

# ACHIEVING VALUE FOR DEVELOPMENT: INVESTING IN NUTRITION

## BRIEFING PAPER

**In this context, Action Contre la Faim wished to gather up evidence showing that investing in nutrition to sustainably reduce poverty is profitable and efficient.**

**U**ndernutrition affects 1 out of 10 children in the world and is the cause of 3 million deaths each year. Despite the sheer scale of the issue, human consequences are unfortunately not sufficient to convince to invest in the fight against this scourge. Due to heavy budgetary constraints, Official Development Assistance (ODA) donors seek to optimize every euro invested. Many economists and scientists have brought to light that undernutrition has an overall negative impact on development. They also demonstrated that investing in nutrition is profitable.

*“Improving nutrition contributes to productivity, economic development, and poverty reduction by improving physical work capacity, cognitive development, school performance, and health by reducing disease and mortality. [...]The economic returns to investing in such programs are very high.”* World Bank Nutrition Strategy

For several years now, the international community has been trying to mobilize through large-scale initiatives such as the Scaling Up Nutrition (SUN) Movement, the Nutrition for Growth summit in 2013, the Second International Conference on Nutrition (ICN2) or the publication of the Global Nutrition Report in 2014. But turning this political mobilization into financial support to fight undernutrition is still a slow process.

In 2010, the World Bank evaluated that US\$10 billion per year<sup>1</sup> were required in order to finance the most efficient interventions<sup>2</sup> addressing undernutrition. In 2012, total

investments reached US\$480 million, that being 0.36% of the Official Development Assistance (ODA) worldwide<sup>3</sup>. If we include the investments producing an indirect impact on the fight against undernutrition, the international aid sums up to US\$1.523 billion; only 1% of the worldwide ODA.

Along with insufficient funding, another issue arises, the low accountability of international aid for nutrition. In 2014, only 13 donors have met their investment commitments concerning nutrition. Despite the efforts put in by the SUN Donor Network methodology<sup>4</sup>, the Organisation for Economic Co-operation and Development (OECD) reporting database is not adequate, especially in terms of nutrition-sensitive interventions follow-up<sup>5</sup>.

Countries affected by undernutrition have decided that nutrition should be a priority and have therefore made commitments to increase their domestic investments. There is very little data available to evaluate this national funding, however, the first studies led by the SUN Movement suggest that more and more countries tend to increase their budget for nutrition.

Nevertheless, the mobilization of affected countries must not reduce the accountability of donors. Some donors have opened the way by making nutrition a priority. From this point forward, countries providing international aid should follow their lead.

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## WHY SHOULD NUTRITION BE A PRIORITY IN OFFICIAL DEVELOPMENT ASSISTANCE?

By eroding human capital, undernutrition hinders development through economic growth slow-down, which in return affects the nutritional status of populations. This evidence, based on economic studies, should be known to all development experts. Since the international community has acknowledged that the cycles of poverty and undernutrition are intergenerational, it must now contribute to break them.

*“We acknowledge that malnutrition, in all its forms, including undernutrition, micronutrient deficiencies, overweight and obesity, not only affects people’s health and well-being by impacting negatively on human physical and cognitive development, compromising the immune system, increasing susceptibility to communicable and non-communicable diseases, restricting the attainment of human potential and reducing productivity, but also poses a high burden in the form of negative social and economic consequences to individuals, families, communities and States.”* Declaration of the Second International Conference on Nutrition (ICN2 – 2015)

## NUTRITION IS A VIRTUOUS CIRCLE

Investing in nutrition during the 1,000-day period, from the beginning of pregnancy to a child’s second birthday, prevents irreversible damage on cognitive, intellectual and physical development because during this time window, the brain and nervous system development are decisive.

*“Ensuring a child receives adequate nutrition during the 1,000-day window can yield dividends for a lifetime, as a well-nourished child will perform better in school, more effectively fight off disease and even earn more as an adult.”* Rajiv Shah, USAID Administrator, May 2012<sup>6</sup>

There is considerable scientific evidence showing the benefits of eradicating child undernutrition:

- Mothers unaffected by chronic undernutrition are three times less likely to give birth to a child suffering from undernutrition before the age of 2<sup>7</sup>
- A 1% increase in height leads to a 2.4% increase in adult earnings<sup>8</sup>
- At least one additional year of schooling level
- Prevention of undernutrition during early childhood leads to adults who are 33% more likely to escape undernutrition<sup>9</sup>

- An individual who was not affected by undernutrition during his early childhood will earn 20%<sup>10</sup> more income and have a 66% higher household consumption<sup>11</sup>
- Allowing women to increase by 10% the chance of building their own businesses<sup>12</sup>

## UNDERNUTRITION HINDERS ECONOMIC DEVELOPMENT

The Copenhagen Consensus – project launched in 2012 gathering a group of experts, four of whom are Nobel Laureate economists – evaluated that without nutrition improvements, world GDP would have averaged 8% lower over the century<sup>13</sup>. Despite these improvements, in many countries, undernutrition is yet responsible for significant GDP losses.

