; and
- (iv) facilitate the use of the several COVID-19 funding appeals established by the United Nations related to nutrition.