

# The Aid Financing Landscape for Nutrition

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## Executive summary

Under-nutrition is a major challenge for both low and middle income countries and significantly affects the lives of individuals and communities. Malnutrition is the underlying cause of 35% of all deaths among children under five. Under-nourished children are also more likely to be vulnerable to illnesses and earn about 10% less as adults if they survive. In 2006 the World Bank found that under-nutrition could result in a loss of about 2–3% of national GDP, hence reducing the domestic revenue available for investing in infrastructure and public services. Investments in nutrition are essential to achieving the Millennium Development Goals (MDGs) and ultimately the eradication of poverty.

**Despite rising volumes of reported nutrition official development assistance (ODA), international assistance remains below financial assessments of need.** Although some progress in under-nourishment has been made (57 million people have become better nourished since 2000–2002), it has been too slow to enable the full achievement of MDG 1 (eradicate extreme poverty and hunger) by 2015. **ODA to basic nutrition represents just 0.4% of total ODA** (in 2011), having increased from 0.2% in 2004.

Although some countries are showing leadership in this field, **resources and political will remain insufficient to eradicate world hunger.** In 2010, the World Bank estimated that an increase of US\$10.3 billion in annual international and national public financial resources would end under-nutrition. Since these estimates were made, basic nutrition ODA has increased by only US\$139 million, **about 1.4% of the identified need.**

Interventions to address under-nutrition have proven to be extremely effective in reducing poverty. The 2012 Copenhagen Consensus, a panel of international development experts, found that such interventions provided a return of US\$30 per child for each dollar spent. A package of interventions to reduce under-nutrition proposed by *The Lancet* in 2008 was deemed the most effective among 30 potential measures to tackle poverty.

**Projections suggest that the number of under-nourished people will fall by only 82 million by 2050 if current commitments are met, still leaving 766 million people worldwide under-nourished.** The proportion of people at risk from under-nourishment has fallen since the beginning of the millennium, but most of this fall took place before 2008. As a result, about 848 million people in developing countries are at risk of being under-nourished and around 29% of children under five are too short for their age (stunted).

Evidence strongly suggests that under-nutrition is best tackled by integrating it as an objective in programmes in other sectors, such as health, agriculture or education. The nutrition-specific components of such interventions are hard to identify and measure. ODA to projects that have a direct impact on nutrition is, therefore, likely to be higher than that recorded by the OECD DAC, the primary source of ODA data. For example, over 3,300 of aid projects reported to the OECD in 2011 (representing US\$1.4 billion) had nutrition components but were not recorded as nutrition ODA. These were recorded under health, humanitarian aid, agriculture, government and civil society, multi-sector and education sectors. Assessing how much of this funding supports nutrition outcomes directly remains problematic.

**Canada is currently the largest donor of basic nutrition ODA, disbursing an annual average of US\$104 million between 2009 and 2011.** The Bill & Melinda Gates Foundation disbursed US\$64.4 million. The EU institutions, Japan and the United Kingdom were also important donors, with ODA disbursements of more than US\$34 million each. When country donors are assessed for both bilateral aid and the contributions they have made through multilateral agencies, Canada remains the largest donor, allocating an average of US\$108 million over 2009–2011. The UK and Japan follow, with US\$47 million and US\$46 million respectively.

Under-nourishment is geographically concentrated. South and Central Asia have the highest numbers of under-nourished people, amounting to 314 million in 2010–2012, while sub-Saharan Africa has the highest proportion (30%). Globally, 90% of stunted children are concentrated in just 36 countries.

**At an aggregate level, funding for nutrition is targeted on the group of 36 countries where 90% of stunted children live.** Over 2009–2011, these countries together received an annual average of US\$218 million, 72% of basic nutrition ODA commitments.

**However, the distribution of aid for nutrition amongst the 36 countries does not reflect burden at either a regional or a country level.** In this period, the largest increases were seen in Latin America and the Caribbean (nine times higher) and sub-Saharan Africa (six times higher). Sub-Saharan African countries among the 36 with the highest levels of stunting received about 54% of basic nutrition ODA disbursements in 2009–2011, despite representing only 26% of the estimated financial gap in funds required to tackle under-nutrition. **South Asia received only 28% of basic nutrition ODA, although it represents 56% of the global financial gap.** This is arguably concentrated in India, which accounts for most of stunted children in the region, while receiving comparably low amounts of nutrition ODA.

More positively, the share of total ODA going to nutrition interventions has been increasing, although proportions remain low. **In 2011, basic nutrition ODA commitments amounted to US\$418 million,** having grown by 161% since 2000. Global ODA grew by only 61% over the same period. Growth has slowed in the past couple of years, with basic nutrition ODA increasing by 3% between 2010 and 2011, even though global ODA fell in real terms.

**But basic nutrition ODA funding is still small when compared with emergency and development food aid.** Development food aid amounted to US\$1.4 billion in 2011 and the amount spent on emergency food aid was even larger at US\$2.7 billion. ODA routed through these sectors can have a significant impact on nutrition, although this is not automatic and other direct nutrition interventions are vital. The increasingly recognised significance of basic nutrition interventions in relation to food aid is, therefore, yet to translate into aid funding decisions.

This report focuses on funding flows from existing donors. It shows that current volumes, while increasing, remain at odds with the scale of need. Appropriate levels of financing for basic nutrition, directed to where it is needed most, are a key component of any poverty eradication strategy that sits centrally within the post-2015 agenda.