POLICY BRIEF

Finance for school feeding:

Unlocking opportunities for learning, nutrition, and food security

the Education Commission

Sustainable Financing Initiative for School Health and Nutrition

School Meals Coalition
Nutrition, Health and Education for Every Child

KEY MESSAGES

- School feeding programmes generate wide-ranging benefits for children and society – benefits that cut across health, nutrition, poverty reduction, and education. Every $1 invested generates $9 in returns. This multisectoral investment is an entry point for transforming education and food systems.
- Before the pandemic, investment had increased significantly, and 44 countries had transitioned from reliance on external funds to domestically supported programmes over the previous two decades. This progress is now at risk.
- Worsening fiscal constraints are limiting governments' capacity to increase investments and aid donors and multilateral development banks (MDBs) have underinvested in school meals programmes. International flows to cross-sectoral programmes are often poorly coordinated, reported, and monitored in the current aid system.
- Despite these challenges however, there are also opportunities, and a bold new initiative to moblise $5.8bn in sustainable financing for the 73 million children most in need is achievable.
- Countries have shown the way forward in terms of options to strengthen and scale financing. These include using natural resource and tax revenue, SDG bonds, debt swaps, and earmarked taxes. Opportunities to scale external funding also exist through innovative financing mechanisms such as guarantee-based instruments, and engaging philanthropy.
- Greater impact can also be achieved through greater efficiency and equity in school meals spending.
- Cross-sectoral planning and credible budgeting for school feeding are key to facilitate a sustainable partnership between governments and external funders and help countries transition towards self-reliance.

1. CHALLENGES FOR SCHOOL MEALS PROGRAMMES FINANCING

The pandemic lockdowns and rising food crisis have left the world facing a triple crisis of learning, poverty, and malnutrition. The World Bank estimates that the share of 10-year-old children living with "learning poverty" – unable to read or write – has increased from 53 percent to over 70 percent since 2020. Learning disparities have increased sharply with the poorest children falling further behind. The poorest children and girls are bearing the brunt.

Rising poverty and malnutrition are compounding this learning crisis. The World Food Programme (WFP) estimates that 153 million children are impacted by the worsening food and hunger crisis. The global food crisis has pushed another 23 million children into acute food insecurity across eighty-two countries – a 17 percent increase.

Value for money studies show that school feeding achieves high returns on investment – $9 for every $1 invested - across at least four sectors: education, health and nutrition, social protection, and agriculture.[i] School feeding programmes have been part of the social protection systems of high-income countries for decades.[ii] They have the potential to counteract the effects of this triple crisis in low- and middle-income countries. Well-designed, sustainably financed programmes can increase school participation, reduce dropout rates, and improve learning outcomes – and they build countries' human capital. Home-grown school feeding programmes, with appropriate procurement design, contribute to increasing the resilience of communities and support the development of local value chains and food systems in agriculture and food processing.

Despite this cost-benefit evidence, school feeding remains under-financed. Fiscal space has been shrinking due to slower economic growth, reduced revenue collection, and growing external debt pressure. Aid donors and MDBs have also underinvested. As measured by the OECD Development Aid Committee, overall aid disbursement to school feeding from 2018 to 2020 ranged from $132m to $297m per year, or just 1.5 per cent of aid to education.

2. KEY TAKEAWAYS FROM A FINANCING LANDSCAPE ANALYSIS

An initial financing landscape analysis and case studies in selected countries carried out by the Sustainable Financing Initiative highlights three areas for attention:

A. Growing political commitment and ambitious strategies must be backed by robust financing plans

Political commitment to school feeding has been growing around the world. This is demonstrated by the success of the School Meals Coalition, where 74 countries and 76 partners have joined in less than a year. Country case studies also show that school meals programmes are widely recognized as platforms to foster multiple social and economic benefits, even if the reach of those programmes varies across countries: from universal across all levels of school education (in Bolivia and Guatemala, for example), to near universal for primary school (Rwanda, for example), to an actual or planned scale-up in primary schools (Bangladesh, Benin, and Senegal, for example).

