

**NUTRITION INTERNATIONAL**

**INNOVATIVE/ALTERNATIVE  
FINANCING**

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## INTRODUCTION

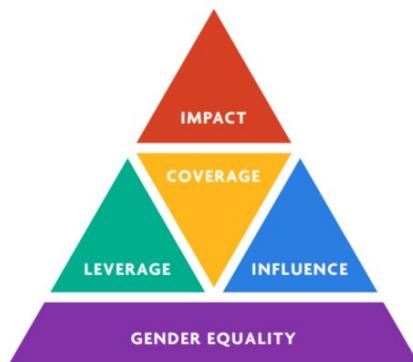
Established in 2012, **Sustainable Development Goals (SDGs)**, also known as Global Goals, were born at the United Nations Conference on Sustainable Development. As highlighted by the United Nations Development Programme (UNDP), "the objective was to produce a set of universal goals that meet the urgent environmental, political and economic challenges facing our world." One of the key things to remember is that the SDGs are unique as they cover issues that affect us all. Their aim is to provide good healthcare and achieve **Gender Equality** throughout the world. The SDGs highlight the importance of sustainable development by linking it to the vitality of good health and development of human capital.

**Nutrition International (NI)** understands this relationship. Through implementation of core objectives to scale-up nutrition intervention **Coverage** via local partnerships which **Leverage** and **Influence** innovative research and policies, "NI has successfully delivered life-saving interventions in more than 60 countries by reaching 150 million children with two doses of Vitamin A and over 400 million people with iodized salt each year." To continue combating malnutrition, NI has developed an investment in nutrition case in alignment with the SDGs that are to be achieved by 2030. (Investing in Nutrition, 2018–2024)

Given the clear goal of providing high-impact and across sectors coverage to attain these central goals of ending malnutrition, it is important to seek financing which can help support and implement NI's goals in less-developed nations. **International Finance for Development** comes from many sources. Over time, there has been a reduction in the traditional ways of financing as they alone have not been able to meet goals. Therefore, it calls for innovative ways to make existing traditional sources of finances more efficient and using these models along with additional innovative tools of financing to overcome the resource gap.

The paper discusses various innovative/alternative sources of financing available in the global financing field in recent years before coming to the conclusion of recommending NI to further explore or leverage a financing tool within its network of local partnerships, national governments and international entities. It is important to remember that while innovative financing is a relatively newer approach to using traditional financing models and therefore, will always have certain limitations.

### How NI achieves Impact





## ANALYSIS

In order to seek a powerful yet efficient innovative financing tool which would support the goals of business models such as **Right Start Initiative**, **Nutrition Leverage and Influence for Transformation (NLIFT)** and **Nutrition Technical Assistance Mechanism (NTEAM)**, it is imperative to fully analyze existing innovative/alternative models of financing.

Thus, the analysis of the tools in this section will not only be based on their impact, coverage, ability to leverage and create gender equality, but also consider external factors affecting these financing tools such as cultural factors, political stability, market composition and openness of the population towards the financial products. This would help in bringing out the true benefits and issues with each financing tool, which in turn would fulfill our goal to find the most appropriate tool to achieve our goals.

### Global Lottery/ Humanitarian Lottery

Having origins back in 1970's, the idea has recently received a lot of attention on platforms such as World Food Programme (WFP), the United Nations Food and Agriculture Organisation (FAO) and the International Fund for Agricultural Development (IFAD).

**Benefits:** The creation of a global lottery is a relatively simple way to raise private finance for development. A global lottery for development based on a voluntary decision would be a secure game that would generate stable, additional, predictable resources for financing global public goods.

**Current Status:** Not practiced as a formal source of raising funds in the international community. But according to a survey by Ipsos, 220 million were surveyed in European Union and Seventy percent of players said they would be willing to participate in a humanitarian lottery.

**Issues:** While encouraging direct proceeds towards humanitarian causes, the idea has never been formally used to generate funds. It remains unclear how developing countries could qualify for the funds and/or take part in the process.

**Leveraging Funds:** As discussed in The Commonwealth toolkit on Innovative Finance for Development, there are various options for how it could be established: an amalgamation of national lotteries, the development of a world lottery association, or the allocation of a percentage of finance raised by existing lottery organisations.

