THE UNITED REPUBLIC OF TANZANIA

PRIME MINISTER'S OFFICE

TANZANIA RESOURCES MOBILIZATION STRATEGY FOR THE NATIONAL MULTISECTORAL NUTRITION ACTION PLAN II

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Resources Mobilization Strategy for the National Multisectoral Nutrition Action Plan II

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Foreword

Over the last two decades, Tanzania has recorded significant improvement in reducing malnutrition specifically to children. According to Tanzania Demographic and Health Survey (TDHS) Stunting, chronic malnutrition was reduced by almost 10 percent point from 2010 to 2015 while anemia was reduced from 72% in 2005 to 58% in 2015. Despite progress made, millions of children and women in Tanzania still suffer from different forms of undernutrition, including low birth weight, stunting, underweight, wasting, vitamin A and iodine deficiency disorders as well as anemia. Additionally, over-nutrition and diet related non-communicable diseases, including some forms of cancer, diabetes and heart disease are continuing to rise which call for integrated approach to address all malnutrition related challenges. Understanding this, the country developed its first National Multisectoral Nutrition Action Plan – NMNAP (2016-2021) which clarified the roles of other sectors in the fight against malnutrition.

The mid-term review of the NMNAP, identified significant strength and progress in different NMNAP targets and highlighted areas where efforts could be maximized and pointed key areas for consideration in the development of NMNAP II. One of the major challenges identified was inadequate funding to support implementation of the NMNAP since only 41 percent of the overall NMNAP budget was executed by the mid-term. The MTR clearly indicated that the absence of a robust resource mobilization strategy to support NMNAP implementation contributed to this challenge. With the second NMNAP under development the government implemented MTR recommendation and developed the resources mobilization strategy.

Resources Mobilization Strategy aims provide guidance on implementation of financing strategies and approaches that will help the country to generate financial resources to fund implementation of nutrition activities as identified in the NMNAP II. This document provides guidance for implementation of the proposed strategies by describing a detailed plan with itemized roles and responsibilities of individual actors/ institutions. Effective implementation of this strategy by all the actors identified will contribute to achieving the objectives of the NMNAP II and achievement of key milestones as described in the Tanzania Development Vision 2025, the 3rd Five Year Development Plan (FYDP III), Sustainable Development Goals (SDGs) 2030,

Let each and every institution do its part to ensure availability of enough financial resources to help achieve the goal of improving the quality of human life for the current and future generations. The Prime Minister's Office is committed to leading the way.

Prime Minister's Office

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We acknowledge the Development Partners Group – Nutrition (DPGN) and all stakeholders across the country who dedicate their time to advising this strategy based on their invaluable experience during the consultations and reviews.

Let us ensure this strategy is used at all appropriate levels to guide the sectors in mobilizing resources towards inclusive nutrition programming and a well-nourished, productive population of Tanzania.

Acronyms

AfDB	African Development Bank
CAD	Canadian Dollars
CCT	Conditional Cash Transfer
CIF	Climate Investment Fund
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
DP	Development Partner
FY	Fiscal Year
FYDP	Five-Year Development Plan
GAIN	Global Alliance for Improved Nutrition
GDP	Gross Domestic Product
GFF	Global Financing Facility
HSSP	Health Sector Strategic Plan
IDA	International Development Association
IMAM	Integrated Management of Acute Malnutrition
IMF	International Monetary Fund
KMC	Kangaroo Mother Care
KRA	Key Result Area
LGA	Local Government Authority
MDA	ministry, agency, and departments
MoFP	Ministry of Finance and Planning
MoHCDGEC	Ministry of Health, Community Development, Gender, Elderly and Children
MTR	Midterm Review
NCD	Noncommunicable Disease
NGO	Nongovernmental Organization
NMNAP	National Multi-sectoral Nutrition Action Plan
NNS	National Nutrition Strategy
NSAAP	Nutrition-Sensitive Agriculture Action Plan
PMO	Prime Minister's Office
PO-RALG	President's Office of Regional Administration and Local Government
PPP	Public-Private Partnerships
R4D	Results for Development

RMS	Resource Mobilization Strategy
SSB	Sugar-Sweetened Beverages
TASAF	Tanzania Social Action Fund
TDV	Tanzania Development Vision
TFNC	Tanzania Food and Nutrition Centre
TZS	Tanzanian Shillings
UHC	Universal Health Coverage
UHI	Universal Health Insurance
UK	United Kingdom
UN	United Nations
UNICEF	United Nations Children's Fund
URT	United Republic of Tanzania
USAID	U.S. Agency for International Development
USD	U.S. Dollars
WFP	World Food Programme
WHO	World Health Organization

Executive Summary

For the last two decades, Tanzania has significantly improved nutrition outcomes and made noteworthy efforts in integrating nutrition within key national development agendas. In 2016, the government of the United Republic of Tanzania (URT) launched the National Multi-sectoral Nutrition Action Plan (NMNAP) to scale up multi-sectoral nutrition actions. This progressive initiative was the first of its kind, and the nutrition community drew critical learnings from the first implementation period of 2016/2017 to 2020/21. As the Government of URT prepared for the second iteration, the NMNAP II, nutrition stakeholders reflected on lessons from the first plan, particularly resource mobilization. Large financing gaps were identified through attempts to implement key interventions in the NMNAP, and they were documented in the midterm review of NMNAP, conducted in 2019. The Government of URT acknowledged that without strategies to mobilize adequate resources to finance nutrition, the implementation of NMNAP II is likely to face the same financing challenges.

It is against this backdrop that the Government of URT has developed this Resource Mobilization Strategy (RMS). Derived from fiscal space, public revenues, development partners, and the private sector, the RMS provides key avenues for financing nutrition initiatives and activities described in the NMNAP II. The overarching objective of the RMS is to identify and present realistic revenue sources that can be mobilized for adequate and sustainable financing of nutrition initiatives and activities within the scope of NMNAP II from 2021/22–2025/26. Additionally, this RMS works toward the Five-Year Development Plan (FYDP) III agenda. As an attempt to achieve the FYDP III specific objective of utilizing nutrition as a key contributor to human capital development, the RMS document identifies options for financing nutrition, which include approaches to both redirect existing resources (traditional/conventional) toward nutrition and generate resources from new (i.e., nontraditional/nonconventional) sources. It also aims to provide high-level guidance for implementing the proposed options by presenting a plan for the roles and responsibilities of individual institutional actors.

In Section 1, the RMS gives some background for nutrition and explains the status quo, prevailing legal frameworks, existing plans, current economic dynamics, and resource needs for financing nutrition during the NMNAP II implementation period. The rationale and objectives for the RMS are covered in Section 2. Section 3 describes the consultative process through which the RMS was prepared involving a technical team formed by the Government of URT and key nutrition stakeholders in Tanzania, which included developing partners, the private sector, and academia. It is important to note that different financing options contain dissimilar ability to mobilize resources, involve different pros and cons, and require unique implementation considerations for success based on the national social context and economic dynamics. Section 4 of the RMS covers these issues as they relate to the proposed financing strategies for mobilizing resources for nutrition activities under NMNAP II.

This RMS presents financing options for identifying avenues that can be employed to finance the Tanzanian Shillings (TZS) 642.4 billion required for financing NMNAP II overall implementation from fiscal year 2021/22 to 2025/26. The estimated aggregate expenditure aims to cover activities and initiatives within four key result areas (KRAs) of the NMNAP II: *Undernutrition, Micronutrient Deficiencies, Overweight and Obesity*, and *Enabling Environment for Nutrition*. This implies that, on average, the country needs to mobilize approximately TZS 128.5 billion annually to finance all KRAs prescribed in the NMNAP II.

A set of specific financing options—both conventional and nonconventional approaches—to be used by the Government of URT to finance the NMNAP II are presented in Section 4. The conventional financing options to be used by the government for financing NMNAP II include the following:

1. reallocation/reprioritization within and across ministries
2. utilization of concessional loans from development banks and funds, as well as bilateral donors

3. sin tax on the consumption of goods that are potentially harmful for people's health.

Equally, the Government of URT will employ these nonconventional financing strategies to be applied by the Government of URT as among leading options to mobilize resources for financing NMNAP II:

1. innovative financing approaches to mobilize resources for nutrition through diversified investors and partners
2. private sector contributions.

A broad set of financing options—both conventional and nonconventional approaches—are also discussed extensively in Section 4 to inform the Government of URT about various additional financing options that can possibly be employed to finance NMNAP II.

To conclude, Section 5 of the RMS describes key priority areas for implementation. Beyond the recommendations for initial activities, Section 5 covers issues with a focus on ensuring effective execution of the proposed options, including advocacy and community engagement, private sector engagement, and timeline suggestions. This RMS is the first of its kind, and its ability to respond to NMNAP II is dependent on the application of the measures recommended in this document to generate resources to respond to nutrition needs across the country.

1. Introduction

1.1. Nutrition Situation in Tanzania

Tanzania has made significant progress to improve the overall health and nutrition outcome of its population. This is evident through significant reduction of chronic malnutrition from 50 percent in 1992 to 34 percent in 2015, whereas the acute malnutrition decreased from 8 percent to 4.5 percent during the same period.[1] Another impressive achievement is that anemia in both women and children has been declining, and the current performance of the health and nutrition situation among children under 5 years continues to improve. For instance, the percentage of children under the age of 5 who are underweight has decreased from 13 percent in 2014/15 to 10 percent in 2019/20, whereas children born underweight (less than 2.5 kg) has also declined from 6.5 percent in 2014/15 to 5.6 percent in 2019/20.[2]

Evidence from research studies has clearly indicated the contribution of poor nutrition as an important underlying cause of the 45 percent under 5 mortality rate,[3] and maternal anemia contributes to the 23 percent maternal mortality rate in developing countries.[4] The problem of poor nutrition goes way beyond health reasons and may impact the social economic situation of the countries with developing economies through human capital losses in terms of low economic productivity and weak employability outcomes. Generally, it was projected that poor nutrition (both over- and undernutrition) cost the global economy up to U.S. dollars (USD) 3.5 trillion per year.[5] According to the Tanzania-specific data estimated in 2014, if the nutrition situation in the country remains the same, the three major nutrition problems (i.e., stunting, iodine deficiencies, and anemia) are expected to contribute to economic productivity losses of USD 20.3 billion.[6] It is therefore evident that investing in nutrition has a significant impact on populations, both from angles of health and when looking at social and economic aspects; all have significant developmental impact for the communities in Tanzania. Problems related to diet-related noncommunicable diseases (NCDs), including diabetes, some forms of cancer, high blood pressure, and kidney diseases, significantly contribute to economic burden by increasing health care cost and reducing productivity. The Health Sector Strategic Plan (HSSP) V estimates increased NCDs deaths from 27 percent in 2010 to 33 percent in 2016 associated with four major factors, including tobacco and alcohol abuse, physical inactivity, and unhealthy diet.

Understanding the significance of nutrition, the Tanzanian government has shown a heightened focus on nutrition toward greater political will and commitment. This is evident through numerous initiatives undertaken to improve nutrition and well-being. Tanzania became a member of Scaling Up Nutrition in 2010 and was among early risers. Through this important partnership, the government committed to and implemented various nutrition initiatives, including launching the National Nutrition Strategy (NNS) 2010–2015. Similarly, the country has introduced nutrition positions to technically support implementation of nutrition activities and to support mobilization of financial resources for nutrition at the council level.

Overall national nutrition financing situation is improving but is still inadequate to address malnutrition and its effects. Given nutrition issues are multi-sectoral, measuring the direct impact of inadequate

[1] Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDGEC)/Tanzania Mainland, Ministry of Health (MoH)/Zanzibar, National Bureau of Statistics - NBS/Tanzania, Office of Chief Government Statistician (OCGS)/Zanzibar, and ICF. 2016. Tanzania Demographic and Health Survey and Malaria Indicator Survey (TDHS-MIS) 2015–16. Accessed December 10, 2021. https://dhsprogram.com/publications/publication-fr321-dhs-final-reports.cfm

[2] Ministry of Finance and Planning. 2018. *The United Republic of Tanzania National Five-Year Development Plan 2021/22–2025/26: Realising Competitiveness and Industrialisation for Human Development.* Accessed December 10, 2021. https://mof.go.tz/docs/news/FYDP%20III%20English.pdf

[3] Development Initiatives. 2018. *2018 Global Nutrition Report: Shining a Light to Spur Action on Nutrition.* Accessed December 10, 2021. https://globalnutritionreport.org/reports/global-nutrition-report-2018/

[4] Stephen, Grace, Melina Mgongo, Tamara Hussein Hashim, Johnson Katanga, Babill Stray-Pedersen, and Sia Emmanueli Msuya. 2018. "Anaemia in Pregnancy: Prevalence, Risk Factors, and Adverse Perinatal Outcomes in Northern Tanzania." *Anemia* 2018(2): 1–9. https://doi.org/10.1155/2018/1846280.

[5] Global Panel on Agriculture and Food Systems for Nutrition. 2016. *Technical Brief No. 3: The Cost of Malnutrition: Why Policy Action is Urgent.*

[6] United Republic of Tanzania. 2014. *Reducing Malnutrition in Tanzania: Summary of Tanzania PROFILES 2014 Estimates*. Accessed December 10, 2021. https://www.fantaproject.org/sites/default/files/resources/Tanzania-PROFILES-Report-2014-June2017.pdf

financing on nutrition outcomes continues to be challenging. Nonetheless, it can explicitly be stated that a failure of nutrition budget execution caused by inadequate funding has constrained the improvement of nutrition outcomes in the last two decades. As an illustration of low nutrition financing, the total nutrition expenditures were estimated at Tanzanian Shillings (TZS) 815 billion in fiscal year (FY) 2014/15 and TZS 861 billion in 2015/16—equal to a 5 percent growth rate. However, nutrition financing has increased at a lower rate than overall government expenditures during the same period—and the total nutrition expenditures fell slightly as a percentage of total government expenditure (from 4.6 percent to 3.8 percent) and as a percentage of the gross domestic product (GDP) (from 1 percent to 0.9 percent).[7]

As an attempt to focus the scope of nutrition financing and improve nutrition outcomes in line with both global and local targets, Tanzania developed the National Multi-sectoral Nutrition Action Plan (NMNAP) 2016/17–2020/21. Following the implementation of NMNAP, the country established the NMNAP II with a focus on continuing to improve nutrition outcomes and increase the scale of nutrition financing to meet nutrition targets from 2021/22 to 2025/26. Based on the cost estimates in the NMNAP II, Tanzania seeks to mobilize resources amounting to TZS 642.4 billion from both domestic and foreign sources to finance NMNAP II. Accordingly, the government of the United Republic of Tanzania (URT) has developed the RMS to assist the country to identify strategies that can mobilize both sufficient and sustainable resources for financing the implementation of nutrition initiatives and activities within the scope of the NMNAP II.

