

TRACKING INVESTMENTS ON NUTRITION

Working Paper – FINAL

Clara Picanyol¹, 20th of January 2014

Executive Summary

The importance of resource tracking is evident throughout all stages of the policy and budget cycle. Having reliable data is essential to policy makers to prioritise, to plan, and to make decisions on resource allocation, as well as to monitor and evaluate policy implementation. Resource tracking is also an important way of promoting transparency and can be used for advocacy purposes.

There is however relatively little literature available on how to track investments on nutrition. The first step to any attempt at tracking resources will of course be the definition and delineation of the functional area of relevance, in this case, nutrition. The added difficulty in clearly defining the area is the multi-sectoral composition of nutrition which means it cuts across traditional sector boundaries such as health, education, water and sanitation, and agriculture. This note aims to compile mechanisms available to track investments on nutrition at the international level as well as at the country level, and how existing efforts are overcoming the challenges.

We have identified five main standardised tools relevant to track investments: budget analysis, Public Expenditure Review (PER), National Health Accounts (NHA), the Clinton Health Access Initiative (CHAI) Resource Mapping Tool, and Public Expenditure Tracking Survey (PETS). These tools vary in their coverage, the frequency of data collection, and the time and financial resources needed to use them, and we discuss each briefly in turn.

A budget analysis consists of tabulating relevant budget data across different dimensions, (e.g., economic or functional classification) and comparing expenditures across years and sectors. The breath of the analysis is defined by the study itself (e.g. nutrition expenditures) but the depth is inevitably limited by the level of detail of budget data. There are a number of limitations. First of all, in terms of coverage, a budget analysis only covers “on-budget” expenditure. Secondly, budgets do not necessarily respond to plans and often cover only a small part of a national costed plan, which means that many nutrition expenditures would not be covered either. Thirdly, there is usually a low level of detail in the budget compared to a

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costed plan. Fourthly, salaries and overheads, which can constitute a large proportion of nutrition investments, are most likely to be reported at an aggregate level. Finally, a budget analysis does not assess allocations against a set of desired outputs or objectives. In order to do that, we would need to carry out a Public Expenditure Review (PER).

A PER is an assessment of, and recommendations on, the level and composition of actual public expenditures over a period covering the previous three to five years, against a predetermined set of policy goals and outputs in the national plan. The breadth is also defined by the study but relies on existing reporting and data monitoring systems, including budgets, NHA, or OECD/DAC CRS database, which will determine its depth. There are some limitations of PERs. Firstly, it usually covers only domestic expenditure or “on-budget” aid funded expenditure. Secondly, it is usually designed as a one-off study, i.e., it only provides a static picture. Thirdly and related to this, due to its size and cost, the exercise is carried out only every 3 to 5 years. Despite these issues, it is still quicker and easier to undertake than using NHAs. Finally, if policy objectives are unclear, it can be left as a simple budget analysis and lose its potential to be linked to policy outputs.

NHA are the global standardise methodology to measure and categorise health spending. The result is a standard set of tables summarising health expenditure. NHAs cover *all* actual health actual expenditures (public, private, external), but are limited to the health sector. They classify expenditure by health care function, providers, and financing scheme. The System of Health Accounts (SHA) 2011 includes reporting by diseases/conditions (OECD, Eurostat, WHO, 2011). Where SHA 2011 is used, nutrition could potentially be isolated matching nutrition-related interventions to NHA codes. With regards to its limitations, in terms of coverage, it is constrained to health-related expenditures. Secondly, the diseases/conditions classification is relatively new and not yet institutionalised in countries. Finally, it is very resource-intensive to carry out and requires much specialised expertise.

The CHAI resource mapping tool is a data collection tool measuring resources available for the health sector, resulting in a basic spreadsheet where data is entered and then aggregated into a master data set. Expenditures are classified by source, function, and location, and it presents both budgeted and actual amounts. It does not, however, cover out-of-pocket and private expenditure. The CHAI resource mapping tool is limited in terms of coverage so non-health-related expenditures cannot be tracked. Also, critics argue that since boundaries are loosely set and what is and is not included can vary within and across countries and over time, it cannot be used to track trends or compare across countries. Finally, it is a relatively new tool that has not yet been used in many countries (about 5) so experience with the results is limited.

Finally, a PETS is a detailed analysis of the financial flows between public (and non-public in the case of contracting out) units involved in service delivery. A PETS collects primary data via surveys at all administrative levels and it is based on a sample defined by the study to draw conclusions at a national level. It could, in theory, be specified to nutrition and to the level of detail required. There are a number of limitations in carrying out a PETS for nutrition. First, it is probably the largest and most costly exercise of those described here. Second, it is designed as a one-off exercise providing a static picture (as the PER). Third, it is based on a sample and not aimed to provide a comprehensive picture. And finally, it focuses on leakages and governance issues (including corruption), and is not aimed at analysing the allocation or composition of expenditures.

Only a few countries have started tracking investments in nutrition. There is, therefore, very little country experience in this area. Two of the countries who are furthest ahead on this are Tanzania, which has recently undertaken a Public Expenditure Review (PER) of nutrition

expenditures, and Madagascar, which has developed its own tool to track investments in nutrition. Ethiopia and Malawi also present good examples of potential options to track nutrition investments which are also discussed.

The way forward for each country will depend on its starting point. The end point is likely to be the result of an iterative process by which countries begin establishing the basic elements of a tracking system and adapt it as it is piloted and put into practice.

While developing a financial tracking system, the main questions to answer will be (1) what to track, (2) how to track it, (3) with what frequency, and (4) by whom. It becomes immediately obvious that these answers will depend on existing mechanisms in place in each country currently being used in all sectors. We therefore suggest that countries first carry out an assessment of what is already in place in their respective systems. This should provide a platform for debate to select the basic elements for a financial tracking system for nutrition investments, and eventually evolve into a robust set of processes and procedures to track investments on nutrition both at the country and global levels.

1 Introduction

This note reviews existing documentation about tracking resources invested on nutrition. It was written as a background note for the UNICEF-sponsored “Workshop on Costing and Tracking Investments in Support of Scaling-Up Nutrition”, which took place in Nairobi, Kenya, from the 12th to the 14th of November and included participation by African members of the SUN Movement. The workshop aimed to discuss countries’ progress in (1) costing of nutrition plans and (2) financial tracking systems, including how different available methodologies and tools are able to respond to their needs. This notes focuses on the latter to compile mechanisms available to track investments on nutrition at the international as well as at the country levels. The note is structured as follows:

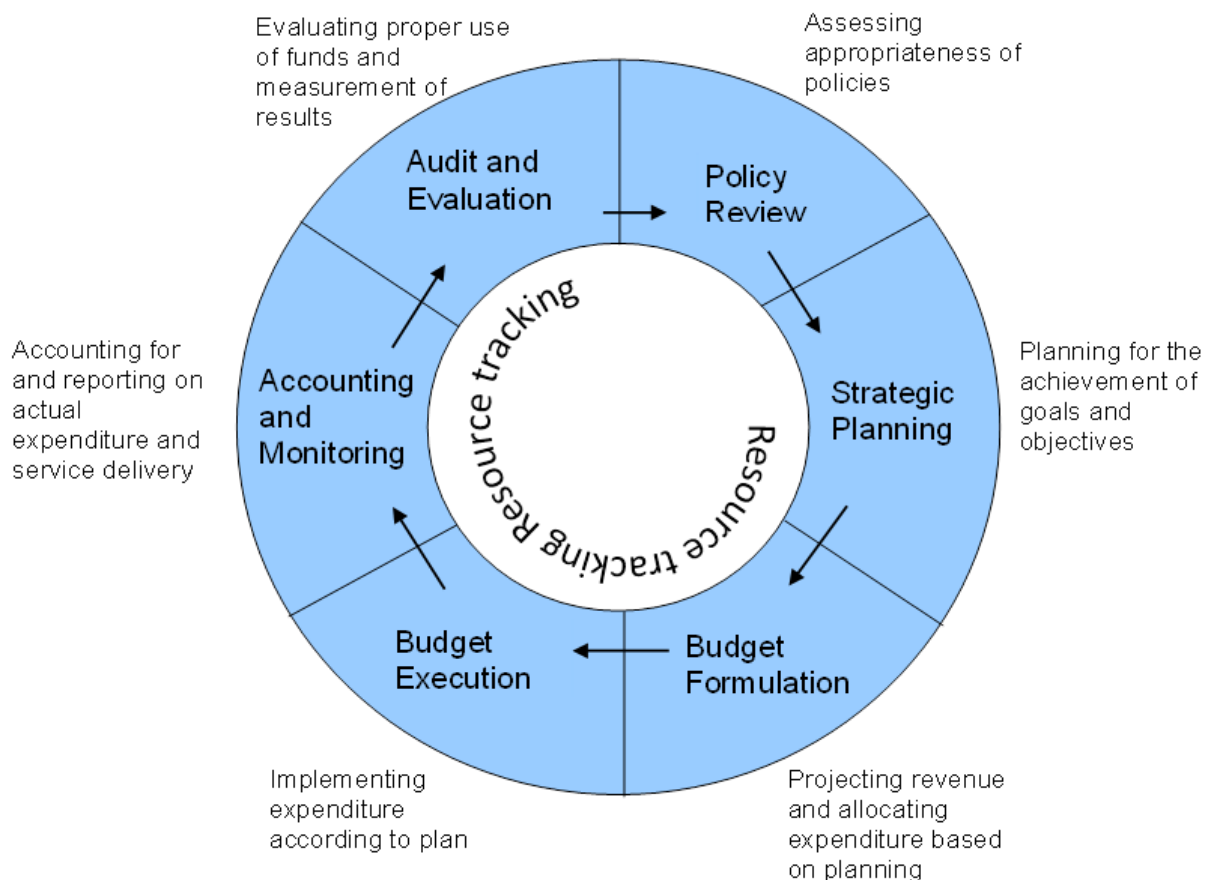
- Section 2 provides an overview of what is meant by resource tracking as well as its key features and principles;
- Section 3 reviews the existing international efforts to track aid resources contributing to nutrition;
- Section 4 reviews the tools available to track resources at the country level;
- Section 5 reviews the experiences of Tanzania, Madagascar, Ethiopia and Malawi;
- Section 6 proposes a preliminary framework to assess existing resource tracking systems; and,
- Section 7 discusses the way forward.

This note does not intend to provide original methodologies or tools, it is rather a review of existing material and, as such, it relies heavily on findings and judgement from existing studies. These are all listed in the references section at the end of the note.

2 What is resource tracking?

Resource tracking is the process of routinely collecting, analysing and monitoring resources flowing into and within a system. The first step of any attempt to track resources will be to define and delineate the functional area of relevance. In the case of the nutrition area², there is added difficulty in providing clear definitions as nutrition is multi-sectoral, which means it cuts across traditional sector boundaries such as health, education, water and sanitation, and agriculture.

Figure 2.1 Tracking resources within the policy and budget cycle



Source: Adapted from OPM (2007b).

The importance of resource tracking is evident throughout all stages of the policy and budget cycle. Having reliable data is essential to policy makers to prioritise, to plan, to make decisions on resource allocation, and to monitor and evaluate policy implementation. Resource tracking is also an important way of promoting transparency and can be used for advocacy purposes.

Figure 2.1 presents the budget cycle broken down in six main stages. It can readily be seen how resource tracking is important in planning for the achievement of goals and objectives

² The definition of the sector is not the subject matter of this note. However, Box 1 provides the categorisation of interventions in broad terms.

(strategic planning), when projecting revenue and allocating expenditure (budget formulation), throughout implementation, in accounting for and reporting on actual expenditure (accounting and monitoring), and in evaluating proper use of funds (audit and evaluation).

However, despite its importance, efforts to develop tools to strengthen the policy and budget cycle have often focused on the preparation and planning side of the spectrum, including on costing, with relatively fewer mechanisms being designed on the tracking side.

In order to close the cycle, bottom-up costing needs to be designed within the framework of the policy and budget cycle and with tracking in mind. In this regard, the use of implementation matrixes to cost nutrition interventions can be seen as a powerful tool to link the planning to the implementation and eventually to the monitoring of expenditures.

There are a number of reasons why mechanisms for resource tracking have faced many challenges in developing and transitional economies, including shortcomings in the legal and regulatory frameworks, organisational structures, and control processes. (Doe, 2008) As a starting point, weak underlying Public Financial Management (PFM) systems can make resource tracking through the government system nearly impossible. Data are often not generated and where a data system exists, it is often not up to date and cannot be used for tracking or planning purposes.

At the implementation level, there are also constraints due to both systems' capacity and the lack of capacity to carry out budget reviews. Also, as different audiences are interested in different reporting format and content, there are often numerous reporting methods being carried out in parallel with overlapping coverage, posing a significant challenge in terms of time and costs to the staff needing to complete the necessary reporting templates. A typical challenge is how to reconcile reporting formats with Government and development partners' requirements.

Accessing data on domestic public and private expenditure for nutrition has been a major challenge since its initial attempts and in some cases, the data might not even exist. This is exacerbated by the multi-sectoral dimension of nutrition programs as financing will be split across different budgets and formats. Out-of-pocket expenditures are often left out in the first stages of costing and tracking.

These and other challenges, including a lack of instruments adapted to suite the purpose, are further analyzed on a case-by-case basis in the sections to follow.

In essence, tracking resources represents a data gathering effort and as such, it will be crucial that any new efforts to track nutrition data consider existing data collection processes and mechanisms. Existing mechanisms should be utilized, complemented, and/or tailored before new mechanisms are developed, which may overlap or be redundant. Governments and development partners need to coordinate and align their resource tracking activities among themselves and most importantly, in line with the government budgeting and planning cycles.

Box 1: Categorization of nutrition interventions

The causes of malnutrition include factors that most people would generally associate with nutrition (e.g., lack of micronutrients) as well as factors that affect the broader context of life and health (e.g., lack of access to water and hygiene). There is broad consensus that nutrition interventions can therefore be classified into nutrition-specific (or more 'direct' nutrition activities) and nutrition-sensitive (or more 'indirect' nutrition activities). The specific delineation between the two categorisations is less clear.

Horton et al (2010) and the Lancet Series on Maternal and Child Nutrition 2013 provide the following list of 13 nutrition-specific interventions:

1. Breastfeeding promotion and support
2. Complementary feeding promotion (provision of food is outlined in intervention 12)
3. Hand-washing with soap and promotion of hygiene behaviours
4. Vitamin A supplementation
5. Therapeutic zinc supplements
6. Multiple micronutrient powders
7. Deworming
8. Iron-folic acid supplements for pregnant women
9. Iron fortification of staples
10. Salt iodisation
11. Iodine supplements
12. Prevention or treatment of moderate malnutrition in children 6–23 months of age
13. Treatment of severe acute malnutrition

For the purposes of this note, we have used the categorization defined by the SUN Movement, which in general terms coincides with that of the Lancet Series, to allow distinctions made by different authors.

Nutrition-specific interventions, where nutrition status improvement is the primary objective, include:

- Support for exclusive breastfeeding up to 6 months of age and continued breastfeeding, together with appropriate and nutritious food, up to 2 years of age;
- Fortification of foods;
- Micronutrient supplementation; and
- Treatment of severe malnutrition.

Nutrition-sensitive approaches, those with other primary objectives but where the activity reflects a conscious effort to improve nutrition status, include:

- Agriculture: Making nutritious food more accessible to everyone, and supporting small farms as a source of income for women and families;
- Clean Water and Sanitation: Improving access to reduce infection and disease;
- Education and Employment: Making sure children have the energy that they need to learn and earn sufficient income as adults;
- Health Care: Improving access to services to ensure that women and children stay healthy;
- Support for Resilience: Establishing a stronger, healthier population and sustained prosperity to better endure emergencies and conflicts; and
- Women's Empowerment: At the core of all efforts, women are empowered to be leaders in their families and communities, leading the way to a healthier and stronger world.

Source: SUN Movement, <http://scalingupnutrition.org/about>

3 Tracking aid resources at the global level

3.1 Overview of mechanisms and tools

There have been some efforts to track aid for nutrition at the global level. This brief review summarises the mechanisms and tools used to do so. It does not however comment on the broader results of the studies, such as how much aid is invested in nutrition.