### Co-Funding/Global Development Alliance (GDA)

As USAID explains, Co-Funding financing is when "Public Funding is used to leverage private funding (minimum 1:1 ratio) to increase impact by applying private sector knowledge and approaches to development problems." By using this tool for improving nutrition awareness and service-delivery channels in developing countries, NI could serve as a platform to establish relationships across-sectors.

Using the **NTEAM** model, NI could assist private investors in navigating around potential risks, while also mitigating any issues between governments and investors by establishing harmonization and synchronization among them.

**Benefits:** As the Public-Private co-funding partnerships are based on complementary objectives and aligned interests, NI could potentially co-create, co-develop and co-implement these agreements with the private sector. This can bring in "demonstration effect" reducing the need for public donor funding in the longer-term.

If applied properly, this tool can also help in establishing self-sufficiency models in developing nations, thus also serving to the SDGs towards ending poverty by 2030.

### Micro-Financing

As defined by Plan International, "Microfinance involves extending small loans, savings and other basic financial services to people that don't currently have access to capital." It's a key strategy in helping malnourished people to become financially independent, which helps them become more resilient and better able to provide for their families in times of economic difficulty.

**Benefits:** "Micro-finance tends to target women borrowers, who are statistically less likely to default on their loans than men." These loans help empower women, and they are often safer investments for those loaning the funds.

Through small loans women are able to get needed agriculture inputs such as improved seeds and fertilizers to increase productivity and nutritional content of crops and generate more income from the market.

### Gold Standard on Reduction of GHG Emissions

The Gold Standard is a standard for non-governmental emissions reduction projects. According to the David Suzuki foundation, It is widely considered to be the highest standard in the world for carbon offsets. One of the ways Gold Standard seeks to reduce Carbon offsets is by aligning its goals with the SDGs on good healthcare, gender equality, poverty eradication, work and economic growth, alongwith taking climate action. This specific project seeks to reduce three stone fires by providing North-Dafur women with "Ezystove" which contribute to 40% reduction in usage of wood.

**Benefits:** The stove reduces smoke particles that are harmful to the women's eyes and lungs by 70% as well as promotes other socio-economic benefits.

Therefore, investing in reducing GHG emissions has both women health and climate action benefits.

"The revenues generated by the sale of the carbon offsets contribute towards 50% of the stove costs, the assembly of the stoves, training for women, monitoring, project management and payment facilities for beneficiaries to keep the costs of the stoves at an affordable \$7 USD."

**Issues:** Such partnerships can foster malpractices and exploit the workers in developing nations as such big corporations are driven by their interests for maximizing profits. Another possibility is the risk of no or low return no investment (ROI).

**Current Status:** This model has been used by various private sector corporations for decades to establish partnerships in developing nations such as India. One such partnership was between the Indian Government and Japanese Automaker Suzuki.

**Current Status/Issues:** Most of the money financed was not spent on improving healthcare or nutritional needs. Infact, the improvement in Anemia among women were marginal.

A major cultural issue that came to surface was the clash of men and women in the household. For example, surveys show that men felt "responsible for being the bread-winner" until women became financially independent with the help of this financing tool. This led to a gender-war.

**Current Status:** Working across 10 villages within two localities, the project alleviates poverty through savings in time and money, advances gender equality by providing managerial capacity development to women and reduces greenhouse gas emissions associated with burning non-renewable biomass in a resource-deprived region.

**Issues:** Such a financing tool may be limited in its approach and may overshadow overall nutrition intervention goals, by focusing solely on a few goals related to women and child healthcare.

Discussed above are a few models of innovative/alternative financing which highlight how they have had an impact up until now. It is important to remember that there are several other innovative tools of financing such as **Debt Swap**, **Milestone-Based Financing**, **Sovereign Wealth Funds**, which are equally innovative, high-impact, influential tools to fulfill Nutrition International's goal of scaling up nutrition intervention globally. Each of the financial tools come with its limitations and benefits.

Based on the analysis mentioned above, it is now imperative to discuss how each financing tools may keep the best interests of NI forward. While **Global Lottery** may seem to be an innovative and popular tool for raising finances for the development of less-developed countries, it does not guarantee or qualify as a stable source of financing. Therefore, it lacks high and stable coverage to truly provide NI the benefit of running interventions.

On the other hand, while **Co-funding** agreements between private and public sector may have a higher coverage by providing low-costs and subsidies, it has the potential to over-leverage and disrupt the local markets of a less-developed country, thus putting the local entrepreneurs at the risk of being monopolized by big corporations. Thus, for a Co-funding model to efficiently work, a lot of resources will have to be spent in regulation and supervision of big corporations entering markets with high potential markets with a large consumer base.