1.2. Existing Legal Frameworks, Policies, and Plans

In Tanzania, the prioritization of nutrition is notable in various national documents, including sectoral national policies, strategies, and guidelines, which identify nutrition interventions as a priority for achieving sustainable and equitable socioeconomic development. These documents provide a conducive enabling environment—in terms of regulatory framework, policies, and plans—for facilitating the process of financing nutrition initiatives and activities in the NMNAP II.

Presented below is the current legal and regulatory framework that could be employed to aid the process of mobilizing resources for financing nutrition:

1. Tanzania Food and Nutrition Act of 1973 (CAP109) and various guidelines to support its implementation
2. A nutrition budget line introduced in FY 2012/13
3. National Micronutrient Guideline of 2018
4. Compact agreement (i.e., mandatory nutrition funding allocation of TZS 1,000 per child) signed at the end of 2017 between the President's Office of Regional Administration and Local Government (PO-RALG) and regional authorities to support scaling up implementation of nutrition activities at regional and local government authorities (LGAs).

Tanzania has also developed extensive national policies and plans, which to a great extent provide a robust platform for ensuring adequate and sustainable nutrition financing, including the following: *Tanzania Food and Nutrition Policy 1992, National Food and Nutrition Policy (Draft) (2016), NMNAP (2016–2021), Tanzania Development Vision (TDV) 2025, FYDP III 2021/22–2025/26: Realising Competitiveness and Industrialisation for Human Development, HSSP IV and V, Tanzania Agriculture and Food Security Investment Plan (2011–2020), National Fisheries Policy (2015), National Agriculture Policy (2013), National Guidelines on Nutrition Care and Support for People Living with HIV, National Livestock Policy (2006), Integrated Management of Acute Malnutrition (2018)—National Guidelines, National School Feeding Guideline,* and *Tanzania NCD Strategic Plan*.

The above analysis reveals that, over a relatively long period of time, increasing attention has been given to the importance of nutrition on health, human development, and economic development in Tanzania. In summary, as demonstrated above, the country has established sufficient nutrition-related policies, plans,

[7] UNICEF and Oxford Policy Management. 2018. *Nutrition Public Expenditure Review: Mainland Tanzania and Zanzibar.*

legal acts, and regulatory frameworks, which are in many ways valuable for enabling and accelerating mobilization of resources to finance NMNAP II. Based on this setting, it is rational to conclude that, in Tanzania, the enabling environment and regulatory framework structure are in place to facilitate the application of the financing strategies proposed by this document to mobilize resources from both domestic and international avenues for financing the NMNAP II between 2021/22 and 2025/26. However, the efforts to facilitate nutrition financing embedded in existing legal frameworks, national policies, and plans need to be accompanied by higher and reinforced prioritization of nutrition in terms of budget allocation and disbursement of funds toward nutrition initiatives and activities within the NMNAP II.

1.3. Previous Efforts and Lessons from Resource Mobilization for Nutrition in Tanzania

The Government of URT conducted the midterm review (MTR) of the NMNAP in 2018 to gather evidence and factors for the successes and challenges, as well as to identify areas that need more attention to realize the nutrition targets set for 2020/21. Indeed, this specific review documented that nutrition is struggling to attract sufficient financing, as can be noted from the finding that only 41 percent of the overall NMNAP budget was executed. Among other factors, the absence of a robust RMS to support NMNAP implementation contributed to this undesirable situation of limited overall funding for nutrition. Additionally, nutrition-specific interventions and activities under NMNAP appear to surpass the funding target, which is not surprising because by far the largest proportion of contributions from development partners (DPs) was directed toward this component of nutrition.[8] On the other hand, nutrition-sensitive initiatives and activities were lagging behind in terms of financing and attracted a substantially lower contribution from DPs when compared with nutrition-specific interventions. Perhaps this is because outcomes from nutrition-sensitive initiatives and activities are inherently more difficult to capture and take more time to produce tangible outcomes than nutrition-specific interventions.

Besides the apparent limited fiscal space for nutrition financing, key factors that can be directly associated with inadequate resource mobilization for the overall implementation of NMNAP include the following:

Low Prioritization

This can be associated with the fact that there are competing priorities for resources at both central government and LGAs. Consequently, nutrition has not been a high priority within the government budget, especially for the ministries that are dealing directly with nutrition (i.e., Ministry of Health, Community Development, Gender, Elderly and Children [MoHCDGEC] and Ministry of Agriculture). This situation contributes to low disbursement of funds allocated for nutrition from these ministries.

Inadequate Funding

Contribution from the Government of URT in Tanzania appears to lag behind the anticipated rate mentioned in various national nutrition plans. However, government expenditure may be underestimated because the data failed to accurately capture significant expenses incurred by the government toward the nutrition sector, particularly at the LGA level, in terms of staff salaries, physical infrastructure, and nutrition supplies available in health facilities.

LGAs' Financial Constraint

Heterogeneous ability to mobilize resources for nutrition among districts in the sense that some LGAs have a substantially lower ability to mobilize resources than other LGAs, as noted by PO-RALG Report in May 2021.[9]

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[8] Maternal, infant, young child, and adolescent nutrition (MIYCAN), IMAM, and Information System received 100%, 96%, and 95%, respectively, from DPS according to the NMNAP MTR.

[9] Nutrition Section, Department of Health, Social Welfare and Nutrition. 2021. *Regional Secretariats and Local Government Authorities Nutrition Planning and Budgeting Scrutinization Report for Financial Year 2021/22.* PO-RALG

Inadequate Institutional and Human Resource Capacity

This is associated with the inability to track nutrition-sensitive funding and absence of strong mechanisms to track and secure contributions from the private sector on nutrition financing.

Further, as an attempt to meet the World Bank recommendations of spending at least USD 8 per child on nutrition-specific interventions and the enabling environment for nutrition to meet the Sustainable Development Goal for stunting reduction, Tanzania established minimum budget allocations for nutrition at the LGA level to be gradually increased from TZS 1,000 per child in each council to about TZS 22,000 per child by 2030 (i.e., Compact agreement). In reality, however, the minimum budget allocation for nutrition by LGAs only increased from TZS 500 in 2015/16 to TZS 1,000 in 2016/17, which is substantially lower than the target set when the Compact agreement was established. This particular crucial budget allocation for nutrition financing in Tanzania has not increased as planned in the subsequent years. This is partly because there is currently no legal framework that supports the enforcement of minimum budget allocations for nutrition at the LGA level. Moreover, according to PO-RALG data, only about 45 percent and 52 percent of the planned budget toward nutrition at the LGA level was disbursed in 2019 and 2020, respectively.

As far as the efforts for mobilizing nutrition financing are concerned, more concrete efforts need to be made to ensure that more resources are mobilized through domestic-based sources in the near future. In essence, the nutrition financing prior to and after the development of the NMNAP faced a colossal funding gap between the planned budget and actual expenditure, as over half of the targeted investment funds were not mobilized, according to the MTR for NMNAP. Further, this analysis ascertained that 97 percent of expenditures for nutrition-specific interventions came from DPs, while government expenditures were negligible at only about 3 percent of the total expenditure, which is partly because of limitations in capturing the government contribution toward NMNAP. DPs were able to mobilize 50 percent of the NMNAP budget under their responsibility, whereas contributions from the private sector could not be tracked even though the sector was expected to mobilize resources for financing 10 percent of the NMNAP budget.

Beyond the MTR for NMNAP, the magnitude of the financing gap facing the nutrition sector can be noted easily through these three national documents focused on assessing the extent and strengthening the sustainability of nutrition financing in Tanzania:

- *Nutrition Budget Brief 2016* (a review of nutrition funding for FY 2011/12 to 2015/16) established that spending on nutrition accounted for only 0.03 percent of GDP and 0.13 percent of total public spending. This implies that only 12 percent of the total budget of the NNS for 2011/12–2015/16 (about TZS 825 billion [USD 520 million]) was funded, and most of the funding came from DPs.

- *Public Expenditure Review for Nutrition FY 2014/15 to 2015/16* documented inadequate levels of spending on nutrition-specific interventions (on- and off-budget) and low budget execution of public expenditures for nutrition.

- *Public Expenditure Review for Nutrition FY 2010/11 to 2013/14* specified that nutrition allocations as a proportion of both GDP and the total government budget were low and inadequate to address nutrition challenges. It showed that only about 23 percent of expenditure on nutrition was from public funds, while the rest was from DPs. This situation nurtured large funding gaps, which in turn affected the implementation of the national nutrition initiatives and activities.

As highlighted by the situational analysis presented above, nutrition financing in Tanzania seemingly faces many constraints, such as low government expenditure and prioritization. The situation over the last decade has exposed the country to excessive reliance on donor funds for nutrition given that the proportion of government contribution toward the overall nutrition action plan is decreasing despite the recorded increasing amount of aggregate expenditure. It undoubtedly causes high uncertainty in nutrition planning and poses a major threat in terms of long-term financial sustainability because the nutrition activities have been disproportionately funded by resources from DPs. This implies that that the Government of URT needs to increase allocations, improve disbursements, and mobilize more resources for financing nutrition. Certainly, if Tanzania is to accelerate the accomplishment of objectives prescribed in the NMNAP II, the utilization of this national RMS for increasing financial investment from public revenues is essential and unavoidable.

1.3.1. Current Domestic Resources for Nutrition and Expected Growth

Economic Growth

For most of the last two decades, Tanzania has recorded impressive macroeconomic outcomes and high economic growth. The country has managed to maintain high growth in real GDP over the last two decades. Recently (2015–2019), real GDP has increased from 6.2 percent to 7.1 percent, which reflects a reasonably high growth pattern. It is rather unfortunate that such strong economic growth has not translated into emphatic poverty reduction, partly because the population grew faster than poverty was reduced (in 2018 about 14 million Tanzanians lived in poverty, up from 13 million in 2007 and 12 million in 2012).[10] In 2020, Tanzania experienced a sudden slowdown of economic growth and real GDP of only 4.8 percent,[11] but avoided an economic recession, while the global economy plunged into a recession as a result of the COVID-19 outbreak, which made the economic outlook highly uncertain. Nonetheless, it is estimated that the country will encounter a more favorable economic performance in 2021, when the annual GDP growth rate is projected to rise to 4.5 percent, depending on a robust global economic recovery.[12]

Inflation Rate

High GDP real growth rates in Tanzania have been maintained on the back of an expansionary fiscal stance, supported by prudent fiscal measures to control inflation. It is expected that the inflation rate will be 3.3 percent in 2021 and will increase to 3.6 percent in 2022 and 3.5 percent in 2023, respectively.[13] Hence, there is a valid assumption that, on average, the inflation rate will not largely affect the financing of nutrition activities under the NMNAP II.

Public Revenue

Supported by the economic indicators presented above, Tanzania does have strong economic and revenue growth accompanied by accommodative economic conditions. Although revenue collection is still relatively below the optimal level, it can easily be stated that Tanzania has made tremendous improvements in terms of the magnitude of domestic resource mobilization and control for inflation rates. According to the World Bank, the country almost quadrupled its revenue from TZS 5,242 billion to TZS 20,385 billion between 2008 and 2018.[14] Identical to many other countries under developing economies,[15] in particular Egypt,[16] it seems that Tanzania is in a relatively favorable position to create fiscal space for financing

[10] World Bank. 2019. *Tanzania Mainland Poverty Assessment Report.* Accessed December 10, 2021. http://hdl.handle.net/10986/33031
[11] National Bureau of Statistics. 2021. *2020 Tanzania in Figures.* Accessed December 10, 2021. https://www.nbs.go.tz/nbs/takwimu/references/2020_Tanzania_in_Figure_English.pdf and https://www.parliament.go.tz/news/taarifa-ya-hali-ya-uchumi-wa-taifa-kwa-mwaka-2020-na-mpango-wa-maendeleo-wa-taifa-wa-mwaka-2021-22
[12] World Bank. 2021. *Raising the Bar—Achieving Tanzania's Development Vision. Tanzania Economic Update.* Accessed December 10, 2021. https://documents1.worldbank.org/curated/en/803171614697018449/pdf/Tanzania-Economic-Update-Raising-the-Bar-Achieving-Tanzania-s-Development-Vision.pdf
[13] Based on IMF estimates.
[14] Ally, Mariam and Moritz Piatti-Fünfkirchen. 2020. *Tanzania Health Policy Note: Opportunities for Prioritizing Health in the Budget.* Washington DC: World Bank.
[15] Ortiz, Isabel, Matthew Cummins, and Kalaivani Karunanethy. 2017. "Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries." ESS Working Paper, No. 48. International Labour Organization. Accessed December 10, 2021. https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_383871.pdf
[16] Connolly, Helen C. 2019. *Fiscal Space to Scale Up Nutrition in Egypt.* Accessed December 10, 2021. doi.org/10.1596/978-1-4648-1467-9_ch5

nutrition in a similar manner as other sectors, such as social protection, including the health sector in the country.[17]

Table 1. Key Economic Indicators

	2015	2016	2017	2018	2019	2020
GDP Growth Rate	7.1%	7.0%	6.2%	6.8%	7.0%	4.8%
GDP per Capita (Current USD)	1,036	966	1,004	1,042	1,085	1,076
Annual Inflation	5.6%	5.2%	5.3%	3.5%	3.4%	3.3%
Current Revenue to GDP	13.9%	14.7%	14.6%	13.9%	14.6%	14.9%
General Government Expenditure to GDP	17.5%	16.6%	16.7%	16.8%	16.2%	15.9%
Fiscal Balance (% GDP)	-3.5	-1.5	-4.3	-1.3	-2.0	-2.3
Public Debt to GDP Ratio	33.4	37.1	39.6	38.5	38.2	39.2

Sources: World Bank, International Monetary Fund, African Development Bank, and Bank of Tanzania. 2020. *Economic Bulletin for the quarter ending December 2020*, Vol. LII No. 4. Accessed December 10, 2021. https://www.bot.go.tz/Publications/Regular/Quarterly%20Economic%20Bulletin/sw/202102081102317.pdf

Public Expenditure

Despite having a good economic performance, Tanzania has spent more than what it managed to mobilize between 2015 and 2020. Thus, it is not surprising that the debt level has rapidly increased to fill the growing funding gap (the deficit) between public expenditures and revenue. However, it is crucial to point out that Tanzania's current debt ratio still stands comfortably within the recommended debt range based on best practices. Similarly, there is a great potential to utilize current domestic public revenues for financing the nutrition initiatives and activities prescribed in the NMNAP II.