The OECD Development Assistance Committee (OECD/DAC) Credit Reporting System (CRS) online database (see Box 2) is the most extensive and reliable tool reporting regularly on donor aid. It is therefore not surprising that most studies have based their analyses on the CRS as the sole source of information on aid activities on nutrition, although they differ on coverage and scope. Using a single source of data simplifies the study and avoids duplication in case of double reporting. However, identifying nutrition investments in the database is not straight-forward. Despite the existence of a purpose code³ labelled 'basic nutrition' (code 12240), an analysis solely of this code is misleading as it just focuses on a very limited number of nutrition-specific interventions (mainly treatment) and does not cover any of the underlying causes of malnutrition (or the often referred to nutrition-sensitive interventions). This nutrition-specific code is, therefore, an underestimate of the true total expenditure on nutrition.

The most comprehensive published analysis appear to be the ACF International studies (2012 and 2013), the Development Initiative study (2013), and a forthcoming paper by the Donor Network of the SUN Movement (2013). The methodologies used in these three studies are summarised below.

Box 2: What is the CRS database and how does it work?

The CRS is an online database that aims to collect timely information and comprehensive statistics on official aid going to developing countries. It is developed and maintained by the Development Assistance Committee (DAC) from the OECD. All OECD/DAC members are required to submit data on a quarterly basis via a questionnaire. Some private (Bill and Melinda Gates Foundation) and non-DAC members (the United Arab Emirates) have also recently started submitting data on a voluntary basis.

The database is organised in 3 main layers: main sector categories (there are 26), purpose codes (between 1 and 18 purpose codes per sector category), and activity.

Despite representing the most comprehensive attempt to track aid to developing countries, it still suffers from numerous limitations that prevent it from fulfilling its potential. Among others, it is not uncommon to find classification errors as well as incomplete or out of date data.

3.2 The ACF International studies

Mutuma et al (2012) includes all the bilateral, multilateral, and private donors using the CRS database and it reviews not only resources under the more obvious 'purpose codes' (e.g., Basic Nutrition, Food Aid), but also a number of less obvious ones such as 'health education' or 'social mitigation of HIV'. It provides a methodology to track aid for nutrition with the aim to estimate spending on nutrition by donor, by country, and by type of intervention. The report

³ Refer to Box 2 for an explanation of purpose codes within the CRS structure.

maps Overseas Development Assistance (ODA) from bilateral, multilateral and private donors from 2005 to 2009 on the set of nutrition interventions defined in Lancet's list of 13 interventions included in Horton et al 2010 (see Box 1). This means that the report only covers nutrition-specific interventions.

The methodology used is as follows:

- Identify purpose codes that were most likely to contain any of the 13 direct nutrition interventions. There are 9 in total ('basic health care', 'basic nutrition', 'health education', 'water and sanitation', 'multi-sector aid', 'social mitigation of HIV', 'food aid', 'material relief' and 'emergency food aid');
- Identify keywords that would be found in the 13 direct nutrition interventions (e.g., hand washing, breast feeding, nutrition, hunger);
- Run a key word search at the activity level applying it to the title, short description and long description;
- Categorise searched activities into:
 - (a) *direct nutrition interventions* (the 13 in The Lancet),
 - (b) *indirect nutrition interventions* (defined as those that address the underlying determinants of malnutrition and selected where cross-sectoral project lines explicitly included a nutrition objective in the activity description, which may include nutrition-sensitive investments given the requirement that nutrition is an explicit consideration),
 - (c) items rejected as not related to nutrition, and
 - (d) items rejected due to lack of sufficient information;
- Select donors to be included (the 11 largest ones out of the 24 members of DAC).

The limitations described in the report include:

- Some key donors were not included because of language barriers, poor reporting, no reporting over the relevant time period, or non-membership in DAC;
- ODA for direct nutrition interventions could have been underestimated as where activities were mixed (direct and indirect), since these were classified as indirect;
- ODA for indirect nutrition interventions could also have been underestimated in the sense that some relevant activities could have been outside the 9 purpose codes selected;
- At the same time, ODA for indirect nutrition interventions could have been overestimated, given that when such activities are included, all of their expenditure are classified as contributing to nutrition. Yet such indirect nutrition interventions also have non-nutrition related activities.
- Out-of-date data in the CRS (i.e., most recent available year in 2012 was 2009); and

- Inadequate description of activities on the CRS database and poor data quality.

3.3 The Development Initiatives study

Di Ciommo (2013) presents data on ODA to nutrition from Development Assistance Committee (DAC) country donors and multilateral agencies. It uses a similar methodology to Mutuma (2012) and, in addition, it provides simplified estimates of domestic expenditure on nutrition. With regards to estimating nutrition ODA, it estimates how much ODA goes to nutrition through projects falling under the 'basic nutrition' CRS purpose code, where nutrition interventions are recorded under the DAC Creditor Reporting System (DAC CRS) coding system. The study also looks at projects for which nutrition is not the main objective but where direct nutrition activities are recorded under other DAC CRS purpose codes.

This study also estimates the extent to which bilateral donors contribute to nutrition through core ODA funding to multilateral agencies. This is called imputed multilateral ODA and is attributed back to DAC country donors from multilateral agencies in proportion to the share of each country's multilateral contribution to that particular organisation, and considering how much the multilateral body allocates to nutrition interventions.

In terms of coverage, it includes primarily nutrition-specific, but also some nutrition-sensitive interventions.

The methodology to estimate ODA to nutrition is as follows:

- Recode ODA amounts reported as 'basic nutrition' under the DAC CRS purpose code and re-label it as 'nutrition-specific';
- Estimate 'nutrition-related' expenditures found in the DAC CRS database (with the exception of the basic nutrition code and food aid related codes) through a word-matching exercise in project titles and using five key words to associate relevant ODA to nutrition. The key words are: 'feeding', 'fortification', 'micronutrient', 'nutrition', 'stunting', and 'vitamin'. The projects identified can be labelled as 'nutrition-related projects';
- Attribute nutrition amounts from these 'nutrition-related projects' by presenting three scenarios attributing low (10%), medium (25%) and high (50%) estimates of funding to nutrition from these nutrition-related activities for 2011. Scenarios use the same shares to estimate how much development and emergency food aid could go to nutrition interventions.
- In donors' profiles only, calculate 'nutrition-related' expenditures for years prior to 2011, assuming that the proportion of other non-nutrition-specific ODA having a nutrition component remains consistent over time so the proportion is applied to donor commitments to this area in previous years.

In order to estimate domestic expenditure on nutrition in the 36 countries where stunting is concentrated, Di Ciommo (2013) uses the National Health Accounts (NHA) dataset. It assumes that each country allocates to nutrition a share of its public and private health spending equal to the share of health ODA the country receives that goes to basic nutrition (as identified in the CRS database). This is evidently a rather simple assumption. Section 4 on tracking resources at the country level provides more nuanced methods to track domestic nutrition expenditures.

3.4 The Donors Network study⁴

The Donors Network of the SUN Movement has also been working to track its investments in nutrition. Its aim is to generate a baseline of investments in 2010, which can then be monitored against expenditures in 2013, and assess variations. While Di Ciommo (2013) and Mutuma (2012) focus on nutrition-specific interventions, the Donors Network has focused mainly on nutrition-sensitive investments.

Canada and the European Commission initiated work to try different options. Canada commissioned AidData to assess projects in the DAC CRS, while the European Commission tested different options to examine and define its investments for nutrition. The final methodology was agreed on the 1st of December 2013.

The Donor Network decided that two categories would be reported upon:

1. *Nutrition specific*, defined projects that target direct nutrition interventions and are coded using the current OECD/DAC basic nutrition sub-sector code (12240) (Category One); and,
2. *Nutrition sensitive*, determined when the intervention meets the following criteria: (i) it is aimed to improve nutrition for women or adolescent girls or children; (ii) the project has a significant nutrition objective or indicator; and, (iii) the project contributes to a predetermined list of nutrition-sensitive outputs which are explicit in the project design through activities, indicators and specifically the expected results themselves.

