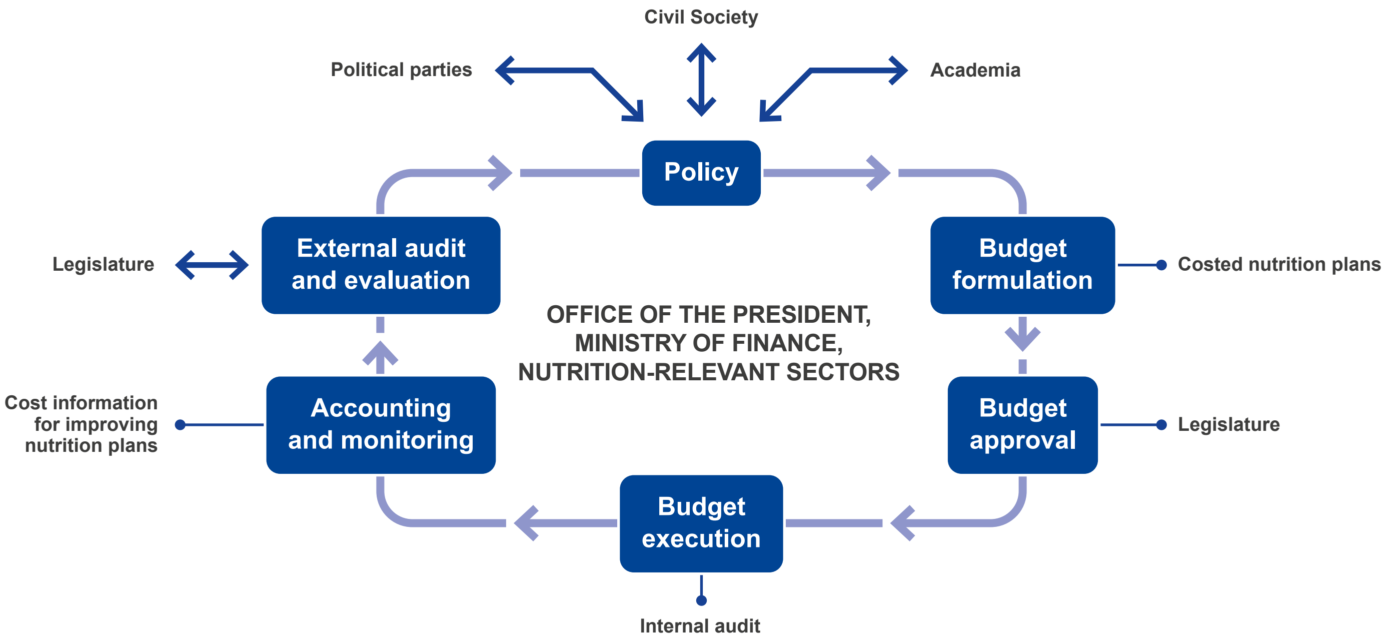
THE PUBLIC FINANCE FOR NUTRITION APPROACH

Introduction to the management of public finances



Public finance management (PFM) refers to a set of rules, institutions, policies, processes and practices used by governments for: planning, mobilising resources, budgeting, executing, monitoring, auditing and evaluating public spending. Its primary goal is to ensure that public resources are allocated and spent in an efficient, transparent and accountable manner. Against the background of a PFM system, a state's budget is approved and implemented over an annual cycle comprising six phases (see figure). An Integrated Financial Management Information System is typically used to manage budget operations electronically during the budget cycle.

The multisectoral nature of nutrition policies requires that stakeholders work together to ensure that money is adequately allocated and programmes are well executed according to policy objectives. The stakeholders are, e.g., ministries of finance, budget, planning, line ministries, public agencies, local administration and coordination platforms.

Why does public finance management matter for nutrition?

Many governments prioritise nutrition in their national policy and plans but struggle to translate objectives into results. This is often due to their limited mobilisation of resources or inadequately allocating resources, as well as not executing the nutrition budget efficiently and effectively.