Which brings us to **Micro-Financing** as a financial tool and brings to attention how creating funds especially for women has multiple benefits ranging from financial independency to support in improving health, education and sustainability. But Micro-financing may not always be a useful tool. In some countries, the lack of financial literacy has led to frivolous spending by women, instead of using those resources to provide for better nutrition and healthcare for themselves. In addition, it is said to "affect the relationships of many men and women as the empowerment of women, was focused by isolating men." The lack of readily available Micro-financing for men, and increasing financial empowerment of women, was perceived unacceptable as men are the "bread-winners" of the society. Thus, rather than bridging the gender inequality gap, it led to feelings of competition among men and women.

This brings us to more recent and higher accountability innovative financing solutions such as the **Gold Standard**. While the Gold Standard is applicable to various projects of impact development finance and are majorly aligned along the Global Goals for 2030; some of their projects have a unique approach to ensuring high-coverage, low-cost solutions. The **Gold Standard Against GHG Emissions** brings to attention a key issue to both women and child health. When pregnant and lactating women use wood stovetops for cooking, they expose themselves and their babies to harmful smoke particles and emissions. While the approach to provide modern equipment, more sustainable and beneficial to women, the Gold Standard seems to have narrow focuses and will require a lot of research support to widen its focus to nutrition intervention, which itself is a broad field. Thus it eventually may not be as cost-effective as it may seem with its wide-coverage and high-impact.

Finally, it is essential remember that for any financial tool to work efficiently and provide long-term results, it requires innovation in both the way funds are mobilized and how they are spent. The next section recommends a innovative financing tool, which may be beneficial as seeks to fulfill both aspects of raising and spending funds innovatively.

## RECOMMENDATION

### Social Return On Investment (SROI)

SROI attempts to capture the “blended value” generated by investments into social or community ventures. The approach uses the tools of cost-benefit analysis to assess the return of these investments. "Compared to traditional Return on Investment (ROI) analysis, the integration of the “social component” has differing implications for what returns are considered in the analysis, and to whom these returns accrue to."

#### HOW IS IT DIFFERENT?

- SROI a method for measuring values that are not traditionally reflected in financial statements, including social, economic and environmental factors.
- They can identify how effectively a company uses its capital and other resources to create value for the community.
- While a traditional cost-benefit analysis is used to compare different investments or projects, SROI is used more to evaluate the general progress of certain developments, showing both the financial and social impact the corporation can have.

#### HOW IS IT APPLICABLE?

- A general formula used to calculate SROI is – where the difference between SIV and IIA, will be divided by IIA\*100 to obtain the value. Illustrated as:

$$\text{SROI} = \text{SIV} - \text{IIA} / \text{IIA} * 100$$

(SIV=Social Impact Value, IIA=Initial Investment Amount)

- Assigning a dollar value to the social impact can present problems, and various methodologies have been developed to help quantify the results. The Analytical Hierarchy Process (AHP), for example, is one method that converts and organizes qualitative information into quantitative values.
- While the approach varies depending on the program that is being evaluated, there are four main elements that are needed to measure SROI:
  - (1) Inputs or Resource Investments (usually costs of running the social program),
  - (2) Outputs or Direct products (the results obtained at the end of the social program, say, number of women educated on malnutrition),
  - (3) Outcomes, or the changes to people (determinants such as improved awareness about importance for adequate nutrition, better income, improved quality of life for both women and children), and finally,
  - (4) Impact, or the outcome less an estimate of what would have happened anyway

#### HOW DO I (Nutrition International) PRACTICALLY IMPLEMENT THIS TOOL?

- Companies can implement this blended value using the Corporate Social Responsibility(CSR) model to fund programs. This model, closely aligned with SROI, ensures a company is socially responsible not only to itself and its shareholders, but *stakeholders* like the public and the environment.
- Corporations are realizing that increasing the positive social impacts of their activities can raise shareholder value while also addressing the concerns of wider stakeholder groups. NI will help by supporting them with technical expertise, establishing contacts, leveraging partnerships, other soft skills and helping them navigate through the potential tasks.
- This is a sustainable path because the social rewards by helping countries in need positively affects the bottom line back home. This builds and maintains their credibility.

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