The methodology agreed will use CRS data to track nutrition-specific commitments (Category One) and an assessment of project documents to track nutrition-sensitive commitments. The steps agreed are:

- Identify Category One expenditures by using the 'basic nutrition' sub-sector code (12240). All projects encoded under this DAC code will be considered Category One (i.e., nutrition specific) and the scoring attributed to these projects will be 100%;
- Identify Category Two expenditures by:
 - Selecting projects using a combination of DAC codes and a key word search on the CRS database as potentially nutrition-sensitive projects.
 - Reviewing the projects selected by assessing individually each project document. The objectives, expected results and indicators are examined to determine whether the project is nutrition-sensitive as per the three criteria above.
 - Reviewing the project documents to classify the "intensity" of nutrition-sensitivity into two sub-categories: nutrition-sensitive dominant or nutrition-sensitive partial.
 - Weighting the total commitment amount for each sub-category based on the following criteria:

⁴ This section is based on the Draft Methodology and Guidance Note to Track Global Investments on Nutrition dated 27th of November 2013.

- When the full project (its main objective, results, outcomes and indicators) is nutrition-sensitive, the amount of investment counted will be 100% of the project value;
 - When part of the project (e.g. one of the objectives, results, outcomes and indicators) is nutrition-sensitive, the amount of investment counted will be 25% of the project value.
- Aggregating the weighted amounts per project to determine overall spending in Category Two.

Some of the limitations of the methodology are:

- The methodology is limited by the richness of the CRS descriptions and the information available in project documents; and,
- Data on actual disbursements is poorer and less consistent across donors and years so the calculated estimates will be based on commitments which are usually higher than actual expenditure.

All SUN Donors have agreed to prepare their commitments data according to the method above for the baseline year of 2010 and for 2012 by the beginning of April 2014.

While the exercise presents some limitations, it is the most prominent attempt to date to estimate nutrition-sensitive investments.

3.5 Other studies

Additional studies and their coverage as cited in Mutuma et al (2012) and Di Ciommo (2013) are the following:

- Sumner et al (2007) analysed expenditure on nutrition only of DFID and the EC for the period 1995 to 2004.
- Morris et al (2008) analysed aggregate amounts of bilateral and multilateral aid in the CRS 'Basic Nutrition' purpose code between 2000 and 2004, but did not take into account other codes.
- MSF (2009) analysed nutrition projects that had nutrition as the principal objectives or that were mixed with other objectives between 2004 and 2007.
- Coppard & Zubairi (2011) reviewed committed funding of European donors between 2000 and 2009 using three codes of the CRS database: 'Basic Nutrition', 'Emergency Food Aid' and 'Development Food Aid'.

4 Tracking resources at the country level

Each country has its own expenditure tracking mechanisms, which depend largely on its PFM system. The strengths of the underlying PFM system are key in a country's ability to track its own resources for nutrition. Basic conditions to perform financial tracking through government systems are unlikely to be fulfilled in many countries, particularly in developing and transitional countries.

This section reviews some globally designed tools that might be adapted at the country level. Table 4.1 lists the tools covered in this section and summarises their coverage and the frequency of data collection.

Table 4.1 Main tracking tools, coverage, and frequency

Tool	Nutrition expenditures covered (excluded)	Frequency of data collection
Budget Analysis	Expenditures from the national budget classified by ministry, department, or agency. In those departments that have a 'nutrition budget line', it would be possible to isolate nutrition expenditure.	Annual. In some cases, it can be more frequent if there are quarterly or mid-year execution reports.
Public Expenditure Review (PER)	Typically public expenditure only (not private or investment from external sources). A PER defines its own boundaries and can therefore cover multi-sectoral interventions such as nutrition.	Usually designed as a 'one-off' study, i.e., not institutionalised to be carried out with a certain regularity.
National Health Accounts (NHA)	Public and private nutrition expenditures within the health sector or other sectors with a primary health purpose, including those from external sources. It uses actual expenditure (not budget or commitments). Standard NHA classifications are not detailed enough to isolate nutrition within health expenditures, but comprehensive to cover all 'nutrition health' expenditures.	Typically every 3-5 years in LMICs
CHAI Resource Mapping Tool	Designed to cover health expenditures from the national budget and from donor resources, with the possibility of importing private expenditures. It includes budget as well as actual expenditure. Boundaries are loosely defined and can be adapted to cover nutrition.	Designed to be carried out regularly. 3 out of the 5 countries using this tool have done annual iterations.
Public Expenditure Tracking Survey (PETS)	It covers public (and non-public in the case of contracting out) units involved in service delivery. A PETS relies heavily on administrative and accounting records and as such, the possibility to isolate nutrition expenditure will depend on the extent to which these are isolated in the administrative units.	Usually designed as a 'one-off' study, i.e., not institutionalised to be carried out with a certain regularity.

Source: Author's elaboration.

4.1 Budgetary analysis

The most common first step to track investments on nutrition is to undertake some budgetary analysis. This basically consists of tabulating relevant budget data across different dimensions, e.g., economic or functional classification, and comparing expenditures across years and sectors. It usually covers budget allocations as well as actual expenditure to estimate execution rates (actual versus allocated expenditure).

The depth of the analysis will depend on the level of detail that budget data is presented in. For example, in some countries, budget information is limited to main economic classifications in each department, i.e., how much is allocated to personnel, overheads and capital expenditures within each department. On the other hand, some countries provide details by programmes and inputs within each department.

In order to carry out a budgetary analysis on nutrition, nutrition expenditures will need to be identifiable in the budget. This can be facilitated by adopting a 'nutrition budget line', where nutrition expenditures have their own budget line and are not subsumed within a broader category, for example, lumped with all curative or preventative interventions in a ministry of health. Nutrition has a 'budget line' when there is an administrative or a functional code corresponding to nutrition expenditures within the relevant tranche of a countries' Chart of Accounts. The code can cut across ministries making it possible to isolate nutrition expenditures from different sectors. Where a nutrition code or nutrition budget line exists, it will be possible to track investments on nutrition.

The budgetary analysis presents a number of limitations. First, we need to recognise that budgets do not necessarily respond to plans and often cover only a small part of a national costed plan, especially where a large proportion of the national plan is funded by external resources. In this regard, the tracking will contribute to closing the planning-costing-implementation-monitoring cycle only to the extent that these budget lines match a countries' costed nutrition plan.

Secondly, the level of detail provided in national budgets is usually not broken down to a level of detail comparable with a comprehensive costed plan. This means that for example, although we might be able to compare aggregate expenditures on nutrition, we are unlikely to be able to say much about the composition of this expenditure and whether it is in line with the costed plan.

Thirdly, salaries and overhead costs, which represent a significant proportion of expenditure on nutrition, will most likely be reported as part of the governments' overall payroll and administrative costs, making it impossible to isolate the proportion corresponding to nutrition efforts (e.g., how much of medical personnel time is attributable to nutrition?). Similarly, significant proportions of nutrition expenditure will fall within much larger health system spending, such as treating malnourished children in hospitals (with associated costs of antibiotics, equipment, etc.), which are unlikely to be isolated in a nutrition budget line.

Finally, a budgetary analysis will generally not assess budgetary allocations or composition of expenditure against a set of desired outputs or policy objectives. In order to address these policy questions, we would carry out a Public Expenditure Review (PER).

4.2 Public Expenditure Reviews⁵

The best known means of analysing public expenditures in developing countries is the Public Expenditure Review (PER), an exercise that evaluates and recommends changes to both the allocation of public expenditures and to budgetary institutions. A PER assesses the level and composition of *actual* public expenditures (defined as domestic expenditure and foreign assistance) over the last 3 to 5 years, as well as budget expenditures against the desired policy goals and target outputs.

PERs rely on existing reporting and data monitoring systems. They will normally not undertake primary data collection, although they should draw on existing and on-going studies (e.g., data from the NHA or the OECD/DAC CRS database) and may recommend that additional studies be undertaken in the future for meaningful analysis.

PERs take place at the national level in many countries. They were originally often led or coordinated by the World Bank, but some countries now regard the PERs across sectors as an integral part of their expenditure management systems and run them themselves regularly (e.g. Tanzania, Ethiopia). Sector-specific PERs in the social sectors are very common.

