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# Catalytic Financing for Nutrition

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# Presentation Outline

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1. Innovative Finance for Development:  
Overview and Lessons Learned
2. Catalytic Financing for Nutrition

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# **Innovative Finance for Development: Overview and Lessons Learned**

# What is innovative finance for development?

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*“ mechanisms of raising funds or stimulating actions in support of international development that go beyond traditional spending approaches by either the official or private sectors”*

*(OECD 2009)*

Complementary to ODA, predictable and stable.

*(Leading Group Report 2012)*

# Examples of IF mechanisms

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## **Front-loading and debt-based instruments**

- Social Impact Bonds/Pay-for-Performance
- IFFIm
- Debt swaps (e.g. Debt2Health)

## **Guarantees and market-based mechanisms**

- AMCs
- Prizes

## **Taxes/contributions from globalized activities**

- UNITAID air levy / Zimbabwe Payroll levy
- FTT
- Voluntary contributions

# Lessons: Opportunities and Challenges

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## Opportunities:

- Increase resources
- Improve efficiency and efficacy of disbursement and delivery

## Challenges:

- Need clear goals
- Coordination
- Minimise transaction costs
- Effective governance and M&E

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# CATALYTIC FINANCE FOR NUTRITION

# Why “catalytic” finance?

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- Focus on catalysing change to improve nutrition outcomes rather than innovation.
- Catalyse change in terms of:
  - How nutrition is funded
  - How nutrition is delivered



# Key Considerations

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- Unique momentum and opportunity of global leadership
- Significant progress at country level
- Better understanding of economic impact of undernutrition makes case to act stronger
- Business community mobilizing, however clear sensitivities to working with the PS and food industry

# Key questions

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- What does the current financing architecture for nutrition do and not do? Where are the gaps?
- Would some of the gaps be better addressed by new mechanism(s), rather than existing funding options?
- Should such mechanism(s) be established as a new structure or through existing structures?
- How should the mechanism(s) be governed and monitored?

# How are we trying to respond to these questions?

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- SUN donor Group
- Steering Committee
- Milken Institute - Financial Innovations Lab (May)

# Current Nutrition Financing architecture

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- Traditional donor funding
- Government nutrition budgets
- Very few existing IF mechanisms with nutrition components:
  - SUN Trust Fund
  - GAIN
  - GAFSP, HRITF
  - AgResults
- Very large needs / gaps across spectrum of interventions

# Need for new CF mechanisms?

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- Broad consensus around need for mechanism(s) to catalyse change both with public and private sectors / funds
- Mechanisms need to address clearly identified barriers and complement existing activities and add-value
- Limited support for new Global Fund type of mechanism
- Limited support for mechanism that focuses on funding long term, recurring costs of country plans

# Menu of Options

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- Mechanism to catalyze broadly the acceleration of high impact, prioritized country plans
- Mechanism to catalyze greater role for private sector
- Instrument specific (e.g. RBF) or product/intervention specific (e.g. AMC) mechanisms

# Next steps

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- Feedback from stakeholders
- Narrow down options with SC / Milken Institute
- Convene Milken Financial Innovations Lab (early May)
- Present initial finding in Paris conference (May)
- Presentation of potential mechanism(s) on June 8<sup>th</sup>?

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THANK YOU