Nutrition-responsive public finance is crucial to ensure nutrition policy objectives are achieved. To this end, a set of principles and approaches must be followed: i) The nutrition policy objectives are clearly defined and articulated with relevant sectoral policies (health, education, agriculture, etc.); ii) The nutrition policy budget is multisectoral by nature, with all sectors involved cooperating to prepare and execute the budget; iii) Where programme or performance budgeting is in place, nutrition interventions can be formulated accordingly, linking results with the budget allocated; iv) An effective monitoring system enables spending to be tracked, allowing decision-makers to identify challenges and constraints and make evidence-based decisions; iv) Ensuring accountability and transparency of public spending on nutrition fosters public trust in government efforts to address nutritional challenges and strengthens cooperation with the private sector and development partners.

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Key shifts that are needed for a 'public finance for nutrition' change

The public finance for nutrition approach focuses on i) increasing revenue mobilisation/availability for nutrition; and ii) improving the quality and visibility of nutrition-related public spending. Both central governments and local administrations need to engage in this process through their public finance, fiscal and decentralisation policies.

Increasing revenues for nutrition. This can be achieved via both progressive tax policies that address disparities as well as poverty and a well-functioning tax administration. Fiscal policies can be used to incentivise healthier dietary behaviours and discourage the consumption of unhealthy food. Mobilising funds to complement public finances from the private sector, donor agencies and multilateral banks is a possible alternative.

Improving the quality and visibility of public spending on nutrition is key to optimise nutrition outcomes with the available resources while securing public buy-in. This requires the prioritisation of nutrition-specific and nutrition-sensitive expenditures that target nutritionally vulnerable populations. Appropriate expenditure-tagging mechanisms enable a greater transparency around spending on nutrition while improving communication among stakeholders around results and the use of public funds.

What governments can do

To facilitate the key shifts (see above), governments can intervene through policy, analysis and financial strategy.

Policy measures

- **Subsidies and incentives** can play a significant role in shaping a country´s food production and consumption patterns. Measures can include setting up an effective and efficient incentive framework, or adjusting existing incentives to generate and re-direct capital expenditure, or repurpose e.g., agricultural subsidies to activities with higher impact on nutrition outcomes.
- **Sugar taxes** are an example of a measure that can contribute to improving dietary habits, reducing rates of obesity and related diseases, and thus healthcare costs, while generating additional revenue.
- **Social protection measures** such as social pensions, cash transfer schemes and maternal and child health support can address factors that limit vulnerable populations' access to nutritious food.

Analytical work

- **Costing of nutrition plans** is crucial for informed decision-making, efficient resource-allocation, effective budget-planning, and achieving policy goals. It empowers policymakers to optimise resource use and work towards improved nutrition for the population.
- **Tracking the nutrition budget** alongside plans and priority actions increases and automates the visibility of nutrition-related expenditure. This enables governments to make informed choices about nutrition spending, encourages public accountability and the involvement of civil society. **Public expenditure reviews** assess the efficiency and effectiveness of nutrition public spending in relation to the policy results. **Budget analysis** focuses on the allocation and expenditure of nutrition funds across sectors and over time. **Public expenditure tracking surveys** monitor the flow of public funds to public service delivery points, to identify potential leakages or misallocation of funds.

Financing

- A strategy to mobilise domestic and external financial resources would include different approaches for the following sources of finances: (i) public international (bilateral and multilateral development cooperation, and climate finance); (ii) private, domestic and international. This might entail **setting up events** such as impact investment networking events or round-table events with development partners.
- Promote **public-private partnerships (PPP)**: Public funding can be used to engage the private sector in nutrition initiatives, using innovative financing methods (blending, public guarantees, equity funding). Areas currently being explored focus on public funding for financial intermediaries which in turn provide finance to smallholder farms, cooperatives and other private sector initiatives.

C4N supports Scaling Up Nutrition (SUN) countries

All SUN countries can request on-demand tailor-made technical assistance and capacity building, in close cooperation with SUN regional hubs. The Capacity for Nutrition (C4N) support focuses on two topics:

- Public Finance for Nutrition
- Food Systems Transformation for Nutrition

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