> *In many cases there appears to be a striking gap between the broad levels of ambition defined in school meals strategies on the one side, and the provisions made in medium-term financial plans and budget allocations on the other side.*

Most countries have adopted national school feeding strategies and institutional arrangements for delivery, including through ministries of education, at centralized or decentralized levels, and in some cases with governing bodies including several sectors, including education, health, agriculture, and social protection. Most strategies are based on ambitious norms of food basket quality and a long-term goal of universal coverage. However, they are seldom supported by costing estimates or a credible financing strategy.

Country governments are increasing their ownership by taking over the financing and implementation of major pilot programmes from donors. Some countries have embedded current programmes in budget allocations, but in some cases, these allocations may prove insufficient to maintain, let alone expand as food prices rise.

B. Fiscal space is limited – but more is possible to increase volume and equity of investments

The vast bulk of school meals financing comes from national budgets, especially in lower-middle-income countries. While the need for sustained external financing remains for low-income countries, lower-middle-income countries are engaged in a transition towards national self-reliance.

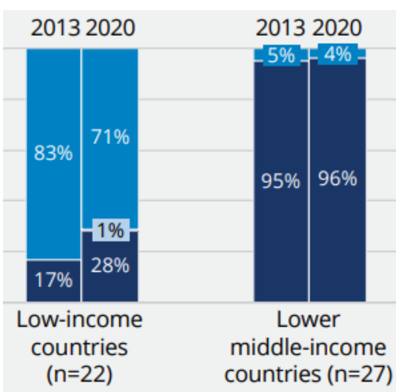
Still, fiscal space is shrinking, and external debt servicing has emerged as a mounting constraint. Debt relief is therefore one pathway towards an expanded fiscal space although the current debt profile does not easily fit into a new multilateral debt reduction framework. Expanding fiscal space through increased revenue collection is an important long-term strategy that must be pursued. The IMF estimates that on average low-income and lower-middle-income countries could sustain a 23 percent tax-to-GDP ratio, an increase from the current 17 percent average for low-income countries and 20 percent average for emerging markets.

Country case studies also suggest innovative revenue mobilization strategies. While most governments are financing school meals programmes from general revenues, Senegal has been deploying its gas revenues; Bolivia has raised revenues from hydrocarbon taxation; Guatemala has financed school feeding from value added taxes (VAT); and Benin has used a Sustainable Development Goal (SDG) bond.

Equity is a major concern in many countries, as transfers to school meals programmes represent an important part of the household budget.

C. International support is low and fragmented, suggesting the need for a global compact

School meals financing: donor and national budget shares



Source: WFP *State of School Feeding*, 2021

The financing landscape analysis highlights low donor aid levels for school feeding, except from one donor: the United States. Aid also tends to be fragmented and dominated by a proliferation of small grants, with few leveraging effects on national strategies.

Most donors and development banks lack integrated school feeding strategies. School feeding, which benefits several sectors, falls in between sectoral silos, especially education, agriculture, and health, which drive financing allocations for most donors and MDBs. Another obstacle to donor investments in school meals programmes has been a failure to focus on the “8000 Days” during which children grow, develop, learn, and transition to adulthood, as distinct from the “First 1000” days. These barriers have turned school feeding into a marginal intervention and has weakened cross-sectoral coordination and accountability for investment performance.

The School Meals Coalition estimates that $5.8bn[iii] should be mobilised annually to meet the needs of 73 million[iv] children most in need. This suggests a need for a bold new initiative that would be built around a compact in which national governments increase financing and other efforts, and the global community fills gaps where needed, in particular to support the countries most in need and those transitioning towards greater country ownership and funding. Additional financing could be mobilised using innovative financing approaches such as the Islamic Development Bank-WFP's *Investing in the Learner's Future* Initiative which finances cross-sectoral programmes and the newly established International Finance Facility for Education (IFFEd) which mobilises additional finance for lower-middle-income countries using an innovative donor guarantee.

3. ACTIONS TO TAKE

What can policymakers do in LICs and LMICs?