Asia and Africa lose 11% of their GDP every year<sup>9</sup>. Ethiopia, Rwanda and Uganda, for example, respectively lose 16.5%, 11.5%, and 5.6% of their GDP each year<sup>14</sup>.

*“The Cost of Hunger in Africa study has confirmed the magnitude of the consequences that child malnutrition have on health, education as well as on the national economy [...] the country [Malawi] has incurred huge economic losses associated with under nutrition, the highest being the cost in loss of potential productivity.”* Minister of Finance Goodall E. Gondwe, Malawi, The Cost of Hunger in Malawi

At country level, undernutrition lastingly affects human capital and hinders economic development. The study The Cost of Hunger in Africa<sup>14</sup> highlights the irreversible consequences of undernutrition on the workforce. Many stunted children do not reach adulthood and this mortality represents a potential loss of workforce for countries. In any case, stunted children who survive will be much less productive once into working life.

### ETHIOPIA

In 2009, child mortality due to undernutrition has reduced national workforce by 8%. As a result, lower productive capacity of this stunted population working in manual activities entailed a GDP loss of 3.8%.

### RWANDA

In 2012, an estimated 922 million working hours were lost as a result of nutrition-related mortalities among the potential workforce, which is equivalent to 7.1% of the country’s GDP.

## **FIGHTING AGAINST UNDERNUTRITION IS AN INVESTMENT, NOT AN EXPENSE!**

Nutrition investments have one of the highest benefit-to-cost ratios in terms of poverty reduction. Since 2004, Copenhagen Consensus experts are positive about this fact.

### **Examples**

- Sri Lanka: \$1 invested yields a benefit of \$56
- Indonesia: \$1 invested yields a benefit of \$48
- Philippines: \$1 invested yields a benefit of \$44
- Senegal: \$1 invested yields a benefit of \$20
- Ghana: \$1 invested yields a benefit of \$17
- Chad: \$1 invested yields a benefit of \$15

Financing chronic undernutrition reduction is a profitable and safe investment. According to the 2014 Global Nutrition Report, the Independent Expert Group found that investments in undernutrition reduction present a benefit-cost ratio that is always greater than one, even for the most cautious scenario.

The World Bank calculated the cost of 10 key interventions of the Lancet and showed that they all had a positive return on investment<sup>15</sup>, especially during the 1,000-day period. This is why most nutrition-related strategies of international donors focus on this time window. If these 10 interventions were scaled-up to cover 90% of the population in the 34 countries where undernutrition is significant, they could reduce chronic undernutrition by 20% and acute undernutrition of children under 5 by 60%<sup>16</sup>.

*“Probably no other technology available today offers as large an opportunity to improve lives and accelerate development at such low cost and in such a short time”, says the World Bank about the monitoring of vitamin and mineral deficiencies<sup>17</sup>*

## **INVESTING IN NUTRITION: THEY CHOSE TO DO SO!**

### **Affected countries vow to combat undernutrition**

For many affected countries, combating undernutrition has become a priority. 55 countries, among which 27 of 33 “countries most affected by chronic undernutrition” have joined the SUN Movement.

*“Never before have so many leaders from so many countries and fields agreed to work together to improve nutrition [...] The SUN movement gives all of us, including the UN, an opportunity to support countries in their efforts to end hunger and malnutrition.”* Ban Ki-Moon Secretary-General of the United Nations

The mobilization is being organized at the highest level of the States. The Prime Minister of Senegal and the Minister of Economic Affairs and Development of Mauritania themselves wrote the commitment letters to join the movement<sup>18</sup>. All SUN Countries have implemented or are implementing multi-stakeholder platforms.

### **IN ETHIOPIA**

The Government has committed to allocate additional domestic resources of US\$15 million per year to nutrition until 2020<sup>19</sup>.

*“The Government of Nepal is highly committed to improving the nutritional status of children and women as a foundation for future social economic growth and development. [...] There is an opportunity to make substantive and sustained progress in this area with a strengthened global partnership.”* Prime Minister of Nepal, Baburam Bhattarai, Member of the Lead Group of the SUN Movement (September 2012)

Finance Ministers are at the front line. According to the 2014 SUN Movement report, 12 countries have already allocated specific budget lines for nutrition and several have increased their domestic resources for this field.

### **IN TANZANIA**

Nutrition has been firmly integrated into the Ministry of Finance and all local and national government authorities have received an orientation on planning and budgeting for nutrition<sup>20</sup>.