The goal of a PER is to analyse all public expenditures in a functional area, rather than in a single department or ministry. It is therefore possible, and appropriate, to carry out a PER of nutrition, even if nutrition expenditures cuts across a number of ministries. While there is currently one country, Tanzania, carrying out a PER of nutrition, other examples of PERS on multi-sectoral strategies exist. For example, expenditure on Social Protection has traditionally cut across various sectors and ministries (health, education, labour, and social services). We can find examples where PERs on Social Protection have been undertaken successfully (e.g., in Moldova).

While a very powerful and widely used tool to review public expenditure, it only provides a static picture of the sector and given the size and cost of the exercise, it is often carried out somewhat infrequently. Simplified or rapid versions of it might be considered with the risk of resulting in a basic budget review (described in Section 4.1 above). PERs can, therefore, be considered as an option where annual or more regular data gathering mechanisms are not seen as providing the desired information to review and update policies. They can answer specific policy questions and they are usually 'quicker and easier' to undertake than establishing NHAs.

4.3 National Health Accounts

One of the more widely used standardised frameworks to track health expenditures in countries is the System of Health Accounts (SHA) framework (see Box 3).

⁵ This section is based on OPM (2007a).

Box 3: The System of Health Accounts (SHA)

The production of NHA refers to the exercise of measuring and categorizing health spending. This methodology is unique in as much as it is the most widely accepted and institutionalised health expenditure tracking mechanism used at the country level. It was born with the ambition to become a *truly international standard for national health accounts*. In 2000, OECD published *A system of health accounts* (SHA), a manual offering a standardised classification framework for categorizing health spending. In 2003, WHO, the World Bank, and USAID published a practical “how-to” guide, primarily for low- and middle-income countries, providing a detailed manual for practitioners at the country level.

In 2011, WHO, OECD and Eurostat published a revised framework, known as SHA 2011, aiming to improve cross-country comparability by creating a more uniform methodology. SHA 2011 reconciles some differences between methods used by OECD countries and low- and middle-income countries and clarifies some definitional issues particularly around harmonising boundaries on what constitutes (and does not constitute) health expenditures. SHA 2011 also tries to modify definitions and classifications so that they are more useful in assessing and monitoring health systems.

SHA 2011 includes public, private, household, NGO and donor expenditure in order to (1) provide a framework of the main aggregates relevant to international comparisons of health expenditures and health systems analysis; (2) provide a methodology, expandable by individual countries, which can produce useful data in the monitoring and analysing of the health system; and, (3) define internationally harmonised boundaries of health care for tracking expenditure on consumption.

NHA address questions such as where do resources come from; where do they go; what services and goods do resources purchase; and, who benefits from them. It describes the flow of resources and tracks expenditure on health. It covers actual expenditure but not budgets or commitments.

The production of NHA requires extensive data collection from government, NGOs, donors, employers, insurance companies, households and service providers sourced from a number of public records, insurer records and household surveys. It results in a standard set of tables that organises and present health expenditure information in a simple format. Low- and middle-income countries that have produced detailed NHA reports have typically revised them every 3 to 5 years, although irregularly.

Intuitively, it can be readily seen why NHA should be explored to track nutrition expenditures. The data in NHA includes nutrition activities that fall within boundaries of health expenditures, such as nutritional counselling, supplementary feeding programs to reduce child malnutrition, breastfeeding counselling and promotion and food supplementation for malnourished children and micronutrient supplementation for under-five children. It is worth noting that NHA include also ‘health related expenditures’, which are expenditures that affect health outcomes that fall outside the boundaries of the health sector, e.g. expenditures in ministries of education that are related to health (see Box 4). This means that there is clearly relevant data and information within the SHA 2011 framework.

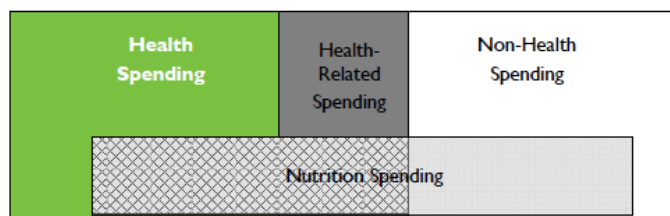
Box 4: The boundaries of National Health Accounts

“The primary purpose of NHA is to measure health spending. To achieve this, the exercise is begun by defining the universe of activities whose primary purpose is improving, restoring, and maintaining health. The NHA framework further distinguishes between health spending defined using this functional approach from health-related spending and non-health spending.

Health-related spending accounts for activities that strictly speaking are not in the health sector but are closely associated with and has a very immediate impact on health. This includes food, hygiene, and drinking water control, environmental health, and the education and training of health personnel. All other spending falls outside the scope of NHA. In some special circumstances, some non-health items are tracked even though they do not meet the NHA definition for health or health-related spending because they are of policy relevance. Income support for people living with HIV/AIDS (PLWHA) and addressing gender violence are good examples of such budgetary line items. It should be noted here that this distinction between health, health-related and non-health spending is the subject of much debate for country NHA teams. Depending on the context, some items that are categorized as non-health or health-related in the NHA framework could legitimately be considered as health spending by national policymakers. To accommodate this, NHA offers countries the flexibility to track these additional items as addendum or memorandum items.

Nutrition as a whole is a multi-sectoral issue. Therefore, some nutrition activities fall within the domain of health and health-related activities as the NHA’s defines them, while interventions geared toward, for example, improving food security, fall outside the NHA boundary. This idea is depicted in the figure below. The gray box cutting across the segments corresponding to health, health-related, and non-health spending represents the entirety of nutrition spending. The patterned part of the box corresponds to nutrition health spending, which falls within the scope of the NHA and is the part of total nutrition spending that can be tracked within the NHA framework.”

Figure 4.1 Conceptualising nutrition spending in the context of NHA



Source: Reproduced from Lie et al (2011).

In addition to the three standard ways of classifying health expenditures (by health care functions, providers and financing schemes), the SHA 2011 framework also provides further supplementary classification. These include classification by beneficiaries such as disease and conditions, factors of provision (FP), revenues of financing schemes (FS), and financing agents (FA). WHO reports that there are currently 37 countries undertaking NHA in line with SHA 2011. A number of diseases and conditions are closely related to different types of malnutrition. Hence, spending on activities to prevent or treat any form of malnutrition or nutrition-related risk factor will be distributed across several diseases/conditions within the NHA. Thus, dissecting these expenditures depends on the level of detail that countries use when reporting spending on different activities.

Lie et al (2011) explore how to approach tracking nutrition spending and specifically whether the NHA framework might be used to track the health component of nutrition spending, i.e.,

the intersection between health and nutrition spending, as well as health-related and nutrition spending as illustrated in Figure 4.1. Furthermore, they examine whether an NHA could be used to also track non-health nutrition spending. Their methodology to explore these questions included a survey among a group of international nutrition experts regarding priority actions to be tracked. They also suggested specific Health Function codes for 25 nutrition health activities as a guide on how to track these within the NHA framework, which could be further modified and developed and incorporated into the Health Account Production Pool. Most of these are nutrition-specific interventions but some of them are nutrition-sensitive (e.g. TB treatment, ARV treatment, hygiene practices, deworming drugs). They conclude that “with some easy-to-implement extensions, the HA framework can be leveraged to track and measure spending associated with nutrition interventions that are closely associated with the health sector”.

Burkina Faso is currently using SHA 2011 to track nutrition expenditures in the health sectors and among NGOs. This is described in Box 5. Some countries have also used the previous sub-accounts⁶ on child or reproductive health, which included expenditures for nutrition health interventions.

Box 5 Pilot testing NHA for tracking expenditures on nutrition in West Africa

Following a request from West African countries at an ECOWAS nutrition focal point meeting in 2010, as a joint project of the Regional Nutrition Working Group of West and Central Africa, the WHO Intercountry Support Office for West Africa in Ouagadougou piloted the use of National Health Accounts for tracking expenditures on nutrition in Burkina Faso and is now documenting this experience to share it with regional partners and countries.

In Burkina Faso, the System of Health Accounts 2011 methodology (SHA2011) was applied using expenditure data from the Ministry of Health’s Plan National de Développement Sanitaire (PNDS) expenditure database, in addition to nutrition-relevant data from subaccounts on reproductive and child health and with additional data collected from NGOs in all regions. The exercise concluded that the National Health Accounts production tool provided a suitable means for identifying expenditures related to nutrition specific interventions into the health system in order to evaluate nutrition interventions funding by different donors. The results are not yet publicly available.