Resource Allocation for Nutrition

As shown in the above table, the overall government budgets and expenditures have increased substantially in recent years, yet nutrition, which is multi-sectoral by nature, has not been a priority in the budget allocation and disbursement in the ministries that are primarily dealing with nutrition. This can be noted, for instance, from the fact that a mere 1 percent of the aggregate curative service budget was dedicated toward nutrition activities by the MoHCDGEC in the 2018/19 budget, whereas only 4.33 percent of total off-budget donor support toward nutrition was directed toward basic nutrition activities.[18]

The Ministry of Agriculture also displays low prioritization of nutrition activities in the recent budgets and expenditures. According to the World Bank, Tanzania's spending on agriculture and rural development has increased in absolute terms between 2011 and 2018 but declined as a share of the government budget. Over this period, agriculture-specific spending averaged only 4 percent of total public spending and by 2017 had fallen to 2.5 percent, lagging significantly behind the 10 percent of the Comprehensive Africa Agriculture Development Program commitment set by African Union member states.[19] Nevertheless, the

[17] Khalfan, Twahir, Elineema Kisanga, Vincent Leyaro, Faith Masekesa, Michael Noble, and Gemma Wright. 2020. "Exploring Options for a Universal Old Age Pension in Tanzania Mainland." WIDER Working Paper 2020/81. Helsinki: UNU-WIDER.

[18] Piatti-Fünfkirchen, Moritz, and Mariam Ally. 2020. *Tanzania Health Sector Public Expenditure Review*. Washington, DC: World Bank.

[19] World Bank Group. 2019. *Tanzania Economic Update, December 2019: Transforming Agriculture—Realizing the Potential of Agriculture for Inclusive Growth and Poverty Reduction.* Accessed December 10, 2021. http://hdl.handle.net/10986/32791

agriculture sector can do much more to drive future economic growth, accelerate poverty reduction, and improve nutrition outcomes, especially elimination of food insecurity and malnutrition in Tanzania. If public spending on agriculture would increase and more funds were to be allocated directly to incentivize private agricultural and nutrition investments, the country may have more room to mobilize resources for financing the NMNAP II.

Indeed, private sector investment particularly—either directly or indirectly—has great potential to make substantial contributions toward nutrition financing. For instance, the Agricultural Sector Development Programme II recognizes that public funding will not be sufficient to meet its objectives, and as a result, the plan seeks to mobilize USD 20 billion from the private sector or other sources out of the total financing need of USD 45 billion. In this regard, if the agricultural budget and the disbursement of funds improve, then naturally this positive move will be reflected on nutrition financing of NMNAP II activities and initiatives that fall under the Ministry of Agriculture.

2. Rationale and Objectives

2.1 Rationale

Nutrition financing is a main driver of socioeconomic development because it helps to diminish malnutrition and foster human development. As a reflection of the fact that nutrition financing is typically a valuable social investment, every dollar invested in proven nutrition interventions in developing countries, on average, yields approximately USD 18 in economic returns.[20] Multi-sectoral nutrition programming is more likely to be successful when it is supported by predictable, government-managed budgets.

A major recommendation of Tanzania's NMNAP MTR is that a RMS should be developed to both manage resources for nutrition effectively and provide strategies to increase commitments and investments for nutrition. The NMNAP was unlike previous plans in that it was truly multi-sectoral by design, sometimes requiring actors who had never been engaged in nutrition to integrate it into their programming. Additions to programming of course require financial resources, and in some ways, the NMNAP made it clear that new (nutrition-sensitive) sectors had nutrition responsibilities but that the plan did not include guidance on how to mobilize resources.

The RMS is especially important for Tanzania as the country transitions to middle income status and takes on more responsibility for financial support to government programming, with the long-term goal of self-sufficiency. Effective resource mobilization by the government is a step toward independence from foreign assistance. In a context where the economic growth in Tanzania is projected to persist for the foreseeable future, the RMS should shift from one that largely depends on external sources to one in which the public mobilizes resources to support nutrition in a more sustainable manner and uses development assistance strategically to support key challenges.

In response to the changing nutrition situation in Tanzania, NMNAP II is designed to address the triple burden of malnutrition, whereas NMNAP focused largely on issues of undernutrition. Specifically, overweight and obesity as well as micronutrient programming will likely demand more resources than before. Overweight and obesity interventions are likely to be more robust and resource-intensive than under NMNAP, with more information and evidence to inform their design. Micronutrient programming in NMNAP II also requires more resources than NMNAP due to a more aggressive approach and more direct support to fortification operations for small and medium-sized enterprises.

This financing strategy seeks to mobilize more resources for nutrition because the scope of the NMNAP II has expanded from that of NMNAP. Establishment of the RMS is crucial because of the propensity that the financing of NMNAP II is likely to face the challenge of potentially attracting less funding from external sources, such as the DPs who financed the majority of activities in the NMNAP. Tanzania is now expected to have more capability to mobilize domestic resources. Nonetheless, the financing strategy considers options for both increasing public resources and expanding nutrition investments from DPs and the private sector.

2.2. Objectives

The general objective for this RMS is to mobilize adequate resources for nutrition financing of initiatives and activities in the NMNAP II. In doing so, the RMS presents strategies for increasing financial resources to support implementation of the NMNAP II.

Regarding specific objectives, this important national document intends to accomplish the following:

[20] CABRI. 2020. "Financing Nutrition During and Beyond COVID-19: Implications for an African Budget Manager. Background Paper." Accessed December 10, 2021. https://www.cabri-sbo.org/uploads/files/Documents/Webinar-nutrition-financing-background-note.pdf

1. Identify options for financing NMNAP II, including approaches to both redirect existing resources toward nutrition and generate resources from new sources. The options included in this strategy draw from two categories of sources:
   - *Traditional or conventional sources*—generally referring to public resources but also traditional mechanisms with DPs (i.e., bilateral agreements)
   - *Nontraditional or nonconventional sources*—new funding sources and innovative partnerships
2. Provide high-level guidance and recommendations for implementation of the selected financing options by describing a detailed plan, but not details on the roles and responsibilities of individual actors in line with the NMNAP II.
3. Develop linkages between existing national financing mechanisms for nutrition to accelerate resource mobilization efforts for financing NMNAP II.

3. Development Process

3.1. Three-Phase Process

The approach to develop an RMS for nutrition builds on the experience of U.S. Agency for International Development (USAID) Advancing Nutrition partner Results for Development (R4D) supporting governments on sustainable financing for nutrition in Ethiopia, Nigeria, and Malawi. The process is intentionally highly consultative in nature, building buy-in and support of key stakeholders to ensure successful uptake and implementation of the completed RMS. This process is spread over three key phases described below.

Phase 1

Inception and Diagnostic Phase: During this phase, the RMS development team—consisting of the Prime Minister's Office (PMO); the USAID Advancing Nutrition team, including R4D; and a local consultant hired and managed by USAID Advancing Nutrition—held a series of meetings to reach agreement on the goals, process, and expectations of the RMS and to understand the specific challenges that need to be addressed. Additionally, the PMO selected individuals from four key government institutions: Tanzania Food and Nutrition Centre (TFNC), the Ministry of Finance and Planning (MoFP), PO-RALG, and MoHCDGEC. This small technical committee was given the assignment of supporting the RMS development process with guidance from the local consultant. The timeline was informed by the development process of the NMNAP II, which the RMS is designed to complement directly. There were three key activities during the inception phase:

- **Visioning Exercise:** A critical meeting during the inception phase was the visioning exercise. This was a half-day meeting that included representatives from PMO, TFNC, PO-RALG, the Ministry of Health, the Ministry of Finance, USAID, civil society organizations (CSOs), and nongovernmental organizations (NGOs). The purpose of this meeting was to agree on the overall approach (key stakeholders, process, and timelines), have an initial scoping conversation on the present fiscal landscape, and hear suggestions on RMS focus areas that should be looked at further.

- **Desk Review:** Following the visioning exercise and informed by the matters raised, the USAID Advancing Nutrition team and the technical committee assigned by PMO conducted a desk review. This review included documentation on domestic resource mobilization, fiscal space, and political economy analyses from relevant sectors and from other countries, as well as global literature about nutrition financing.

- **Stakeholder Consultations:** Using a common guide, the local consultant conducted a series of consultations with relevant stakeholders. The process began with representatives from government offices before moving to DPs, including United Nations (UN) agencies, international NGOs, and representatives from the private sector.

Phase 2

- **Identification of Strategy Options:** To begin to identify individual financing options, a two-day analysis workshop was held by the PMO involving members of the RMS technical committee (the Ministry of Finance and the Ministry of Health were represented) and the local consultant. All findings from the stakeholder consultations were reviewed during the analysis workshop. On the first day, participants discussed potential strategy options in detail, and on the second day, participants prioritized strategies based on the Tanzania context, implementation considerations, and appropriateness in relation to other programs and financing strategies.

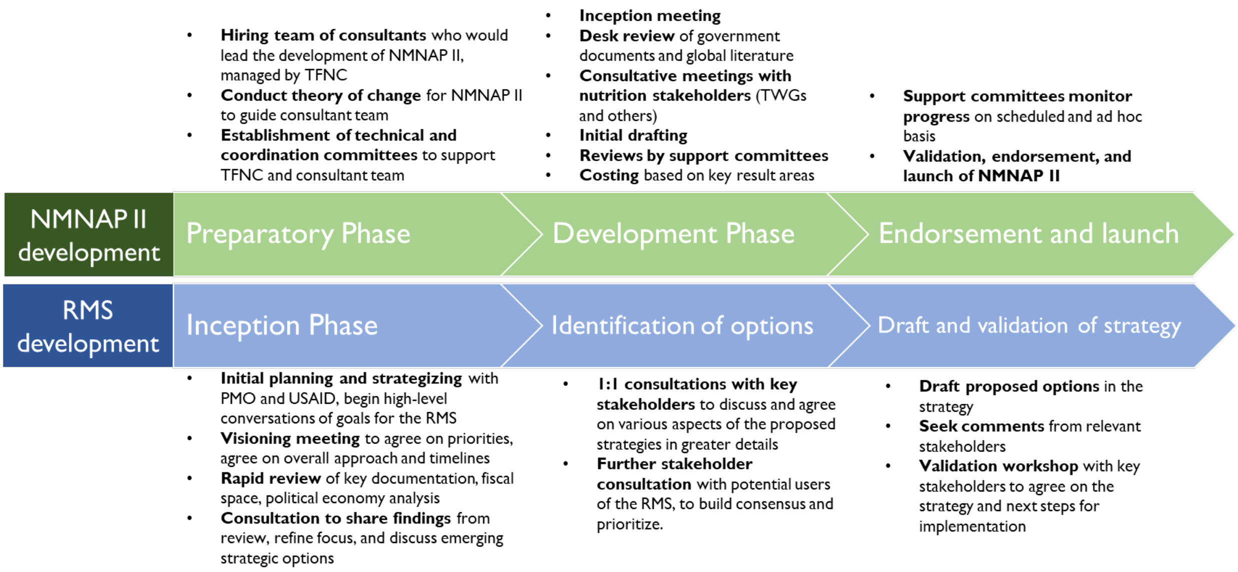
Phase 3

- **Draft and Validation of the RMS:** This stage involves working with the PMO and RMS technical committee to draft proposed options and strategies, followed by a comment period with relevant stakeholders. Finally, a validation workshop with key government and external stakeholders is recommended for consensus on the RMS and next steps for implementation. The purpose of this meeting is to reach agreement on the overall approach (key stakeholders, process, and timelines), have an initial scoping conversation on the present fiscal landscape, and hear suggestions on RMS focus areas that should be pursued.

3.2. Integration into NMNAP II Development Process

The PMO and TFNC hired and managed a team of consultants to write the NMNAP II document. The RMS team worked closely with the consultants to stay informed on all NMNAP II developments that were relevant for the RMS document. The timeline graphic in figure 1 shows the NMNAP II development process with the RMS development process overlaid on top.

Figure 1. NMNAP II and RMS Development Timelines



4. Financing Options

This important section of the RMS presents financing options, which will be employed to mobilize resources for financing nutrition activities and initiatives under the NMNAP II. It starts by demonstrating the resource need for nutrition as ascertained by NMNAP II. The financing options presented in this section seek to inform the Government of URT about ways for mobilizing about TZS 642.4 billion from both domestic and foreign sources by employing conventional and nonconventional methods to finance nutrition activities and initiatives included in the key result areas (KRAs) of NMNAP II. As estimated in the NMNAP II budget, the RMS presents financing options to mobilize the following amounts:

- TZS 155.03 billion in 2021/22 to finance: KRA 1 (Undernutrition)—TZS 57.94, KRA 2 (Micronutrient Deficiencies)—TZS 81.73, KRA 3 (Overweight and Obesity)—TZS 1.35, and KRA 4 (Enabling Environment for Nutrition)—TZS 14.02 billion
- TZS 154.56 billion in 2022/23 to finance: KRA 1—TZS 60.46 billion, KRA 2—TZS 80.23 billion, KRA 3—TZS 2.86 billion, and KRA 4—TZS 11.01 billion
- TZS 123.10 billion in 2023/24 to finance: KRA 1—TZS 31.46 billion, KRA 2—TZS 76.13 billion, KRA 3—TZS 2.87 billion, and KRA 4—TZS 12.64 billion
- TZS 100.42 billion in 2024/25 to finance: KRA 1—TZS 7.64 billion, KRA 2—TZS 78.78 billion, KRA 3—TZS 3.02 billion, and KRA 4—TZS 10.98 billion
- TZS 109.23 billion in 2025/26 to finance: KRA 1—TZS 7.80 billion, KRA 2—TZS 85.22 billion, KRA 3—TZS 2.68 billion, and KRA 4—TZS 13.52 billion

The rest of this section puts forward options that will be implemented by the country to mobilize resources for financing the NMNAP II that fit the existing economic conditions and social environment. The selected financing options pertain to the prevailing economic dynamics and social environment to finance the NMNAP II. Further, this section provides a set of relevant and sustainable financing options that could be employed by Tanzania to expand fiscal space and generate more and new resources from both traditional/conventional sources and nontraditional/nonconventional sources for financing NMNAP II. Each financing option explored in extensive detail in this section includes the following: (1) a general description, (2) global experience with specific examples, (3) pros and cons, (4) implementation considerations for success derived from the empirical findings, and (5) rationale for employing a given strategy in the Tanzania context.