*“We need to channel adequate resources towards nutrition interventions. Government will also strengthen institutional and human capacities for effective delivery of nutrition services.”* Minister of Finance Goodall E. Gondwe, Malawi, The Cost of Hunger in Malawi



## NUTRITION HAS BECOME A PRIORITY FOR INTERNATIONAL DONORS

Many international donors acknowledged the profitability and efficiency of the fight against undernutrition and its great potential to reduce poverty. The United States, the United

Kingdom, Ireland and Canada are the main donors in the nutritional sector through ODA. Furthermore, the European Union and the World Bank are making significant investments.

Since 2006, the World Bank (WB) looks at nutrition as a priority action to fulfil its mandate – promote long term economic development and reduce poverty – and justifies it with the high economic returns of nutrition-related interventions in terms of productivity gain, economic growth and poverty reduction.

In its strategy paper of 2006: *Repositioning Nutrition as Central to Development*<sup>21</sup>, the WB advocates for a better integration of nutrition at a larger international scale. This document also encourages to further improve the research on the links between agriculture, social protection, health and nutrition.

The WB's main strategic paper has been issued in 2012 by the SecureNutrition platform: "Improving Nutrition Through Multisectoral Approaches". The overall objective is to promote, within intervention programs, a multisectoral approach to nutrition focusing on three sectors: agriculture and rural development, health and social protection. This document explains some actions that are to be taken into account, suggests a list of indicators and identifies, for each sector, the research areas where more evidence is required.

Nutrition is also present in the WB's sector-specific documents. According to the World Bank Group Agriculture Action Plan (2013-2015) nutrition is one of the seven Principles for Responsible Agricultural Investments, meaning that increasing the number of agricultural nutrition-specific projects is key in order to achieve this goal. The 2007 health strategy already suggested an approach making connections between improvement in nutrition status and improvement in health status.

**The following international donors all made financial commitments, particularly at the London Nutrition for Growth summit in 2013.**

<b>World Bank</b> <i>"Improving Nutrition Through Multisectoral Approaches"</i> , 2013	<b>2013 - 2014</b> <ul style="list-style-type: none"> <li>• Commitment to increase by 50% its analytical and technical support for countries with the highest malnutrition rates</li> <li>• Between 2013 and 2014, commitment to multiply by three the funds for nutrition programs aiming at helping mothers and young children</li> </ul>
<b>EU</b> <i>"Commission Staff Working Document - Action Plan on Nutrition"</i> , 2014	<b>2014 - 2020</b> <ul style="list-style-type: none"> <li>• 400 million euros for direct interventions</li> <li>• 3.42 billion euros for indirect interventions</li> </ul>
<b>DFID</b> <i>"DFID's Contribution to Improving Nutrition"</i> , 2014	<b>2013 - 2020</b> <ul style="list-style-type: none"> <li>• An additional 572 million euros for direct interventions</li> <li>• 4.032 billion euros for indirect interventions</li> </ul>
<b>USAID</b> <i>"Multi-Sectoral Nutrition Strategy 2014-2025"</i> , 2014	<b>2012 - 2014</b> <ul style="list-style-type: none"> <li>• 1.096 billion euros for indirect interventions</li> <li>• 8.919 billion euros for indirect interventions</li> </ul>
<b>Canada</b>	<b>June 2013</b> <ul style="list-style-type: none"> <li>• 145 million dollars invested in initiatives aiming at helping countries to integrate nutrition into their programs</li> </ul>
<b>Ireland</b>	<ul style="list-style-type: none"> <li>• <b>2012</b> › 10% of the ODA allocated for combating undernutrition</li> <li>• <b>2013 - 2020</b> › Commitment to double the funds for nutrition (an additional 130 million euros)</li> </ul>

## HOW DID THESE DONORS PRIORITIZE UNDERNUTRITION WITHIN THEIR STRATEGIES?

- 1. By setting financial goals**, as shown in the table above.
- 2. Through a multisectoral strategy.** From 2010 to 2012, the DFID's nutrition-sensitive investments were allocated to food aid and food security (20%) and to health (44%)<sup>22</sup>. Agriculture, health, gender and Water-Sanitation-Hygiene (WASH) are an integral part of USAID's strategy. As such, they are included in the sub-objectives and the proposed indicators. Through its advocacy, Ireland encourages a multisectoral approach (WASH, health, social protection, agriculture and education) to fight undernutrition. All donors who selected the undernutrition approach have, within their strategies, a section including nutrition-sensitive actions related to agriculture.
- 3. By giving thought to targeting.** Most nutrition strategies focus on the 1,000-day period, women of childbearing age and children under five. In its strategic paper, published in January 2013<sup>23</sup>, the World Bank developed a methodology designed to assist team leaders in considering the populations most affected by undernutrition.
- 4. By making research a priority** and reviewing strategies in accordance with new scientific data on nutrition. Strategies are supported by research funds and capitalization of existing actions. The World Bank, USAID and DFID turn towards interventions with the greatest nutritional impact.
- 5. Through action plans.** The EU's 2014 action plan includes an operational agenda for strategy implementation. Delegations are supposed to fill out country sheets describing how the EU is planning to achieve its malnutrition reduction goals, via which sectors and which interventions.