The second pilot country to test the SHA2011 methodology for nutrition in the context of this pilot will probably be Côte d’Ivoire.

Source: WHO correspondence and author’s editing.

The NHA methodology has not yet been tested or attempted for a comprehensive tracking of resources spent on all nutrition activities in all sectors. The closest precedent of a comprehensive tracking of activities that normally would fall outside the scope of NHA (i.e. without a health purpose), is probably the example referred to in Lie et al (2011) in DR Congo, where the NHA team attempted to track resource spent on all activities related to improving water, sanitation and hygiene as part of a standard NHA exercise. The experience evidenced the great challenges they faced when attempting to track expenditures that would fall outside the NHA, e.g. public works or infrastructure.

⁶ Production of individual subaccounts is no longer recommended so they are therefore not contemplated in this report and only the SHA 2011 framework is considered. The SHA2011 methodology distributes all health care expenditures by diseases/condition that countries have available data on. WHO is finalizing a paper “disease specific expenditure tracking within health accounts” which gives a methodological and practical approach to guide and explain distributional approaches.

The use of NHA to track all expenditures on nutrition therefore, while it probably provides the most institutionalised framework within countries, it is not straight-forward. Lie et al (2011) suggest that it should be considered to track nutrition health expenditures, but not nutrition expenditures without a health purpose and therefore not covered in the NHA (as it was attempted in DRC for the WASH sector). Lie et al (2011) emphasise that “following the strict definition of the health boundary posited by NHA is important for two reasons: First, given that health has numerous social determinants such as education, income, and political stability, most government spending has some effect on health. Relaxing the definition of health to include all activities that link with health will soon result in NHA measuring everything and losing its effectiveness. Second, if each country implements its own unique definition of health, then measures of health spending from the NHA will not be comparable across countries.”

They concluded that tracking nutrition expenditures within the health sector is already a significant achievement and that attempting to track everything using one unified methodology might prove impracticable. Taking advantage of an already institutionalised tool avoids duplications and data gathering repetitions that would be needed with any other mechanism. If NHA are used, the challenge with regards to tracking nutrition expenditures without a health purpose still remains (e.g. many of those in the agriculture sector).

4.4 The CHAI Resource mapping tool

The Clinton Health Access Initiative (CHAI) resource mapping tool is a data collection tool measuring resources available for the health sector. The three questions it addresses are (1) who is providing the resources; (2) on what are they being spent on; and, (3) where are they being spent. It was developed by MoH partners in collaboration with Clinton Health Access Initiative (CHAI). It aims to inform budgeting and planning processes by identifying the level of resources available, how and where they are being spent, and enable decisions related to the prioritisation and allocation of resources.

The tool is a basic spreadsheet where data are entered by all stakeholders and then aggregated into a master data set. All categories are pre-defined and standardised so the resulting data set is comparable across development partners and government. Some countries are exploring the possibility of creating a web-based platform. The countries that are already using the CHAI tool are Ethiopia (2 iterations), Liberia, Malawi (2 iterations), Rwanda (4 iterations) and South Africa

The key features of the resource mapping tool are (Bijleveld, 2013):

- It includes government and donor resources collected (off and on budget) and can also include private/out-of-pocket (imported) resources;
- Budget and expenditure data can both be tracked (projected versus actual expenditure);
- Activity-based information can be categorised in multiple ways, including national plans;
- Relatively quick to complete as it uses secondary sources (on average 4 months from start to finish), easy to analyse, and inexpensive to conduct;
- Health sector-wide, with deep dives into programs that are significant drivers in a given country (i.e. HIV, Malaria, TB) ;

- Annual exercise that fits within the broader planning and decision making process in a given country; and,
- Crosswalks and complementarity with NHA and National AIDS Spending Assessment (NASA) which is critical to avoid duplication of data collection and institutionalisation of these processes.

Both Resource Mapping and NHA capture government and development partners' expenditure. In addition, Resource Mapping captures government and development partners' budget data; while NHA captures out-of-pocket and private expenditure. This means that Resource Mapping and NHA should be aligned in time and data can be leveraged across the exercises (Muguza, 2013).

The advocates of this tool argue that it is quicker and easier to use than NHA and it also has the advantage to track the budget as well as actual expenditures. However, on the downside, the boundaries of the Resource Mapping tool are unclear, as opposed to with the NHA which has long been established and defined. This means that in practice, what is included and what it is not when using the resource mapping tool can change within a country over time, making comparisons difficult. Comparison across countries is also not possible with this tool.

4.5 Public Expenditure Tracking Surveys⁷

Public Expenditure Tracking Surveys (PETS) perform a detailed analysis – almost a financial audit – of the financial flows between public (and non-public in the case of contracting out) units involved in service delivery. A PETS relies heavily on administrative and accounting records.

A PETS tracks the flow of funds from the national treasury through the various levels of government down to frontline providers of public services like schools and health facilities. It can determine the percentage of funds spent at each level of the service delivery hierarchy and assesses what share of public funds allocated in the national budget for service delivery actually reach service providers and whether funds are spent as they are intended.

It will consequently pin down leakage (e.g., the gap between the medicines that are sent from the district level to the district health centres and the drugs that actually arrive at the level of the district health centre) and administrative capture (or the percentage of funds destined for service delivery that is retained for overhead costs at higher administrative levels).

It is particularly suited to pin down problems of governance and accountability, including corruption.

PETS are large in size and in cost and provide a static picture of the sector, as with PERs. In addition, given its focus on leakages and governance issues, they do not seem particularly as relevant to countries for nutrition tracking at the moment.

⁷ This section is based on OPM (2007b).

5 Country case studies

This section reviews some countries' experience in using existing tracking tools for nutrition investments at the country-level and the innovative approaches used.

5.1 Tanzania⁸

Tanzania is finalising a Public Expenditure Review (PER) of Nutrition. PER as a tool has been widely used in other sectors in Tanzania and relevant officers are therefore familiar with and knowledgeable about the tool. As the nutrition sector could be identified separately, Tanzania felt that the PER could assist in the management and planning of resources for nutrition. The purpose was to examine the flow of funds within the public sector; to examine the performance of the system in ensuring and financing the provision of care and improving welfare, and to examine some specific aspects of sector performance.

The Tanzania PER on nutrition covers budget and actual expenditure on nutrition interventions at the national and sub-national level for two fiscal years (2010/11 and 2011/12). The timing of the exercise was made to coincide with the relevant stage of the budget cycle in order to become an input into budget preparation. This was considered essential because the major barrier in budgeting and nutrition at the district level is the lack of strategic direction and guidance on prioritisation and implementation of evidence-based nutritional interventions that have high impact on women and children.

The exercise was jointly funded and carried out by UNICEF and the Government of Tanzania and took place in summer 2013.

Due to time and budget constraints, the review was based on a random sample of 15 Local Government Authorities (LGAs), out of a total of 161 LGAs in mainland Tanzania. The sources of finance identified were multiple, including: the national budget (12 different ministries), off-budget funds (direct to intervention), local governments' own resources, sub-national governments, as well as civil society organisations.

Tanzania identified the following nutrition interventions areas to be reviewed: micro-nutrient supplementation (vitamin A, iron, zinc etc.); food fortification with micronutrients (iodine, vitamin A, iron, etc.); breastfeeding and complementary feeding; pregnant women's nutrition treatment of severe or acute malnutrition; targeted food aid; nutrition care and support for those with HIV/AIDS; nutrition education / behavior change on nutrition; growth monitoring and promotion; pregnant women's nutrition; nutrition surveys and surveillance.

The process followed three main stages. The first stage was the inception phase when consultations and documentation reviews took place and the data collection tools were developed. The data tools were designed to capture expenditures from two main groups: (1) Ministries, Departments and Agencies (MDAs); and (2) LGAs. The data sheet for MDAs included general information, a list of nutrition activities in the Medium Term Expenditure Framework (MTEF), a record of funds released to implement nutrition activities, a record of actual expenditure for nutrition activities, a record of details of budget inputs and a record of details of actual expenditure. The data sheet for LGAs included: general information, the

⁸ This section is based on Innovex (2013) and on the presentation delivered by representatives from Tanzania at the Workshop on Costing and Tracking Investments on Nutrition held in Nairobi in November 2013.

council total annual budget, council funds received, actual expenditure, and budget and expenditure on nutrition activities in the MTEF and non-MTEF programs implemented at the council level.