4.1 Selected Traditional Financing Options for the NMNAP II

Traditional or conventional financing options are mechanisms of financing national programs centered on the sources that are funded by public revenues. Funding from the traditional or conventional financing normally consists of resource mobilization from public sources, with debt and financial support from the DPs. Global experience shows that social investments, such as nutrition and social protection–related programs, are traditionally financed through public-based resources. In this sense, the RMS views that financing of NMNAP II through traditional or conventional financing options, as presented below, is a reliable, sustainable, and suitable approach for a country with a developing economy like Tanzania because it helps to avoid overreliance on DPs' donations and grants, which tend to be unpredictable.

4.1.1 Reprioritization

Description

This financing option involves prioritizing funds in government spending to nutrition from other programs and areas with low socioeconomic returns. It requires identification of sectors where funds can be shifted to nutrition and nutrition-related sectors (i.e., water and sanitation, agriculture, education, health, and social protection) to significantly increase investment in nutrition.

Global Experience

- Mali increased domestic spending on nutritional deficiencies from USD 2 million to USD 5 million between 2015 and 2016 (representing growth of $0.17 per person from an admittedly low base of $0.12 per person).[21] Similarly, tracking of the domestic budget in Burkina Faso showed that financial support for all types of nutrition interventions has increased to approximately USD 101 million as of 2018, the majority of which was allocated to the Ministry of Health.[22] Additionally, Costa Rica and Thailand reallocated military expenditures for universal health coverage.[23]

Pros

- Furthers and strengthens budget systems in-country as the social investment can be largely financed by domestic revenues through national budgets and reduce dependency on off-budget financing supports.
- Reprioritization from programs with lower returns to programs with higher returns helps to reduce or eliminate inefficient allocation of resources.
- Shows government focus and commitment to improving nutrition outcomes.

Cons

- Nutrition prioritization may involve shifting funds from other sectors, and this approach inherently is bound to face strong resistance from the sector from which the funds are reallocated.

Implementation Considerations

- Strong justification is needed from the nutrition sector to convince top decision makers in the government to reallocate funds or prioritize nutrition.
- It is important to understand which funds are being repurposed toward nutrition.
- It is simpler to prioritize/reallocate funds within the same ministry than to shift funds from different ministries to the ministries dealing with nutrition.
- This financing approach is common but tricky to execute without strong support from high-level government officials because it requires money to move from one department or ministry to another. However, the prioritization/reallocation can easily be implemented when the government treats nutrition as a top national priority—a prerequisite for achieving sustainable human and economic development.

Rationale for Tanzania

- Given that nutrition is considered a priority in Tanzania's FDYP III, all the ministries charged with nutrition responsibilities (i.e., MoHCDGEC and the Ministry of Agriculture) must prioritize nutrition in their budgetary expenditures and reallocate funds from other initiatives and activities toward nutrition. This would be a crucial move, as far as nutrition financing is concerned, because nutrition-related ministries have been allocating negligible funds (if any at all) toward nutrition in their annual

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[21] Clift, Jack, D'Alimonte Mary. 2019. "Domestic Financing for Nutrition". Results for Development. Accessed December 10, 2021. https://r4d.org/blog/domestic-financing-for-nutrition/

[22] Compaoré, Ella, Jean Kaboré, Moussa Ouédraogo, Nicolas Meda, and Leonie Claudine Sorgho. 2020. "Mobilising Innovative Financing and Domestic Resources for Nutrition: Progress and Challenges in Burkina Faso." *Nutrition Exchange* 13: 16. https://www.ennonline.net/nex/13/burkinafaso

[23] Ortiz, Isabel, Matthew Cummins, and Kalaivani Karunanethy. 2017.

budgets. For instance, out of the TZS 22 trillion that Tanzania needed to mobilize for health financing from 2015/16 to 2020/21 through the HSSP IV, only TZS 22 billion (equivalent to 0.001 percent of overall HSSP IV) was allocated to nutrition.[24]

- The leading prospect to allocate more funds toward nutrition is for the MoHCDGEC to prioritize nutrition in its budget by moving more funds toward nutrition aspects of the health sector and related activities and initiatives, such as prevention of NCDs. According to the HSSP V, out of the TZS 47 trillion that Tanzania has planned to mobilize for financing the health sector between 2021/22 and 2025/26, about TZS 609.72 billion (equivalent to 0.023 percent of the HSSP V overall budget) is allocated to nutrition and TZS 7 trillion to address NCDs.[25] This implies that Tanzania can mobilize substantially more funds to finance the NMNAP II by simply prioritizing nutrition—ensuring that more financial resources to be mobilized by the health sector as stipulated in HSSP V will be channeled toward nutrition and NCD initiatives and activities.
- By prioritizing a greater number of resources on nutrition, which is a crucial component of the health sector when implementing the HSSP V, Tanzania would naturally be able to mobilize a new and significantly higher number of resources for financing NMNAP II. The TZS 609.7 billion budgeted to be mobilized by the health sector for nutrition—through the HSSP V—represents around 94.5 percent of the funds (i.e., TZS 642.4 billion) required to finance the NMNAP II. For instance, even when assuming a relatively conservative scenario whereby the funds for nutrition within the HSSP V would be mobilized only by 30 percent, about TZS 182.9 billion will be mobilized from the health sector for financing nutrition, and this amount equals about 29 percent of the NMNAP II overall financing requirement. In this regard, the 40 percent execution rate of the nutrition stipulated in the HSSP V reflects a mobilization of around 38 percent of resources needed for the NMNAP II.
- Another available financing option for attracting more funds toward nutrition is through a prioritization of nutrition in existing national social protection programs targeting the poor. In particular, this key approach of resource mobilization for the NMNAP II involves integrating and scaling up nutrition projects within the Productive Social Safety Net programs aimed at extremely poor households with a core objective of reducing intergenerational transmission of poverty by improving children's nutrition and households' food security. Indeed, if Tanzania decides to mainstream (and up-scale) nutrition initiatives and activities that are currently being implemented by the program's Tanzania Social Action Fund (TASAF) so that they become universal, considerably more resources would be mobilized for the NMNAP II. As an initial step to convince the government to reprioritize/reallocate in an effort to increase nutrition financing, the ministries working in nutrition-relevant sectors should consider prioritizing/reallocating more resources for nutrition through their existing and future programs, as well as increasing value-for-money in nutrition spending.
- If nutrition is viewed as one of the national top priorities and development agendas by high-level decision makers within the government, it would be feasible to move funds from other sectors to finance NMNAP II, so that nutrition can receive an appropriate share of the national revenue distribution.

[24] Although some nutrition costs are included in maternal and child health, this allocation as a percentage of health financing, as can be seen in HSSP IV (Page 94 and 95), toward nutrition was extremely low.
[25] Section 7.1.2 (Page 59) of HSSP V presents the Total Resource Needs for the health sector, and Table 8 HSSP V costs (Page 61) provides the budget of resources expected to be mobilized by the HSSP V and health system component during 2021–2026. .

4.1.2 Concessional Loans

Description

Loans from development banks and funds, as well as bilateral loans from donors, at commercial or concessional interest rates provided to countries for social and economic interventions. If the debt is perceived as a strategic option to boost social and economic spending, concessional loans are a much better option than loans with commercial rates because they offer beneficial conditions for developing countries. For example, Tanzania can access funds to finance nutrition from the World Bank's International Development Association (IDA) with low interest rates, along with long grace periods (usually 10 years) and 35- to 40-year repayment periods. Further, concessional borrowing for nutrition financing is generally available from regional development banks (e.g., the African Development Bank [AfDB] and Islamic Development Banks), specialized funds (e.g., the Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development or the Arab Fund for Economic and Social Development), and from bilateral loans from donor countries.[26]

Global Experience

- IDA committed USD 600 million to Ethiopia's Rural Productive Safety Net Project between September 2017 and June 2021. This included support for safety net transfers to food-insecure households, livelihoods support, and system strengthening of government institutions and human resources related to safety nets.[27]
- In 2017, Guatemala acquired a concessional loan of USD 100 million to improve the practices, services, and behaviors that are key to curbing chronic malnutrition, with emphasis being placed on the first 1,000 days of life, from the World Bank and the Global Financing Facility (GFF) in Support of Every Woman Every Child.[28]
- The Climate Investment Fund (CIF) provides concessional financing to 72 countries for projects to reduce greenhouse gas emissions, including energy projects.[29] This financing arrangement also intends to test new business models and unproven markets.
- In Mexico, for example, approximately USD 100 million in concessional financing from CIF's Clean Technology Fund helped kick-start the country's wind power market and directly led to over 1,000 megawatts of new wind capacity. This market is now worth USD 11.8 billion and has matured to the point where concessional finance is no longer needed.

Loan Support and Forgiveness Programs

Loan buy-down is a financial support in which a third party pays down part of a loan (by softening the terms of the loan or reducing the outstanding principal) for the borrowing country on behalf of the lending organization. By reducing the financial burden of the loan, the third-party donor releases the borrowing country from some or all of its future repayment obligations. Buy-downs have the potential to encourage borrowing for education, health, and other social sectors from otherwise reluctant countries and can stimulate specific results if the triggers to qualify for the buy-down are appropriately specified. There are only a few examples of buy-downs so far, most of which have been in the health sector (e.g., the "triple-win" financing mechanism by the Islamic Development Bank, co-financed by the Gates Foundation, to fund Pakistan's polio eradication program).

[26] Ortiz, Isabel, Matthew Cummins, and Kalaivani Karunanethy. 2017
[27] World Bank. 2021. "Ethiopia Rural Productive Safety Net Project." World Bank. https://projects.worldbank.org/en/projects-operations/project-detail/P163438
[28] World Bank. 2017. "The World Bank approves US$100 million to combat malnutrition in Guatemala." World Bank. https://www.worldbank.org/en/news/press-release/2017/03/27/the-world-bank-approves-us100-million-to-combat-malnutrition-in-guatemala
[29] Head, Chris. 2019. "Concessional finance: a "secret sauce" for clean energy development." Climate Investment Funds. https://www.climateinvestmentfunds.org/news/concessional-finance-%E2%80%9Csecret-sauce%E2%80%9D-clean-energy-development

Another loan support and forgiveness program involves a *debt swap*, which refers to the exchange of debt, typically in the form of a loan, for a new debt contract (i.e., debt-debt swap). This particular arrangement often calls for writing off or discounting the value of the original debt instrument before the conversion to new debt:[30]

- The World Food Programme (WFP) in Egypt received a generous contribution of Euro 15 million from the Egyptian-German Debt Swap Programme for 2020. This new contribution builds on a previous successful partnership between WFP and the German development bank, KfW, on the Food for Education through a Life Cycle Approach, implemented under the previous Egyptian-German Debt Swap Programme. WFP and its government partners will use the fund to launch a new two-year project that will support 136,000 poor families with their nutrition and education needs and provide income generation opportunities for women and youth.

- In 2017, an innovative debt swap initiative unlocked a commitment of USD 40 million, which will be used by the WFP to support the government of Mozambique to provide school meals for 150,000 children over the next five years. In addition to providing debt relief for Mozambique, the initiative will free up new resources for development and support expansion of the National School Feeding Program, which seeks to provide school meals to all primary schools in Mozambique.[31]

Pros

- Enables the borrowing country to mobilize large amounts of financial resources, with affordable terms and conditions, for these social and economic interventions.
- Provides a springboard for mobilizing a larger volume of funding to finance intended activities over a long-term period.
- Heightens the discipline for how the loans are used.
- Helps address market failures by channeling funds to nutrition initiatives and activities with convincing business cases.
- Can create new markets and attract non-concessional finance.
- Often accompanied by high standards for environmental, social, and other issues.

Cons

- Although they are cheaper than commercial loans, a key drawback of concessional loans is the risk that they can lead to an accumulation of debt which, if not managed well, can threaten the future stability of vulnerable economies.[32]
- Lenders' priorities may not reflect those of the country governments.

Implementation Considerations

- Identify partners that align with country goals.
- Identify clear goals that may be used for performance-based allocations.

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[30] Organisation for Economic Co-operation and Development (OECD). 2003. "Debt Swaps". OECD Glossary of Statistical Terms. Accessed December 10, 2021. https://stats.oecd.org/glossary/detail.asp?ID=563

[31] Gotev, Georgi. 2017. "Russia and Mozambique Agree Big Debt-for-Development Swap". Euractiv. Accessed December 10, 2021. https://www.euractiv.com/section/global-europe/news/russia-and-mozambique-agree-big-debt-for-development-swap/

[32] UK Development Co-operation. 2014. "Lending to the Public Sector." Parliamentary copyright. Accessed December 10, 2021. https://publications.parliament.uk/pa/cm201314/cmselect/cmintdev/334/33407.htm

- Avoid the failure to align goals and funding with country strategies, and account for funds and repayment in planned costs.
- Debt would not necessarily finance all nutrition activities; it should be accompanied by other robust financing strategies, such as an earmarked tax and a nutrition basket fund.
- To ensure appropriate targeting, it needs to be clear which nutrition activities the fund is going to finance and how the activity will lead to future sustainability.