- Adopt clear national school feeding strategy targets supported by credible financial planning. This means creating credible costing estimates, aligning targets with budget allocations, and engaging with external financing on the basis of a sustainable transition strategy.
- Enhance cross-sectoral dialogue with Ministries of Finance and other ministries and integrate school meals into a wider social protection system.
- Increase general revenue collection to fund school meals and explore new financing options including SDG bonds and social impact bonds; natural resource taxes, carbon taxes, earmarked taxes, taxation on public "bads," VAT revenues, debt swaps, lotteries, private sector, and philanthropy.
- Draw on research on what works to unlock efficiency gains in school meals financing to make the best of every dollar spent and alleviate fiscal constraints.
- Consider targeting children and areas most in need and work towards progressive universalism while strengthening equity measures.

What can the international community do?

- Improve the OECD Development Assistance Committee reporting system to better capture aid flows to school feeding programmes.
- Develop coherent school feeding strategies and better integrate school feeding in emerging initiatives to address food security crises, supported by increased financing from current levels.
- Go beyond the siloed organization of international financing institutions and innovate to facilitate multisectoral financing.
- Prioritize school feeding in the World Bank's International Development Association (IDA) and in funding from leading bilateral donors (e.g. the European Commission) and philanthropy.
- Leverage scarce donor resources by supporting innovative mechanisms such as the International Finance Facility for Education.
- Support the transition towards domestic financing based on clear national commitments and multi-year financing aligned with a national strategy.
- Advocate for the recognition of the transformative role of cross-sectoral programmes in the next generation of SDGs.

What will the Sustainable Financing Initiative of the School Meals Coalition do?

- Identify and research financing options, in particular innovative financing instruments, that can be applied to school meals programmes and enable long-term sustainable financing.
- Work with countries to support the development of context-based multi-year school feeding financing strategies, aligned with national strategies (e.g. Rwanda).
- Instigate a dialogue with international financing institutions, the financial sector, and philanthropy to invest more in school feeding and support a transition process towards greater country ownership.
- Communicate and disseminate research and support advocacy at international, regional, and country levels for more and better investment in school feeding programmes.

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Sources:
This policy brief is the first of a series from the Sustainable Financing Initiative of the School Meals Coalition. It draws from:

- Watkins, K. (2022), "School Meals Programmes and the Education Crisis: A Financial Landscape Analysis", Sustainable Financing Initiative, The Education Commission.
- Watkins, K. et al. (2022), "Seven country case studies on school meals financing", Sustainable Financing Initiative, The Education Commission.

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[i] Verguet S, Limasalle P, Chakrabarti A, Husain A, Burbano C, Drake L, Bundy DAP (2020). *The Broader Economic Value of School Feeding Programmes in Low- and Middle-Income Countries: Estimating the Multi-Sectoral Returns to Public Health, Human Capital, Social Protection, and the Local Economy*. Front Public Health.
[ii] Bundy DAP, Burbano C, Grosh M, Gelli A, Jukes M, Drake L. (2009). Re-thinking School Feeding: Social Safety Nets, Child Development, and the Education Sector. Directions in Human Development. Washington, DC, World Bank Group
[iii] School Meals Coalition Research Consortium and Sustainable Financing Initiative (2022), "The Investment Case for School Health and Nutrition", Memo 4 to inform the Global Education Forum April 2022 Case for Investment Paper. Investment Case for School Health and Nutrition_Memo 4.pdf | DocDroid
[iv] WFP (2020), State of School Feeding Worldwide, World Food Programme, Rome.

This policy brief has been prepared by the Sustainable Finance Initiative (SFI) of the School Meals Coalition – a partnership between governments, UN agencies, non-government organizations, and research institutions aimed at expanding the reach and strengthening the quality of school feeding programmes. Led by the Education Commission, the SFI is one of five initiatives working to achieve the goals of the School Meals Coalition. Working closely with governments and donors, the aim of the SFI is to identify multi-year financing opportunities for school meals programmes with a focus on low- and lower-middle-income countries.

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