The second stage was data collection. The data were collected via the MDAs and the LGAs datasheets as well as with data from the MTEFs of relevant MDAs and the sample LGAs, via workshops and visits to MDAs and LGAs, reviewing agencies' internal reports for triangulation.

The third stage focused on data analysis and findings. The initial findings indicate inadequate funding of nutrition interventions as well as delays in disbursement of funds to these interventions, making implementation more inefficient. The study has also found differences between budgeted and released funds and difficulties distilling data from the various sources. Nutrition was also found to be given relatively low priority at the stage of budget planning, especially at lower levels and the report concluded that there was a need for capacity building specifically on planning and budgeting for nutrition.

The exercise is emphasizing the inter-sectoral linkages of nutrition and the need for collaboration across sectors and level of government.

During the process, a number of challenges were faced. A PER is time-consuming and there was, therefore, a need to prioritize tasks and limit the sample size (15 LGAs) and period (2 years). It highlighted the integrated nature of many programmes with significant nutrition components, which often made it difficult to disentangle the nutrition component. Similarly, experts found that the interventions were not broken down to the desired level of detail so little could be said with regards to the composition of inputs within a programme. Tanzania also faced limitations with regards to the information available from donors and NGOs, which was often limited, especially when funds were going directly to projects and not through the government budget.

It is worth understanding Tanzania's relatively strong Public Financial Management system which includes a programme-based budget with a results orientation. Tanzania's Chart of Accounts includes a performance tranche which allows for quick identification of expenditures by their objective and target, and not only by their administrative or economic classification.

Although this provides one of the most comprehensive and in-depth analyses of nutrition expenditure in a given country, it is not necessarily replicable in many countries.

5.2 Madagascar⁹

Madagascar developed a National Plan of Action for Nutrition bringing in multiple sectors and representatives from ministries, civil society organisations, private sector, donors and the United Nations.

The result is a plan consisting of 5 strategic areas, 27 interventions and 78 activities. It is a four-year multi-sectoral plan involving many stakeholders.

With the aim to mobilise resources and estimate existing resources available and needed to finance the National Plan of Action for Nutrition, Madagascar developed a mechanism to

⁹ This section is based on the presentation delivered by representatives from Madagascar at the Workshop on Costing and Tracking Nutrition Investments held in Nairobi in November 2013.

track investments. With the support of the Technical Service for Review of Public Expenditures, a unit located within the Government of Madagascar, they designed a financial tracking report on expenditures related to nutrition, collecting information on financing and feeding it into a template aligned to its costed plan. They produced a survey in line with the strategies, interventions and activities structured in the National Plan of Action for Nutrition and sent it to all stakeholders. The returns from the survey were consolidated which allowed the National Office of Nutrition (ONN) to have a clearer picture of the financial possibilities, knowledge of existing commitments and an indication of what could potentially be mobilised. At the same time, they improved their understanding of extra-budgetary amounts in certain line ministries, civil society organisations and the private sector.

The data collection was facilitated by various workshops and forwarded to all parties acting on nutrition for feedback and triangulation. On receipt of the survey responses, the ONN followed-up on a case-by-case basis to avoid duplications (e.g. funds reported both by a donor and by an implementing agency).

The main challenges faced were the limited knowledge of nutrition-related investment in each of the sectoral ministries, as well as the limited transparency or breakdown of budgets of some of the operating agencies. In certain line ministries, it was difficult to distinguish the expenditures contributing to nutrition. Also, very little information from the private sector was collected.

The main lesson from the process is the importance of designing a tool that was acceptable to everyone, easy to complete and useful for detecting where funds were double-counted. It was also important to allow reasonable time for respondents to duly fill out the information and provide support to those having more difficulties.

Madagascar also established a regional group on monitoring and evaluation to convene agents operating in the 22 regions and provided capacity building to their representatives.

5.3 Ethiopia¹⁰

Ethiopia has recently embarked on a country-wide exercise to map resources for the nutrition sector. The aim is to identify and document the extensive nutrition interventions being implemented across multiple sectors, the partners undertaking the activities, the resources flowing into the nutrition sector and the interaction between interventions and stakeholders. This stakeholder mapping also serves as an accountability tool to track progress and examine whether commitment plus resources results in an impact. They were particularly interested in including donor and NGO contributions, due to the multiplicity of actors.

The process was divided into three main phases: a formative phase; an implementation phase; and an analytical phase. During the formative phase, an agreement was reached on all nutrition interventions to be included in the data collection tools. The outputs were developed, including tables showing the finances available for nutrition for all the interventions as well as maps and matrices showing who is doing what and where in the country. A list of stakeholders to be contacted was put together and the methodology was agreed.

During the 'implementation phase', the data collection tools were designed, particularly the survey questionnaire, and disseminated first for pre-testing to a key group of stakeholders

¹⁰ This section is based on Lemma (2013).

and then to all others, which was then followed up via email, phone, and face-to-face meetings.

Finally, the analytical phase was used to identify issues raised from the questionnaire, to create the data sets and to analyse the information with the financial tables and the maps and matrices showing the activities of each stakeholder throughout the country.

Ethiopia is already looking at ways to make this product sustainable in the long-term. One of the challenges is how to integrate it into the yearly survey from the ministry of health to partners on their activities so it could be integrated in the ministry's database. On the one hand, this would contribute towards reducing the workload of partners and make it more likely that they would complete the survey ensuring sustainability. On the other hand, it would mean reducing the questionnaire, resulting in a smaller amount of data and outputs. They also encountered difficulties in getting information from NGO's and some donors.

5.4 Malawi

Malawi is estimating financial resources spent on nutrition in 2010-12 and allocated or committed to nutrition for 2013-15. The analysis being carried out contains elements of a public expenditure review in as much as it reviews monies spent over the last three years and complements it with a forward-looking analysis of commitments. The ultimate purpose of this exercise is to improve nutrition financing.

The first step was to define the conceptual framework from a functional as well as from an economic perspective. From a functional perspective, there needs to be an agreement on what constitutes 'nutrition expenditure' to respond to the first basic question: *what are we tracking?* In the absence of an international consensus on the delimitation of nutrition interventions, Malawi based its boundaries on the objectives of the nutrition financing assessment in Malawi (i.e., on a national investment strategy).

From the economic perspective, the study defined the type of expenditures it was going to cover. In the case of Malawi it was decided that they will cover institutional funds including central government resources, donor resources, local government and NGO funds. It did not, however, include household expenditure on nutrition.

The second step was data collection. They identified secondary sources mainly to cover resources from the government. In addition, they undertook primary data collection from 41 targeted institutions in the form of a survey, which included NGOs and donors. However, only 15 of those disclosed their financial information on nutrition activities.

The next step was the data analysis. In order to triangulate the data, within each implementing agency and, for each expenditure item, they had to clearly show where the funds they spent came from. They designed a so-called T-account for each agency, where expenditures are listed on the left side of the account and revenues on the right side of the account. The rule of T-accounts is that the sum of entries on the left and right sides must always be equal so that every expenditure item is cross-checked with revenue and figures are tracked through the system (expenditure by some might be revenues for others via transfers) avoiding double counting.

Finally, Malawi is validating and analysing the results. First of all, they are determining the limits of the analysis given the responsiveness among the targeted institutions and how this is affecting the reliability of the findings. Malawi is then establishing the level of alignment of resources with the national nutrition policy, and reviewing priority interventions and financing

mechanism. This will provide them with a comprehensive view of nutrition financing and allow them to make recommendations on allocations and gaps going forward.

6 Tracking systems assessment framework

Having reviewed the existing efforts to track investments on nutrition and before considering alternative options, there needs to be a discussion on the criteria to assess the adequacy and consistency of a resource tracking system. We therefore have to first determine some desired features that make a financial tracking mechanism a suitable one. These features will constitute the criteria against which we will assess the existing system in each country, as well as the suitability of the available tools and methodologies. This section presents some preliminary criteria to be discussed and amended where needed at relevant forums.