Rationale for Tanzania

- Existing national debt is not very high, which implies that the country still has room to utilize concessional financing for nutrition.
- For a long period of time, nutrition financing in Tanzania has been predominantly provided by DPs, which made the nutrition system lack financial sustainability simply because the funds from DPs tend to be shaky and unpredictable. With this background, the country may utilize concessional loans as a financing option to provide predictable funds, which can ensure sustainable nutrition financing in the midterm time horizon and diminish the overdependence of funding from DPs.
- Various development-oriented lenders (i.e., World Bank and AfDB) have been generally willing to provide concessional loans to Tanzania. Thus, the government's main task is to leverage existing partnerships and cooperation and convince these lenders that concessional loans are the right option for nutrition financing. Also, such loans can be channeled through existing platforms—such as TASAF—as a way to reduce administrative costs.
- Acquiring concessional debt can reflect government commitment to lenders as well as DPs, and afterward it may be easier to attract further contributions as donations. However, government commitment should also be demonstrated through current committed government resources as well.
- Conditions and terms typically attached to concessional loans will help to ensure that the funds will be earmarked for nutrition activities prescribed in the NMNAP II. This approach will make it easy to track nutrition outcomes against the investment.
- Tanzania must decide if it is more sensible to seek concessional loans for nutrition on its own, or if they should be integrated into other initiatives from other sectors, such as health, social protection, or agriculture. While both options should be considered, it is vital to remember that securing stand-alone concessional loans for nutrition might be a more challenging option.
- The strategy for using concessional loans for nutrition financing will not be unique. It is an adaptation of the techniques that many other sectors in Tanzania have used to finance their initiatives in the last five years, including the following:
    - — *Social protection sector:* This sector has been very successful in employing concessional loans (i.e., a debt of USD 450 million equivalent to TZS 1.035 trillion from the World Bank)[33] to finance the ongoing Conditional Cash Transfer (CCT) program, implemented by TASAF. These CCT activities seek to improve food consumption and livelihoods while increasing children's primary school attendance and completion, as well as their access to health care.
    - — *Infrastructure and energy sector:* In 2017, the AfDB provided a USD 29.8 million loan to help the country mobilize domestic resources and unlock the potential of its natural gas resources by

[33] World Bank. 2019. "Five Million Tanzanians to Benefit from Improved Safety Nets." World Bank. Accessed December 10, 2021. https://www.worldbank.org/en/news/press-release/2019/09/12/five-million-tanzanians-to-benefit-from-improved-safety-nets

leveraging domestic markets and local content initiatives.[34] Further, in 2019, a significant loan of USD 272.12 million was acquired from the AfDB for the construction of a new international airport in the capital Dodoma.[35] Also in 2019, AfDB released a concessional loan of USD 256.2 million to support construction of the 260-kilometer Kasulu-Manyovu road project in the western region of Kigoma,[36] as well as USD 120 million for the construction of a 50-megawatt hydropower plant in Western Tanzania to provide reliable renewable energy to households, schools, clinics, and small and medium-sized enterprises.[37]

— *Social and economic sectors:* In 2021, Tanzania acquired combined financing of USD 875 million from the World Bank through the IDA for the implementation of education projects to strengthen the learning environment and management of the higher education system (USD 425 million), projects for improving rural roads (USD 300 million), and digital projects to increase access to high-quality broadband Internet services (USD 150 million).[38]

- In Tanzania, the nutrition sector has the advantage of not requiring a substantial investment, unlike other sectors, such as the social protection sector, health care, and agriculture. The amount of a concessional loan for nutrition financing is significantly less than other social sectors, and it could build up gradually. For instance, if only 6 percent of USD 450 million (equivalent to TZS 1.035 trillion) incurred as the concessional loan to finance the current phase of the CCT program under TASAF would be taken as debt toward nutrition, this would amount to USD 27 million (about TZS 64.24 billion). This amount is sufficient to finance around 10 percent of the NMNAP II overall budget of TZS 642.37 billion.

- The nutrition sector can build compelling arguments to feature prominently in concessional loans received by the government from numerous lenders to cope with the social and economic impacts of the COVID-19 crisis. For instance, the nutrition sector should be among the benefiting sectors of a low-interest loan of USD 571 million expected to be issued to Tanzania by the International Monetary Fund (IMF)[39] and a USD 109 million loan from the AfDB's COVID-19 Response Facility to help the country tackle the social and economic challenges caused by the COVID-19 pandemic.[40]

- The Government of URT will decide either to take this amount of concessional loan as a stand-alone debt or integrate it within the debt to be taken to finance the CCT and make nutrition activities and initiatives in the NMNAP II become one of the core social assistance programs implemented by TASAF.

- PMO, which is currently mandated to coordinate the nutrition multi-sectoral nutrition initiatives and activities, is well placed to coordinate the process of securing concessional loans for nutrition.

[34] African Development Bank Group. 2017. "AfDB Approves USD 29.8 Million Loan to Boost Tanzania's Natural Gas Sector and Domestic Resources Mobilization." Accessed December 10, 2021. https://www.afdb.org/fr/news-and-events/afdb-approves-usd-29-8-million-loan-to-boost-tanzanias-natural-gas-sector-and-domestic-resources-mobilisation-16895

[35] African Development Bank Group. 2019. "Tanzania: African Development Bank Lends $272 Million for Construction of Msalato International Airport". African Development Bank Group. Accessed December 10, 2021. https://www.afdb.org/en/news-and-events/press-releases/tanzania-african-development-bank-lends-272-million-construction-msalato-international-airport-33343

[36] Tanzania Ports Authority. "Tanzania Gets 256.2 MLN USD Loan." Accessed December 10. 2021. https://www.ports.go.tz/index.php/en/tpa-media/stakeholders-news/334-tanzania-gets-256-2-mln-usd-loan-from-afdb-for-road-project

[37] African Development Bank Group. 2020. "Tanzania: African Development Bank Approves $120 Million Loan to Build Malagarasi Hydropower Project." African Development Bank Group. Accessed December 10, 2021. https://www.afdb.org/en/news-and-events/press-releases/tanzania-african-development-bank-approves-120-million-loan-build-malagarasi-hydropower-project-39529

[38] World Bank. 2021. "Tanzania: World Bank Supports Expanded Access to Opportunities and Services, Especially for Women and Youth." World Bank. Accessed December 10, 2021. https://www.worldbank.org/en/news/press-release/2021/05/27/tanzania-world-bank-supports-expanded-access-to-opportunities-and-services-especially-for-women-and-youth

[39] Dausen, Nuzulack. 2021. "Update 3—Tanzania Turns to IMF Loan, Boosts Government Spending by 4%". Reuters. https://www.reuters.com/article/tanzania-budget-idUSL2N2NS1L5

[40] Mpoke-Bigg. 2020. "Tanzania: African Development Fund Approves $50.7m Covid-19 Crisis Response Budget Support." African Development Bank Group. Accessed December 10, 2021. https://www.afdb.org/en/news-and-events/press-releases/tanzania-african-development-fund-approves-507m-covid-19-crisis-response-budget-support-38401

- Political, social, economic, and equity considerations need to be accounted for when establishing the sin tax.

Rationale for Tanzania

- Imposing a sin tax on food and drink industries is often a difficult strategy to put in place because of the possible pushback by producers and consumers, yet this approach could be the most sustainable financing option for nutrition in Tanzania. However, there are plenty of examples, as shown above in the global experience section, where sin tax was introduced successfully, which may provide some lessons learned.

- Sin taxes need to be introduced as a small proportion of the targeted unhealthy products to diminish the potential distortion of market forces and factors in the economy.

- A strong case could be made for introducing the sin tax or another new tax earmarked for nutrition using an approach similar to the earmarked tax (levy) currently being imposed on petroleum and fuel products for financing roads construction in the country.

- Education is an important component of introducing an earmarked sin tax. People need to be informed that the intent of the tax is to influence nutrition behaviors by nudging food consumption toward healthier foods. This in essence pertains to the core objectives of the NMNAP II.

4.1.4 Earmarked Tax

Description

Earmarking means taking all or a portion of total revenue from a tax or group of taxes and setting it aside or "protecting" it for a designated expenditure purpose. Earmarked taxes have been used in many countries across the world at different times to finance development activities and social investments. They can take a variety of forms: taxes on property; business; certain commodities, especially intoxicants or cigarettes; imports; and interest or dividend. Many countries are increasingly employing earmarked taxes for social investments—not only on consumption but also on income, corporate profit, property, and natural resource extraction.[48]

Global Experience

- In Ghana, Estonia, and the Philippines, earmarking for health has made it possible to launch or expand a national health insurance program—and in the case of South Africa, to mobilize an effective domestic response to the HIV/AIDS epidemic. Norway's approach of taxing oil profits and storing the revenues in the Petroleum Fund (the Government Pension Fund Global) is one of the well-known cases from developed countries of earmarking taxes from natural resource revenue streams for social development.[49]

- Bolivia and Zambia are financing universal old-age pensions, child benefits, and other schemes from taxes on mining and gas, whereas Mongolia is financing a universal rights-based child benefit from taxation on copper exports.[50]

Pros

- Earmarking guarantees funding for a stated national priority that might be neglected if the link between policy and the budget process is weak.

[48] Cashin, Cheryl. 2020. "Pro-Poor Earmarking of Health Taxes for Domestic Resource Mobilization." Domestic Resource Mobilization Collaborative, Joint Learning Network's Health Financing Technical Initiative Webinar.
[49] Cashin, Cheryl, Susan Sparkes, and Danielle Bloom. 2017. *Earmarking for Health: From Theory to Practice.* Geneva: World Health Organization.
[50] Ortiz, Isabel, Mathew Cummins, and Kalaivani Karunanethy. 2017.

to be successful in Latin American countries,[45] which have introduced sin taxes imposed on the consumption of goods that are potentially harmful for health (SSBs, tobacco, and alcohol), aiming to reduce consumption, raise additional revenue, and/or improve population health.[46]

Pros

- Discourages negative behavior of consuming unhealthy food and drink products among members of a given society.
- Has the potential to reduce long-term associated health care costs and productivity losses.
- Pays for societal costs of unhealthy behavior, which may result in a higher health care cost for the nation.
- Can provide a rather predictable source of revenues for products with a reasonably high price inelasticity.[47]

Cons

- As with any new tax in the market, there is likely to be some resistance because it may be perceived as subjective by retailers and consumers.
- Unless the sin tax is structured as an entirely new tax arrangement, its introduction could be challenging because it reduces the government's current share of tax collected by the government for financing other sectors.

Implementation Considerations

- Clear goals need to be set for introducing this specific earmarked tax. It is important to establish the expected outcome and impact of imposing the tax on the targeted products (i.e., SSB, tobacco, and alcohol), such as reducing consumption of these products and/or increasing revenue for nutrition financing.
- The country needs to consider what products should be taxed to raise funds for nutrition while also considering the existing substitute goods that may not be taxed. If the tax is to be imposed on unhealthy foods and drinks but not on alternative substitute products that are unhealthy (e.g., drinks with artificial sweeteners with no nutritive value), the consumers could easily switch to an alternative unhealthy option that may cause other health issues as a replacement for healthy food products.
- It is important to note that the effectiveness of a tax policy in reducing consumption depends on three main factors:
  - How much of the tax is transferred to consumers
  - The extent to which the price increase translates into consumption reduction (i.e., consumers' price sensitivity or demand elasticity)
  - Presence of substitute/alternative products (if any) to which consumers will switch in response to the price increase

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[45] Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, French-Guiana, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Uruguay, and Venezuela.

[46] Miracolor, Aurelio, Marisa Sophiea, Mackenzie Mills, and Panos Kanavos. 2021. "Sin Taxes and Their Effect on consumption, Revenue Generation and Health Improvement: A Systematic Literature Review in Latin America." *Health Policy and Planning* 36 (5): 790–810. https://doi.org/10.1093/heapol/czaa168

[47] These are products whose consumption are not highly influenced by price levels; large changes in price cause small changes in demand. When prices of these products go up, demand does not change greatly. Most people will continue to purchase these products because they are essential or have very strong brands, which make people unwilling to switch to alternative products.

- Political, social, economic, and equity considerations need to be accounted for when establishing the sin tax.

Rationale for Tanzania

- Imposing a sin tax on food and drink industries is often a difficult strategy to put in place because of the possible pushback by producers and consumers, yet this approach could be the most sustainable financing option for nutrition in Tanzania. However, there are plenty of examples, as shown above in the global experience section, where sin tax was introduced successfully, which may provide some lessons learned.
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- A strong case could be made for introducing the sin tax or another new tax earmarked for nutrition using an approach similar to the earmarked tax (levy) currently being imposed on petroleum and fuel products for financing roads construction in the country.
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Global Experience

- In Ghana, Estonia, and the Philippines, earmarking for health has made it possible to launch or expand a national health insurance program—and in the case of South Africa, to mobilize an effective domestic response to the HIV/AIDS epidemic. Norway's approach of taxing oil profits and storing the revenues in the Petroleum Fund (the Government Pension Fund Global) is one of the well-known cases from developed countries of earmarking taxes from natural resource revenue streams for social development.[49]
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[48] Cashin, Cheryl. 2020. "Pro-Poor Earmarking of Health Taxes for Domestic Resource Mobilization." Domestic Resource Mobilization Collaborative, Joint Learning Network's Health Financing Technical Initiative Webinar.
[49] Cashin, Cheryl, Susan Sparkes, and Danielle Bloom. 2017. *Earmarking for Health: From Theory to Practice.* Geneva: World Health Organization.
[50] Ortiz, Isabel, Mathew Cummins, and Kalaivani Karunanethy. 2017.

- It protects certain revenues from competing political interests and can bypass budget constraints imposed by the Finance Ministry.
- Earmarking can improve allocative efficiency of public expenditure by linking taxes more closely to benefits received.
- It may be used to further social objectives, such as improved nutrition by targeting expansion of coverage to poor populations or by curbing consumption of unhealthy products.

Cons

- Revenues derived from earmarked tax are extra-budgetary funds which tend to diminish the Finance Ministry's ability to determine resource allocation.
- It can lead to inefficient, or even ineffective, allocation of resources. This is because the program funded by the earmarked taxes often has no spending cap, and all of the money is spent without any going into reserve. When this happens the program could become underfunded in the long term.
- Earmarked taxes can lead to distortions in the overall economy as it interferes with the process of resource allocation in the markets.
- This financing option is susceptible to special interest groups and professional lobbies that might work to obtain resources for their own benefit or for their own priorities without considering its overall effects on the national budget.

Implementation Considerations

- Nutrition initiatives and activities to be funded with the earmarked revenues must have broad-based support and commitment from politicians, policymakers, and the general public.
- Targeted nutrition initiatives and activities to be funded with the earmarked revenues should be narrow for the earmarked taxes to be introduced and enforced.
- Revenue from earmarked taxes should be mobilized to advance certain nutrition priorities without having a detrimental effect on other sectors.
- Short-term revenue gains from earmarked funds can be lost due to longer-term reductions of other revenue sources. This loss is due to the ability to offset or shift funds to other priorities as well as reprioritization of general government revenue for initiatives and activities to receive earmarked revenue.[51]

Rationale for Tanzania

- Besides introducing a sin tax, the introduction of a small new tax on tourism or mining sectors earmarked for nutrition could be a feasible alternative to mobilizing resources from public sources to fund the NMNAP II in line with the country's broader development goals and agendas.
- Introduction of earmarked tax for nutrition will not be an entirely new financing option in Tanzania. The country has already introduced a Skills and Development Levy mandated by the Vocational Education Training Act, Cap. 82 R.E 2019,[52] as well as a Fuel Levy, which is an extra tax on fuel of

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[51] Cashin, Cheryl, Susan Sparkes, and Danielle Bloom. 2017. *Earmarking for Health: From Theory to Practice.* Geneva: World Health Organization.
[52] The Skills Development Levy is a tax on payroll that is paid by employers who employ more than four employees. It is levied at 6 percent of the payroll emoluments. Out of this, 2 percent goes directly to the Vocational Education and Training Authority for the purposes of providing skills to the workforce that employers require. Agricultural employment is exempted from the Skills Development Levy. See: https://mof.go.tz/mofdocs/revenue/revothertra.htm

TZS 90 per liter.[53] More recently, the government plans to raise about TZS 1.65 trillion from the Subscriber Identity/Identification Module levy from the telecommunications sector and mobile money transactions earmarked to finance the largest portion of Mwalimu Nyerere Hydropower, Standard Gauge Railway projects, and road construction in rural areas.[54] The same approach, therefore, could work for nutrition financing if the earmarked taxes are structured to be progressive and pro-poor.