## RECOMMENDATIONS

There is considerable scientific and economic evidence showing the benefits of eradicating child undernutrition. Nutrition investments have one of the highest benefit-to-cost ratios in terms of poverty reduction. Most affected countries acknowledged this fact and have therefore established commitments to end this scourge. Although domestic resource mobilization is essential for nutrition, aid has a real potential to make substantial contributions. In fact, it is very hard to understand why bilateral and multilateral donors only allocate 1% of their ODA for nutrition. International donors must make new commitments and honour them. These investments are fundamental in the attempt to break the cycle of poverty. In a context of drastic cuts in public funding for development, investing in nutrition is clearly a way to ensure the effectiveness of international public aid.

**Action Contre la Faim calls on all donors to increase their contributions to combat undernutrition and contribute to reach WHA targets. Donors must show leadership and translate words into deeds, commitments into concrete actions and financing. While post-2015 framework is beginning and setting new ambitions for fighting undernutrition, donors must act quickly by increasing ODA for nutrition and supporting new innovative financing sources and mechanisms. This enlistment will open the way to renew momentum and actions from other donors and national governments.**



- <sup>1</sup> World Bank, "Scaling Up Nutrition, What Will It Cost? ", 2010
- <sup>2</sup> 10 direct interventions identified by the Lancet Series, 2013
- <sup>3</sup> Global Nutrition Report, 2014
- <sup>4</sup> <http://scalingupnutrition.org/news/sun-donor-network-towards-a-common-methodology-to-track-global-investments-in-nutrition#.VYg7ePntHw>
- <sup>5</sup> ACF, Aid For Nutrition: Are we on track to meet the needs? 2010 and 2011, 2013
- <sup>6</sup> Progress Report of the SUN Movement 2011-2012
- <sup>7</sup> Haddad, L. "Child Growth = Sustainable Economic Growth: Why we should invest in Nutrition", IDS & CIFF, mai 2013
- <sup>8</sup> Hoddinott et al., "The Economic Rationale for Investing in Stunting reduction", Maternal and Child Nutrition, September 2013
- <sup>9</sup> Global Nutrition Report, 2014
- <sup>10</sup> Global Index 2013, p. 19
- <sup>11</sup> Horton, S. and Hoddinott, J. "Food Security and Nutrition – Perspective Paper". Copenhagen Consensus Centre, November 2014
- <sup>12</sup> Haddad, L. "Ending Undernutrition: Our Legacy to the Post 2015 Generation", IDS & CIFF, May 2013
- <sup>13</sup> Copenhagen Consensus on Human Challenges to Nutrition Index (2011)
- <sup>14</sup> The Cost of Hunger in Africa, UNECA, 2014
- <sup>15</sup> World Bank, "Scaling Up Nutrition, What Will It Cost? ", 2010
- <sup>16</sup> Lancet Series, 2013
- <sup>17</sup> UNICEF, The Micronutrient Initiative. Vitamin and Mineral Deficiency – A Global Progress report. <http://bit.ly/1JChaL5>
- <sup>18</sup> <http://bit.ly/1Hhxl0c>
- <sup>19</sup> SUN overview Presentation, <http://bit.ly/1JCh9H0>
- <sup>20</sup> World Bank, "Repositioning Nutrition as Central to Development", 2006
- <sup>21</sup> ICAI's Report on DFID's Contribution to Improving Nutrition, 2014
- <sup>22</sup> World Bank, "Improving Nutrition Through Multisectoral Approaches", page 82

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Created in 1979, Action contre la Faim (ACF) is a non-governmental organisation that fights against hunger. Its charter of humanitarian principals- independence, neutrality, non-discrimination, free and direct access to victims, professionalism, transparency - has been part of its identity for 35 years. Its mission is to save lives by eliminating hunger through the prevention, detection and treatment of under-nutrition, particularly during and after emergency situations linked to conflicts or natural disasters.

Action contre la Faim focuses its actions on 4 main areas of expertise: nutrition, health and healthcare practices - food security and livelihoods – water, sanitation and hygiene – advocacy and awareness-raising. In 2014, Action contre la Faim provided aid to 13.6 million people in more than 46 countries worldwide.