What are the desired features of a financial tracking system? ¹¹

1. **Comprehensiveness:** The financial tracking system should encompass all activities of all levels of government and extra-budgetary funds (donor-funding) to get a complete picture of government resources and expenditure. It is also important that the system covers both capital and recurrent expenditure together to ensure the right mix for sustainable service delivery.
2. **Timeliness:** Both financial and non-financial information should be made available on a regular and timely basis so that decision-makers have the relevant information to guide their decision and legislators have information to hold the executive accountable.
3. **User-friendly (capacity):** Individuals should have the ability and the means required to use the system. This includes individual capacities – knowledge and know-how – but also have to do with the capacity granted by the system – rules and regulations for engagement, ability to generate pertinent information on inputs and outputs to hold to account, and so on.
4. **Alignment and harmonisation:** Alignment to existing systems makes a methodology more user-friendly (e.g., by using something users are already familiar with) and increases legitimacy. A tracking system should be supportive of government structures and donor efforts, should improve coordination, simplify procedures and share information to avoid duplications. This also means that in cases where a certain tool is already used to track resources more generally (e.g. PERs in Tanzania, CHAI tool in Malawi, Ethiopia’s resource mapping per sector, etc.), it should be examined as a possible mechanism for tracking nutrition.
5. **Ownership:** The system must be owned by those mandated to use it directly and to those responsible for overseeing it (including donors). It will therefore need to be owned by all ministries with some responsibility in the implementation of nutrition interventions as well as by local level service delivery units.
6. **Incentives:** Individuals must have incentives to carry out their responsibilities. Reporting mechanisms such as a financial tracking system should be used to demand responsibility (by line ministry from local units, by centre of government from line ministries, by parliament from centre of government, mutually between donors and recipient countries

¹¹ These criteria draw upon the principles of good practice in public financial management as well as the principle of aid effectiveness. They also draw on Wylde, E and C. Picanyol (2009). “Budgeting for Children and the Role of Parliament in the Arab World”, paper presented at the Arab Parliamentarian’s Union - League of Arab States Child Protection Meeting in Cairo organized by UNICEF in May 2009.

etc.), and if they are fostered through sanctions and rewards the incentives to deliver are much higher.

A rapid review of the existing tools described above against these criteria is provided in Annex A. It should be noted that such an assessment would certainly be the subject of debate among experts, as it is based mainly on perception rather than hard evidence. A similar assessment can be carried out for each country, as proposed in Section 7.

7 Way forward

Countries are at different stages in the development of their financial tracking systems for nutrition investments. The way forward will first of all depend on each country's starting point. The end point is likely to be the result of an iterative process by which countries begin establishing the basic elements of a tracking system and adapt it as it is trialled and put into practice.

Developing a standard tool in detail to be used across the globe might not be the right approach. Different methods might be more suitable to different countries. Based on an assessment of existing systems and needs, a flexible framework or guidelines can be developed to be adapted based on data and capacity available in each system. It is worth noting how those countries that appear to be furthest ahead in tracking investments for nutrition have opted for methodologies they were already using for other sectors and with which they are already familiar with. For example, Tanzania has been carrying out PERs in a number of sectors for over a decade and decided to carry out a PER on nutrition. On the other hand, Ethiopia has been carrying out resource mapping for many sectors for years, and decided to use a similar methodology for nutrition interventions.

As shown in Figure 2.1, ideally, investments should be tracked based on a country's nutrition plan. This would mean closing the cycle so the financial tracking can complement the monitoring of outputs, allowing us to review the nutrition policy and to plan better, including refining costs. However, this would assume that the nutrition plan is well-costed, well-reflected in a country's financial management system, adequately integrated for implementing agencies activities, implemented as intended, and monitored at the output level. These are strong assumptions and will often not hold.

There are some transitional alternative options while the system evolves towards closing the cycle. At the very least, countries will need to decide on a classification of financial investments on nutrition. If the classification cannot be based on the national costed plan because the assumptions above do not hold and is therefore impracticable, investments can be classified based on implementing agencies. This might be an option especially where those implementing agencies have a 'nutrition budget line' which isolates all resources allocated to nutrition. Similarly, in programme-based budgeting systems, investments can be listed by programme as one would be able to identify them in the existing financial management system.

One of the greatest challenges is to decide what the system should cover. As nutrition programmes are multi-sectoral, there is clear need to identify which sectors would be tracked by the system. It can be limited to the health or agricultural sectors, or it can be more comprehensive. It can focus only on nutrition-specific expenditures, or it can include nutrition-sensitive interventions. In some cases, it might be worth focusing on nutrition-specific expenditures; starting small to set a good base and understanding and meaning of tracking, and include nutrition-sensitive expenditures once basic processes are in place.

Another issue to decide on is who should track what and with what regularity. There are private, public and donor funded investments on nutrition. Some might be more feasible to track with certain regularity than others (e.g. public versus private). Donors are finalising a consensus among themselves on what to track and how at the global level (see Section 3.4). It is yet unclear how and to what extent this will provide the information countries need to incorporate the tracking of aid expenditures at the country level. Domestic public resources on nutrition could be tracked with the same regularity as other resources on the national

budget. Some countries will have more established procedures than others. Private resources are often the most difficult ones to track. NHA provide the framework for doing so within the health sector. At this stage, it is unlikely that many countries will be able to track private resources dedicated to nutrition on a regularly basis.

All of the above issues point towards the limits inherent within a country's PFM system. In many cases, the PFM system might just be too weak to allow for adequate classification and reporting of expenditures. Countries will struggle to find the relevant codes within the chart of accounts to isolate expenditures on nutrition. The countries with the most advantages might be the ones with a performance tranche in the chart of accounts (e.g., Tanzania) who can quickly identify expenditures based on outputs within their existing financial management information system. Where nutrition is a department within the MoH, it might have its own administration code within the chart of accounts, in which case at least some nutrition-specific expenditures should be possible to track. However, this will often just capture marginal spending on a specific treatment or commodity but will be unlikely to cover associated personnel or overhead costs. The latter are more likely to be captured lumped with other personnel and overhead costs of the implementing agency.

We suggest that countries first carry out an assessment of what is in place in their respective systems. The assessment should be based around a set of desired features. This should provide a platform for debate to select the basic elements for a financial tracking system for nutrition investments.¹² In addition, peer sharing and peer learning initiatives can inspire the design of a country's system, using similar methodologies where appropriate.

¹² We have prepared a questionnaire to guide this assessment which was distributed to countries ahead of the workshop. In addition, ICF International has carried out an initial desk-based review of 19 countries based on this questionnaire. There is unfortunately very little public information available across many areas.

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Annex A Financial tracking systems assessment matrix

	Comprehensiveness	Timeliness	User Friendliness	Alignment and harmonisation	Ownership	Incentives
Budgetary Analysis	Low – only covers budget data	High – annually	High – easy to undertake	High – does not require any additional data collection	Depends on whether it is already in use for other sectors.	High – it is often part of the annual budget reporting requirements
Public Expenditure Review	Medium – Depends on secondary data available	Low – once every 3 to 5 years	Medium –requires some specialised expertise	Medium – Depends on whether it is already in use for other sectors	Depends on whether it is already in use for other sectors	Low – unless it is part of the standard budget reporting requirements
System of Health Accounts 2011	Medium - only covers health sector and related, and includes private, public and external expenditures	Low – somewhat infrequently	Low – requires very specialised expertise	High – it harmonises all funds related to health within and across governments	Context specific	Medium – it allows countries to be compared against international benchmarks
Resource Mapping	Medium - only covers health sector and related and includes public and external	Medium – can be done annually	Medium - requires some specialised expertise	Medium – Depends on whether it is already in use for other sectors	Depends on whether it is already in use for other sectors	Low – it is carried out in addition and in parallel to other more established methods
Public Expenditure Tracking Survey	Medium – Depth can be comprehensive but is based on a sample	Low – once every 3 to 5 years	Low - requires very specialised expertise	Low – it is carried out as a stand-alone exercise	Context specific, but often only owned by a small group of stakeholders	Low – it focuses on leakages