- Normally, when a new tax is imposed, there is much public resistance. However, when a source of revenue is identified for specific nutrition programs under NMNAP II with well-known initiatives and activities or is seen to have a high social benefit, the normal resistance of taxpayers to new earmarked taxation can be minimal or can be overcome. Additionally, it will be vital to avoid introducing earmarked tax for financing nutrition initiatives and activities that may deliver short-term benefits to the target groups but at the cost of long-term socioeconomic development and growth.

4.2 Selected Nontraditional Financing Options for the NMNAP II

These are financing options with execution based largely or entirely on using the component of payment by results. Unlike traditional or conventional financing options, the applicability and successful execution of nontraditional or nonconventional options will be determined by the results of the activities and initiatives to be financed. Nontraditional or nonconventional financing options are growing in popularity across countries with developing economies as instruments to target the financing of nutrition activities and initiatives, which tend to entail costly, complex, and entangled socioeconomic challenges. While the NMNAP II is expected to be greatly financed by traditional financing options, nontraditional financing will play a significant role in mobilizing resources needed to finance the NMNAP II. In this RMS, therefore, it is assumed that nontraditional financing options will not be able to meet the bulk of the NMNAP II financing need. The anticipation is that the nontraditional financing options presented below will play a valuable supplementary role to enable URT to make significant progress toward mobilizing adequate resources for financing NMNAP II by providing notable support to the traditional/conventional financing options, which will be the main strategy for mobilizing resources to finance NMNAP II.

4.2.1 Innovative Approaches

Description

Innovative financing enables and rewards countries, enterprises, and NGOs with a good track record to innovate and optimize supply and delivery models.[55] It provides new financing opportunities for emerging economies like Tanzania's to mobilize resources for nutrition through diversified investors, which tends to improve overall efficiency, effectiveness, and transparency of aid utilization.

Global Experience

Performance-Based Financing

- In Cameroon, a development impact bond launched in 2019 to fund Kangaroo Mother Care (KMC), a health practice that would improve hundreds of newborn lives. With the financial support of the Government of Canada, Grand Challenges Canada provided USD 800,000 in upfront funding to upgrade health facilities and train health practitioners. The KMC used the capital to build critical infrastructure, purchase specialized equipment, and provide professional training for staff, as well as

[53]The revenue collections from this tax are allocated straight to the Road Fund, which in turn allocates them to TANROADS and to local governments for the sole purpose of road rehabilitation and maintenance. https://mof.go.tz/mofdocs/revenue/revothertra.htm
[54] Muganyizi, Constantine. 2021, June 24. "New Digital Taxes: A test for Economy." *The Citizen,* Accessed December 10, 2021. https://www.thecitizen.co.tz/tanzania/news/new-digital-taxes-a-test-for-economy-3448796
[55]World Food Programme (WFP). 2020, July 27. "WFP Launches a €15 Million Project in Egypt with the German Development Bank." Accessed December 10, 2021. https://www.wfp.org/news/wfp-launches-eu15-million-project-egypt-german-development-bank

ongoing support in health facilities across Cameroon. To achieve the intended outcomes, the Government of Cameroon paid Grand Challenges Canada for each unit of outcomes achieved. This was done via the Ministry of Public Health, with support from the GFF, in the amount of USD 2 million, and from Nutrition International in the amount of USD 800,000, as outcomes funders. Notably, the KMC project facilitated an increase in access to quality mother-care services, which caused significant improvements in weight gain for low-birthweight or premature newborns.[56]

- Performance-based financing was used successfully in Kenya to finance nutrition activities based on the agreement signed between Nutrition International and governors of four counties. The counties committed nearly Canadian Dollar (CAD) 2 million for domestic nutrition investments between 2020 and 2023, CAD 1.6 million of which is additional funding. This funding represents a five-fold increase in domestic funding for nutrition actions.[57]

Blended Financing Mechanisms

- Blended financing mechanisms are increasingly popular as a new approach to mobilizing new resources for nutrition financing, especially in countries with limited fiscal space. This strategy is built on mobilization of resources from the public sector, development partners, and the private sector to finance nutrition as part of efforts to accelerate socioeconomic benefits.
- According to the 2020 Global Nutrition Report, the Global Alliance for Improved Nutrition (GAIN) Premix Facility has been employing a blended financing mechanism that includes a revolving fund to provide credit for buying vitamins and minerals in Africa and Asia. This facility has now provided nearly USD 80 million in extended credit to food businesses while maintaining a 1 percent default rate. Since 2009, it has reached roughly 150 million individuals a year with fortified foods. Donors have funded the core costs of the services while the private sector funds the costs of the vitamins and minerals as well as the transactions.
- GFF is cofinancing efforts to strengthen delivery of a minimum package of nutrition services, including the management of acute malnutrition, micronutrients, and regular growth monitoring and promotion in northeastern Nigeria. Additionally, a new blended finance facility named Nutritious Foods Financing Facility was designed as a USD 60 million direct-debt fund for agri-food businesses in sub-Saharan Africa between 2018 and 2019.[58]
- Established in 2015, the Power of Nutrition is an innovative financing platform by the UK Department for International Development, the Children's Investment Fund Foundation, the UBS Optimus Foundation, United Nations Children's Fund (UNICEF), and the World Bank. This platform mobilizes funding for nutrition by leveraging financing and partnerships between the private sector and governments to enable them to invest in programs that are designed to scale up access to key interventions, improve access to nutrition for mothers and children, and tackle the underlying causes of undernutrition.
    - By using various public and private partnerships, the Power of Nutrition guarantees that every dollar in private funding is multiplied by at least four.[59] So far, this unique funding technique has mobilized almost USD 500 million for nutrition interventions across 12 countries in sub-Saharan

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[56]Global Financing Facility. 2019, April 5. "First-of-its-kind Development Impact Bond Launched in Cameroon to Save Newborn Babies." Accessed December 10, 2021. https://www.globalfinancingfacility.org/first-its-kind-development-impact-bond-launched-cameroon-save-newborn-babies

[57]Spicer, Joel. 2020, June 17. "Doing Development Differently: Increasing Domestic Investments for Nutrition." *Nutrition International.* Accessed December 10, 2021. https://www.nutritionintl.org/news/all-blog-posts/doing-development-differently-increasing-domestic-investments-for-nutrition/

[58] Development Initiatives. 2020. "Chapter 5: Equitable Financing for Nutrition." In *2020 Global Nutrition Report: Action on Equity to End Malnutrition,* Development Initiatives: Bristol, UK.

[59] The Power of Nutrition. n.d. "About Us." Accessed November 29, 2021. https://www.powerofnutrition.org/who-we-are/

Africa and Asia, from both private and public sources. The Power of Nutrition, alongside its partners, announced USD 250 million in planned new investments in four countries (Madagascar, Benin, Côte d'Ivoire, and India) to reach millions of children through interventions such as the provision of micronutrients and education on infant and young-child feeding.[60]

— In 2018, a mixture of financing options consisting of a grant from the Power of Nutrition (USD 10.4 million) and concessional debt (USD 50 million) from the World Bank to the government of Côte d'Ivoire mobilized USD 60.4 million for financing the Multi-sectoral Nutrition and Child Development Project over a five-year period.[61]

Pros

- Performance-based financing transforms social problems into "investable" opportunities by monetizing the program benefits.
- Investors provide funding—and assume risk—for interventions expected to lead to improved social outcomes. Performance-based financing (i.e., development impact bonds) could attract funding for interventions that donor agencies and governments might not be willing or able to fund directly.
- The Program-for-Results framework created powerful incentives to drive results and achieve sustainability.
- May be applied to address any program or priority, including those tailored to improving program performance, health system efficiency, and health outcomes.
- Enhances accountability for the funds allocated toward specific interventions and activities.

Cons

- High start-up and transaction costs if introduced as a new approach.
- It may not be straightforward for governments to identify complex social issues that could benefit from results-based approaches.
- Requires strategic program design to appropriately match incentives with decision-making ability and strong data management to track and measure performance.

Implementation Considerations

- Innovative financing mechanisms require a theory of change and/or a monitoring and evaluation plan.
- Associated interventions need to be well thought out, feasible within current systems, and long-term.

Rationale for Tanzania

- Tanzania is well positioned to approach regional and international institutions (e.g., Power of Nutrition, Global Environmental Facility, GFF) to seek access to innovative financing instruments. Further, these development funds offer various emergency funding facilities for addressing socioeconomic challenges caused by exogenous shocks (e.g., COVID-19 pandemic), where nutrition can be integrated.

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[60] Bill & Melinda Gates Foundation. "The Power of Nutrition." Accessed November 29, 2021. https://www.gatesfoundation.org/goalkeepers/accelerators/power-nutrition/

[61] The World Bank. 2018, January 19. "World Bank Gives a Push to Cote d'Ivoire to Increase the Coverage of Early Childhood Nutrition." Accessed December 10, 2021. https://www.worldbank.org/en/news/press-release/2018/01/19/world-bank-gives-a-push-to-cote-divoire-to-increase-the-coverage-of-early-childhood-nutrition

- The Government of URT should make the necessary efforts to understand the criteria for accessing grants from various development institutions that are offering innovative financing toward nutrition activities and initiatives prior to exploring the possibility of seeking an innovative financing strategy. It should be pointed out that the mechanisms for innovative financing applications, attached funding conditions, and relationships between the funders of innovative financing and benefiting countries change rather frequently based on the financial positions and priorities of the financers and the global economic outlook. As a result, innovative financing will have to be complemented by other financing options.
- A rigorous implementation plan, as a separate document, needs to be prepared to support funding requests. Such a document should identify existing innovative financing opportunities that can be linked with nutrition in Tanzania. Additionally, it should include a convincing investment case for requesting the specific innovative financing instrument as well as the sustainability plan to ensure the resources to be mobilized through innovative financing instruments would be replaced by domestic-based resources in the long run.

4.2.2 Private Sector

Description

This revenue-generation strategy for nutrition financing is based on mandatory contributions from the private sector with respect to charges or levies as well as voluntary donations (micro and macro) derived from social giving activities by the private sector, such as corporate social responsibility (CSR), payment transactions, sports, entertainment events, celebrity power to influence social giving, and creative donation-matching schemes.

Global Experience

- Country-based evidence of private-sector contributions from local firms or individuals is scarce. Nonetheless, the GAIN Premix Facility—which involves a revolving fund to provide credit for buying vitamins and minerals—has now presented nearly USD 80 million in extended credit to food businesses in Africa, reaching roughly 150 million individuals a year since 2009 with fortified foods. Donors have funded the core costs of the services while the private sector funds the costs of the vitamins and minerals and the transactions.[62]

Pros

- Has a potential to enhance the number of resources mobilized domestically for financing nutrition, which is especially important for scale-up and sustainability in low-income countries and lower-middle income countries.

Cons

- Private-sector actors are diverse, and businesses span a wide range in terms of size and profitability, which influences their capability of making significant contributions to nutrition financing.
- Private firms are primarily incentivized to maximize profits and may have fewer motives to make voluntary contributions toward nutrition as part of social investment. Therefore, meaningful private-sector nutrition financing may need to come from mandatory contributions (i.e., charges and levies) imposed on services issued by the government, like a business license.

[62] Development Initiatives. 2020.

- Voluntary contributions from the private sector to finance nutrition are usually difficult to translate into a sustainable financing strategy because it lacks predictability.

Implementation Considerations

- Financial contribution by the private sector takes place in many phases and aspects of implementing nutrition activities. It can easily be noted, for instance, through taxes paid by private firms, employment created from private-sector investments, and donations with respect to cash, awareness, knowledge, and expertise provided by private firms.
- Nutrition financing from the private sector can be executed through blended finance where resources are mobilized from the blending of private-sector funds with other sources, including public revenues, philanthropic funds, grants, and concessional loans.
- There are also informal market actors within the private sector to be considered who also play a role in shaping diets and influencing food-consumption decisions.
- Beyond contributions of financial resources, private firms can also provide products, services, knowledge, and skills to identify solutions for nutrition challenges and improve nutrition outcomes.

Rationale for Tanzania

- Tanzania can mobilize resources or secure contributions that are not only substantial but also predictable and sustainable from the private sector toward nutrition financing, mainly through an introduction of mandatory contributions (e.g., taxes, levies, or business license fees) to be paid by private firms, while receiving donations in terms of corporate CSR and direct or spillover effects of investments made by private firms in nutrition-related activities and industries.
- According to the NMNAP II, the private sector is anticipated to play an active role in nutrition financing between 2021/22 and 2025/26. However, the majority of private enterprises dealing with nutrition in Tanzania are small-scale, private-sector actors, in most cases unable to make any notable direct financial contributions to support the implementation of NMNAP II. This signifies that the contributions most of these private sector actors are positioned to make toward nutrition are primarily in the form of goods—the products they can put on the market to ensure access and affordability of nutritious foods. Many have limited ability to write big checks or finance nutrition initiatives to contribute toward the nutrition spending commitment estimated in the NMNAP II.
- Another potential avenue for the private sector to contribute toward the financing of NMNAP II is through direct investment in nutrition-related services and productions, especially in the food-fortification component.
- Public-private partnerships (PPPs), either at the community or national levels, can also be used to increase private-sector contributions to nutrition financing. The optimal PPPs should constitute a cooperative venture built on the synergy of expertise of each partner that best meets clearly defined public needs through the most appropriate allocation of resources, risks, and rewards (Tanzania National PPPs Policy).
- In Tanzania, an important step in mobilizing private-sector resources for nutrition is to understand the nutrition landscape and who is doing what. A mapping exercise would inform the government about existing opportunities to work with the private sector and areas where a policy action might improve a company's ability to conduct its business.

4.3 Financial Implications of the Selected Financing Options for the NMNAP II

The options described above to finance NMNAP II have been identified as suitable for Tanzania as they seem to fit the current country's fiscal space, economic conditions, and social environment. Specifically, this part of the RMS entails a set of combined financing options that the Government of URT will employ for financing NMNAP II. It is worth mentioning that, when executing the suitable financing structure to finance NMNAP II presented in table 2 below, the government, through the PMO, will need to review the status of RMS implementation at the end of each fiscal year and rebalance and/or restructure the selected financing options needed during the implementation of NMNAP II. Nonetheless, building on the historical fund pattern of the NMNAP, existing government budget for nutrition, economic conditions, and socioeconomic context, table 2 demonstrates the selected financing options that will be used by the government to finance NMNAP II.

As shown in table 2 below, if all financing options are fully executed, the NMNAP will be **overfunded by 13.1 percent**—the funds to be mobilized by the selected options (TZS 597.6 billion) plus the funds planned to finance NMNAP II from the government budget lines (TZS 129.14 billion) will mobilize around **TZS 726.74 billion** for the NMNAP II, which is over the NMNAP II budget of TZS 642.37 billion. This amount will provide a crucial cushion (13.1 percent of NMNAP II total budget) for the efforts to generate funds for the NMNAP II in case some of the proposed financing options fail to mobilize the expected amount.

Table 2. Selected Financing Options for Funding NMNAP II (2021/22–2025/26)

No.	Detail	Funds to be Mobilized (in TZS Billion)	% of the NMNAP II Total Budget
1	**Financing need as established by the NMNAP II**	642.37	**100%**
2	Committed funds to finance NMNAP II from the PO-RALG—inclusive of TZS 1,000 per child allocated under Compact Agreement[1]	67.22	10.5%
3	TFNC Nutrition Specific budget[2]	33.83	5.2
4	Nutrition Sensitive Budgets from the MDAs[3]	16.52	2.6
5	Budgeted expenditure for school feeding from the Ministry responsible for Education according to the NMNAP II	11.57	1.8
6	Total government contribution	129.14	20.1%
7	**NMNAP II Funding Gap (No. 1 minus sum of 1–6)**	**523.23**	**79.9%**
Financing Options to Fill the Funding Gap			
Traditional Domestic Sources			
8	Reprioritized funds from the MoHCDGEC via HSSP V[4]	182.90	28.5%
9	Reprioritized funds from the Ministry of Agriculture via NSAAP[5]	21.62	3.4%
10	Tax revenue—sin tax (or earmarked tax)[6]	44.97	7.0%
Traditional External Sources			
11	Concessional loans[7]	64.24	10.0%
12	DPs contribution (grants), including TZS 51.5 billion contribution currently indicated by the DPs [8]	256.94	40%
Nontraditional Financing Instruments			
13	New/innovative sources[9]	12.84	2%
14	Private sector—food fortification investment[10]	14.09	2%
Total resources mobilized for the NMNAP II through the recommended financing options		**597.6**	**93.0%**
Difference between funds to be mobilized and funding gap (TZS 597.6–523.23)[11]		***74.37***	***13.1***

[1]This breakdown is described in detail in Annex 2.

[2] See the detailed breakdown in Annex 2.

[3] The breakdown is presented in detail in Annex 2.

[4] Further details are presented in Annex 2 and the figures are estimated under the assumption that HSSP V will attain a moderate execution rate of 30 percent.

[5] More details are presented in in Annex 2 and the figures are calculated assuming that NSAAP will accomplish a moderate execution rate of 30 percent.

[6] It is envisaged that a small percent of the sin tax will be imposed on the unhealthy products (e.g., SSBs, high-fat products, tobacco, etc.) to mobilize about 7 percent of the resources for financing NMNAP II. These products should be determined using a systematic approach to identify candidates that pose the greatest threat to diet-related disease and those that may generate tax revenue.

[7] Concessional loans will be used to mobilize around 10 percent of the funds needed for NMNAP II, and this reflects a relatively small funding amount for an important social investment like nutrition. Such an amount could be acquired as stand-alone loans or integrated into loans acquired to finance social assistance programs implemented by TASAF and make nutrition a core part of the existing cash transfer programs.

[8] The rationale for the estimated figure to be mobilized from DPs is presented in Annex 2. It should be noted that the amount to be mobilized from DPs includes the figures which have been indicated by various DPs that will be allocated to finance the NMNAP II.

[9] See more details about this financing option in Annex 2.

[10] The basis and breakdown of this estimation are demonstrated in Annex 2.

[11] If all financing options are to be fully executed, the NMNAP will be overfunded by 13.1 percent—the funds to be mobilized by the selected options (TZS 597.6 billion) plus the funds planned to finance NMNAP II from the government budget lines (TZS 129.14 billion) will mobilize around TZS 726.74 billion for the NMNAP II despite the NMNAP II budget being TZS 642.37 billion. This calculated move will provide a crucial cushion (5 percent of NMNAP II total budget) for the efforts to generate funds for the NMNAP II in case some of the proposed financing options fail to mobilize the expected amount of resources.

4.4 Additional Financing Options for the NMNAP II

The options described above and represented in table 2 are those identified as most appropriate for NMNAP II based on a combination of factors, including feasibility, reliability, and ability to address the funding gap. Nonetheless, the RMS development process includes the following financing options; the most prominent or common in the context of nutrition financing are summarized below for reference and consideration in the future.

Traditional Financing Options

4.4.1 Allocating a Proportion of National Income

Description

This financing option ensures that a specified benchmark percentage of national income is allocated to nutrition activities based on the experiences of other countries and best practice standards set by global nutrition organizations.

Global Experience

- In Senegal, government ownership of the nutrition program has grown from USD 0.3 million a year in 2002 to USD 5.7 million a year in 2015, increasing from approximately 0.02 to 0.12 percent of the national budget. Consequently, chronic malnutrition in the country has dropped to less than 20 percent—one of the lowest in continental sub-Saharan Africa.[63]

- Between 2016 and 2018, government spending on nutrition doubled from 0.5 to 1 percent of GDP in Burkina Faso. Consequently, the national prevalence of stunting in children under 5 years old, having nearly halved in the previous decade from 43 percent in 2005 to 21 percent, is at 8.5 percent. The country is on course to meet the global targets for under-5 stunting and infant exclusive breastfeeding but is off course to meet other targets. Between 2012 and 2018, the prevalence of early breastfeeding increased from 29 to 59 percent while that of exclusive breastfeeding rose from 38 to 55 percent, and dietary diversity increased from 5 to 25 percent in the same period.[64]

[63] Offosse N., Marie-Jeanne. 2018. *Nutrition Financing in Senegal.* Accessed December 10, 2021. https://openknowledge.worldbank.org/handle/10986/32470.
[64] Compaoré et al. 2020.

- In Indonesia, the World Bank and GFF supported the implementation of National Strategy to Accelerate Stunting Reduction through the Investing in Nutrition and Early Years Program for Results project. The project incentivized a series of policy reforms aimed at improving management capacity and accountability mechanisms to strengthen the delivery and convergence of key nutrition services.

Pros

- Allows for better tracking of resources, resulting in more targeted utilization and timely disbursements.

Cons

- There is no globally accepted benchmark percentage of annual national income to be allocated toward nutrition financing.

Implementation Considerations

- The calculation of the share of funding going to nutrition depends on how nutrition spending in the country is estimated.
- It is important to understand which funds are being repurposed toward nutrition.
- Needs high-level political buy-in and overall sector buy-in.
- Should be used in conjunction with other mobilization efforts to achieve targets.

Rationale for Tanzania

- National overall budget for NMNAP II is small or negligible when compared to other sectors, and as a result, this makes it possible to employ this financing option in nutrition. Indeed, Tanzania would need to allocate a very small percentage of national income toward financing a significant proportion of nutrition activities and initiatives in the NMNAP II.
- Based on the assumption that 2020 GDP figures will remain constant—at TZS 148.5 trillion[65]—during the NMNAP II implementation period, for instance, it will take only 0.0005 percent, 0.0005 percent, 0.0004 percent, 0.00035 percent and 0.00035 percent of this particular aggregate annual GDP to finance 50 percent of activities and initiatives within the NMNAP II in the five-year implementation period, sequentially.[66]

Nontraditional Financing Options

4.4.2 Nutrition Basket Fund

Description

The Nutrition Basket Fund provides a pooled funding arrangement for shared nutrition priorities from various sources, typically governments, donors, and the private sector. It supports nutrition priorities and ensures adequate resource allocation for agreed-upon initiatives and activities within NMNAP II.

Global Experience

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[65] Parliament of Tanzania. 2020. "2020 National Economic Statement and National Development Plan for 2021/22." Accessed December 10. 2021. https://www.parliament.go.tz/index.php/news/taarifa-ya-hali-ya-uchumi-wa-taifa-kwa-mwaka-2020-na-mpango-wa-maendeleo-wa-taifa-wa-mwaka-2021-22
https://www.nbs.go.tz/index.php/en/census-surveys/national-accounts-statistics/na-publications/633-hali-ya-uchumi-wa-taifa-katika-mwaka-2020
[66] These estimates are based on the total annual financial budget presented in the NMNAP II: TZS 155.0 billion in 2021; TZS 154.6 billion in 2022; TZS 123.1 billion in 2023; TZS 100.0 in 2024; and TZS 109.2 in 2025.

- In Nigeria, select states established basket funds to address barriers to primary health care financing, resulting from inconsistent prioritization of health, weak budget implementation, and lack of transparency and accountability in the use and allocation of public resources. Early experiences from two states in Nigeria indicate that basket funds help ensure the availability of funds to implement primary health care plans and enhance accountability while creating transparency in how, when, and where funds are disbursed.[67]

- The Health Basket is a funding mechanism initiated in 1999 as part of the Government of Tanzania's decision to pursue a sector-wide approach in the health sector. This basket is funded by several development partners that pool un-earmarked resources to support the implementation of the HSSP III.

Pros

- Improves disbursement and financing management mechanisms and expands fiscal space for nutrition.
- Introduces financial controls (auditing, direct disbursements) to create transparency and efficiency.
- Increased funding with financial decentralization has given the districts the possibility to selectively increase resources for key interventions.

Cons

- Significant political will required to establish the fund.
- Difficult to find champion(s) to liaise between partners and facilitate establishment processes.

Implementation Considerations

- Need to specify what the funds can be used for, who decides the disbursement, and through which processes.
- Accountability mechanisms to encourage different funding sources.

Rationale for Tanzania

- This financing option was very popular a few years ago, but now it may not be very attractive for external funders due to uneven participation by governments. Recent evidence from the agriculture sector suggests that development partners prefer to support stand-alone "off-budget" projects. Nonetheless, the nutrition sector can use an approach similar to the health basket fund approach, which has been successful in mobilizing resources for the health sector from different actors. Implementation of a basket fund for nutrition, either separately or as part of the current health basket fund, needs to have a realistic projection of the percentage of contributions that will come from development partners.

- This financing option can potentially be successful if the government contributes its committed share to the basket fund in order to capture the interest of development partners and maintain those contributions.

- The basket fund has worked well, to a certain degree, in the health sector. It ensures accountability, and funds go directly to facilities to help respond to real needs.

[67]Meghani, Ankita, Abdulwahab, Ahmad, Privor-Dumm, Lois, Wonodi, Chizoba. 2015. "Basket Funds: A Pooled Arrangement to Finance Primary Health Care Delivery and Address the Funding Flow in Nigeria." International Vaccine Access Center. Accessed December 10, 2021. https://www.jhsph.edu/ivac/wp-content/uploads/2018/04/Basket_Funds_pooled_arrangement_to_finance_primary_health_care.pdf

- Having a dedicated, multi-sectoral nutrition fund is a good idea, but there is competition from related sectors. Therefore, Tanzania would have to decide if it is more advantageous for nutrition to be integrated into the health basket fund or a stand-alone nutrition basket fund should be established.
- Nutrition could be a part of the existing health basket fund that currently allocates all the money to finance curative, health-related activities. It would entail the possibility of restructuring the health basket fund to include nutrition activities under NMNAP II, which are preventative in nature. Integration of nutrition in the health basket fund would have to be backed by a robust proposal to highlight the importance of such a move.

4.4.3 Matching Funds

Description

Matching grants are conditional awards that require an organization to raise a specified portion of the grant through solicitation of new money and/or in-kind contributions, depending on the stipulation in the grant guidelines. The purpose of a matching grant is to challenge an organization or entity to increase its revenue and/or contributions and encourage the organization receiving funds to expand its income base.

Global Experience

- In 2020, Nutrition International worked with subnational governments in Kenya to cocreate and develop a new investment model with counties: a subnational, performance-based, matched-funding arrangement. This approach was specifically designed to leverage verifiable increases in domestic funding for high-impact nutrition interventions and system-strengthening activities—and tie their funding to performance. The counties created dedicated budget lines for nutrition and established a special account within Kenya's Financial Management Framework to manage the matched funds. Once the county funds had been transferred, Nutrition International matched the above baseline investments on a one-to-one basis using funding provided by Global Affairs Canada. Combined strategies involving the performance-based financing and the one-to-one matching fund strategy financed by Nutrition International have helped Kenya to mobilize around CAD 3.6 million to be invested in these four counties from 2020 to 2023.[68]

Pros

- Encourages diversity of funding sources and broader community support.
- Builds long-term financial sustainability.

Cons

- Certain areas are put at a particular disadvantage because there are fewer potential funders of the proposed fund.
- May require an intensive start-up to track resources when the fund pools resources from various national and international institutions.

Implementation Considerations

- Requires commitment for funds to be matched.
- Could be used in conjunction with reprioritization and reallocation to allow for more overall resources.

[68]Spicer, Joel. 2020.

Rationale for Tanzania

- While programs may be implemented at the district level, matching funds could be financed by the central government.
- Based on experiences of the Community Health Fund, whereby the district level mobilized funds at LGAs through community voluntary contributions and where the central government is the fund matcher, a similar strategy with matching funds provided by either central government or development partners could be employed for financing nutrition.
- Implementation should be at the district level regardless of the nature of the fund matcher (i.e., central government or development organizations); the fund matcher would match 1:1 of any amount mobilized by the LGA.

The matching fund source should be the central government; committed DPs could join the financing efforts at the central government level by contributing to the basket fund at the national level or another relevant national arrangement for pooling resources.

4.4.4 Integrating Nutrition in Universal Health Coverage

Description

This financing option involves mainstreaming nutrition within a wider benefits package offered by universal health coverage (UHC). Many nutrition interventions are highly cost-effective in preventing disease and reducing mortality and should be a central part of all comprehensive health systems. It is easy to build a case for employing this strategy given that UHC cannot be achieved without ensuring that everyone has access to quality nutrition services.

Global Experience

- The Government of Pakistan has mandated the provision of free antenatal care services, including iron and folic acid supplementation at both government-run health facilities and the community level. The country has a decentralized government administration, with program implementation and spending on health care devolved to the provincial level. In 2013, the Government of Punjab—the largest province in the country—decided to bring four programs under the same umbrella to create the province's Integrated Reproductive, Maternal, Neonatal, Child Health, and Nutrition program.[69]
- The Ministry of Health in Vietnam, through the National Institute of Nutrition, has strengthened the public health system; built capacity of health providers; improved facilities; developed counseling materials; and implemented high-quality, standardized training to improve nutrition and health in early childhood through the Little Sun social-franchise system. An evaluation showed an increase in exclusive breastfeeding in Vietnam from 19 to 58 percent in areas where Little Sun franchises were operating in 2016.[70]

Pros

- Integrates key nutrition initiatives and activities into health care as part of UHC systems and roadmaps.
- Can increase the effective coverage of essential nutrition initiatives and activities through universal health insurance (UHI), especially for poor and marginalized people.
- Can help facilitate the provision of essential and adequate nutrition- and health-related products at affordable prices as part of UHI.

[69] World Health Organization (WHO). 2019. *Nutrition in Universal Health Coverage.* Geneva: WHO.
[70] World Health Organization (WHO). 2019.

Cons

- The process of integrating nutrition initiatives and activities into UHC is not straightforward. It is necessary to recognize the fact that the national context and health system, as well as financing arrangements, are different. As a result, governments and their partners need to consider various concrete measures when integrating relevant nutrition actions into UHI.
- If not well prioritized, the nutrition activities integrated into UHC may not receive appropriate disbursed funds.

Implementation Considerations

- Mainstreaming nutrition within UHC requires a joint effort by governments and key stakeholders to build functional and resilient health systems, supported by strengthened governance and coordination. It should be health system-focused but multi-sectorally driven.
- Need to ensure that UHC schemes integrate nutrition and are aligned with national multi-sectoral nutrition plans.
- It is crucial to ensure that essential nutrition-related health products are identified, prioritized, and included in the benefits packages offered by UHC.
- Domestically mobilized resources should be allocated to the national health system and then allocated toward nutrition.

Rationale for Tanzania

- Considering that Tanzania is currently developing a mandatory UHI system as a mechanism for achieving UHC and a sustainable health financing system, the Government of URT can apply the financing option of integrating nutrition activities that directly pertain to the health sector into the UHI system. This financing option could be easily implemented to finance NMNAP II (e.g., nutrition activities that are part of preventative health measures and micronutrients for children), given that MoHCDGEC is mandated to supervise both the health system and nutrition in the country.
- Tanzania needs to make policy and finance commitments for the integration of nutrition interventions into the mandatory UHI system—which rather unfortunately has not been the case so far with the existing national health insurance fund coverage. Initially, a small proportion of what will be decided as a total contribution (i.e., health insurance premium) to the mandatory national health insurance system can be allocated or earmarked to finance some key nutrition-related health products, which will be a part of the UHI basic-benefit package. Afterwards, the country can progressively expand the list of available nutrition actions and services as more resources become available. Benefit packages to be offered under the forthcoming mandatory UHI scheme will have to include crucial primary health care interventions with respect to treatment for severe acute malnutrition and crucial mother-care services. By integrating nutrition services that are directly linked to health care into the minimum benefit package to be offered by the mandatory UHI, the Government of URT will identify a more sustainable and domestic-based avenue for financing the NMNAP II.

5. Priority Areas for Effective Implementation

This section includes specific considerations for the Tanzania country context to ensure success and sustainability. It discusses key areas for special consideration to ensure successful execution of the RMS to support the NMNAP II.

5.1 Advocacy and Community Engagement

Advocacy and community engagement are cornerstones for successful employment of resource mobilization strategies designed to finance human and social investment, such as nutrition. The execution of the entire RMS for NMNAP II financing must be accompanied by strong plans for advocacy and community engagement per nutrition financing option. Each option implies unique effects on different stakeholder groups and therefore requires tailored advocacy approaches. A measure that affects a government office's budget will require different messaging than one that changes the individual price of an SSB, for example, the implementation considerations in Section 4 above touch on what may trigger resistance for each financing option. Just as the message itself will vary depending on the option, who leads the advocacy efforts will vary as well as who they target. In this regard, the success or failure of the overall RMS for financing nutrition activities and initiatives from 2021 to 2026, as prescribed in the NMNAP II, largely depends on the effectiveness of advocacy and community engagement efforts.

Advocacy can foster the successful execution of the entire RMS by creating a conducive environment for implementing individual proposed strategies and sustaining the political will that is crucial for the continued support of nutrition programming. Among potential important conditions for implementing RMS, a strong advocacy for nutrition financing can help maintain awareness and accountability among high-level government actors, maintaining a favorable environment for policy and practice change.

Genuine community involvement can enhance the likelihood of the RMS to be successful. By engaging the community in the execution of RMS, the acceptability of the selected financing options for the NMNAP II will increase and potential resistance to any of the selected financing options may decline. Further, community engagement is crucial for implementing most of the selected financing options (i.e., the matching funds, sin tax, reprioritization, concessional loans, innovative approaches, and private sector investment) as it increases a sense of ownership of the financing options, and this can decrease dependence on external assistance from DPs to finance the NMNAP II. The right balance of government leadership and community engagement will ensure the sustainability of financing options proposed in this RMS.

5.2 Ring-fencing

Although ring-fencing on its own is not a financing option to mobilize new resources for NMNAP II, it is a measure that should be imposed to ensure that the funds mobilized for a nutrition objective are used appropriately. In the context of competing agendas, funds dedicated to NMNAP II financing at the central government level (including sin tax, concessional loans, nutrition basket fund, and innovative financing approaches) and the LGA level (basket funds and Compact agreement) sometimes get redirected toward other initiatives. Ring-fencing can eliminate this undesirable practice by ensuring that the funds mobilized to finance NMNAP II will be used exclusively for the intended purpose. The introduction of ring financing typically requires buy-in from the agency from whom the funding is being protected; this measure also requires advocacy to be effective.

5.3 Private Sector Engagement

Evidence from the global experiences indicates the most effective way to entice direct nutrition financing from the private sector is through compulsory contributions, such as taxes, levies, and license fees. Beyond these mandatory arrangements, the private sector may make voluntary contributions (e.g., donations as part of CSR) when they are incentivized to do so by tax exemptions or to enhance brand image. Although the Government of URT and other nutrition stakeholders have acknowledged that the role of the private sector is critical for scaling up nutrition interventions and working toward a food system that delivers high-quality, nutritious diets, the specific expectations of direct financial contributions by private-sector actors toward financing of NMNAP II are less clear. In this sense, for the PMO to effectively collaborate with private-sector actors, it might begin with an internal visioning exercise to agree on a common vision for the ideal relationship with the private sector for improved nutrition outcomes.

The private sector's role in resource mobilization for nutrition goes beyond the financial contributions described above, such as taxation, levies, and business license fees. In essence, private sector engagement refers to the broader arrangement between the government and private-sector actors and collaborative efforts toward the common goal of improved nutrition outcomes. For example, it is the private sector that shapes diets by regularly supplying safe, nutritious food to the market. Similarly, private-sector actors play an important role in ensuring functional, healthy supply chains so that health facilities are equipped to provide treatment. Thus, with a clearer vision of expectations of private-sector actors, PMO might consider a national landscape analysis for more information on the profiles of businesses of all sizes. Understanding size, product lines, aspirations, and incentive may clarify opportunities to work together to improve nutrition. A landscape assessment would also help the government understand the viewpoints of private-sector actors, which challenges are most common, and where the government might be able to foster an environment more conducive to successful business ventures.

Based on the current social status and economic dynamics in Tanzania, private sector engagement can consist of noncommittal dialogue and brainstorming as well as formalized planning and pooling of resources. Specifically, the private sector may be positioned to contribute to nutrition activities and initiatives covered under NMNAP II in many ways, including—

- increasing the availability of nutritious food products, such as fortified cereals and/or oils and shelf-stable, nutrient-dense foods like legumes, animal-source foods, and some vegetables
- improving nutrition literacy through improved and consistent labeling in support of government regulations
- amplifying efficiency of health-product supply chains so facilities do not encounter inventory issues of products like therapeutic foods or oral rehydration salts
- improving nutrition practices and behaviors through workforce nutrition actions
- cementing the footprint of private-sector champions for nutrition at district and national levels
- establishing a resource sharing platform (e.g., basket fund) through which private development partners and the Government of URT can pool financial and technical resources for advocating nutrition prioritization among key politicians, donors, and private-sector actors, as well as for seeking opportunities to leverage innovative financing mechanisms and domestic-based financing avenues
- incentivizing locally based private enterprises (e.g., via PPPs model) to manufacture more nutritious products (e.g., therapeutic foods for the treatment of children with severe acute malnutrition and fortified foods) which will help to improve nutrition outcomes in the country
- establishing a formal platform for local private enterprises that are dealing with nutrition products and services to have access to the technical and financial support (e.g., training in nutritious food processing and fortification and techniques for integrating nutrition into business operations) to be provided by the key implementers of NMNAP II under the supervision of the Government of URT

- incentivizing and facilitating strategic engagement with private enterprises that are not directly related to nutrition. In this area, for instance, telecom companies in Tanzania can be incentivized to contribute toward nutrition financing as a part of CSR by communicating key messages about good nutritional practices to their subscribers or using mobile phone technology to track nutrition status of newborns and children (i.e., up to 5 years of age).

5.4 Strengthening Partnership/Cooperation with DPs

Strong partnerships with DPs, from UN agencies to small NGOs, contributed to many of the successes of the first NMNAP. Moving into NMNAP II, DPs resources should continue to be considered to finance nutrition activities. While relationships with DPs are generally good, dynamics can be improved through increased attention to coordination so that roles and responsibilities between DPs and government counterparts are clear, but also to ensure that timing and geographic coverage are coordinated to minimize duplication of efforts and ensure effective use of resources. Additionally, with any DP engagement, clear mechanisms to ensure transparency and accountability should be established and adhered to by all entities involved. To maintain an inviting environment for DPs, the Government of URT should stay attentive to dynamics and be prepared to adapt terms of engagement so that agreements are mutually beneficial and resources are used in the most effective manner possible.

5.5 Annual Review of RMS Performance

While the NMNAP II has a system in place dedicated to monitoring, evaluation, and learning—and the RMS is in place to support the NMNAP II—performance of the RMS itself should be monitored. Additionally, each individual financing option requires its own implementation plans which involve different actors and processes. The annual review would essentially investigate the question: "Is the RMS performing as it was intended to?" The review would need to use systematically collected data on previous and budgeted expenditure in various sectors and ministries to finance activities and nutrition under NMNAP II. Much of this data collection already takes place and would only need to be collated in a more integrated and coherent manner for the RMS performance review. Additionally, the budget and expenditure data from all key organizations that are the main implementers of NMNAP II will be gathered by the PMO for the purpose of conducting annual reviews of RMS performance.

5.6 Action Plan

The nutrition financing options described in Section 4, as well as those mechanisms already in place, move at differing paces. Additionally, some require more preparation work before any funds are realized (e.g., concessional loans). Table 3 illustrates a high-level action plan to guide and facilitate the execution of this RMS document.

Table 3. High-Level Action Plan for Implementing the RMS

Financing Option	Objective	Target	Proposed Activities	Timeframe	Institution Lead *Support*
ALL			Establish an RMS implementation working group to track all activities related to RMS and meet regularly to evaluate progress and advise adjustments when necessary.	2021/22–2025/26	PMO
Reprioritization	To increase nutrition funding from existing sources	Gather about TZS 182.90 billion from the funds to be mobilized by HSSP V Receive TZS 21.62 billion from the funds to be mobilized by NSAAP	PMO, TFNC, and DPs begin advocacy efforts around reprioritization using appropriate platforms. Within the ministry responsible for nutrition (MoHCDGEC), ensure the budget for nutrition is disbursed and the funds mobilized for nutrition through the HSSP V are allocated to nutrition as planned. Establish the mechanism to ensure the funds mobilized through NSAAP by the Ministry of Agriculture are channeled toward the NMNAP II according to the plan.	2021/22–2025/26	PMO, TFNC, MoHCDGEC, *MoFP, Ministry of Agriculture, DPs*
			Guidance and support from the MoFP for ensuring funds mobilized by different MDAs to support nutrition are allocated toward the intended objective. PO-RALG and TFNC advance capacity building efforts of RSs and LGAs to identify, plan, budget, disburse funds and monitor high priority nutrition interventions. PO-RALG and MoFP identify mechanisms to		

Financing Option	Objective	Target	Proposed Activities	Timeframe	Institution Lead *Support*
			ensure that the minimal budget allocation per child under 5 for nutrition from TZS 1,000 (Compact Agreement) is effectively fulfilled.		
Concessional Loans	To acquire conditional concessional funding from accredited sources at the lowest possible cost	Acquire funds amounting to TZS 64.24 from concessional loans for financing NMNAP II	Identify specific priority nutrition activities and initiatives within the NMNAP II to be funded by concessional loans based on urgency and/or resource requirement. Make informed decision to either secure concessional loans for nutrition as a stand-alone loan debt or integrate the loan into other concessional loans for social investment (i.e., social protection, education and health).	22/23 - 25/26	PMO, MoHCDGEC, TFNC, MoFP, Development lenders (e.g., World Bank, AfDB, IMF), Bilateral partners
			Identify appropriate development lenders and develop a convincing investment case for NMNAP II to be financed through concessional loans.		
Sin tax (and/or earmarked tax)	To generate tax revenue from products identified for tax To change consumption behaviors by discouraging purchase of unhealthy foods	TZS 44.97 billion mobilized from taxes on products to finance the NMNAP II	Concept note and policy briefs on potential products for tax. Detailed analysis on the revenue generation from the introduction of sin tax based on price sensitivity or demand elasticity of the unhealthy foods on which the extra tax will be imposed. Analysis to determine the impact of introducing new tax on the unhealthy products, nutrition,	2021/22–2025/26	PMO, MoHCDGEC, TFNC, MoFP, *Ministry of Industry and Trade, Private sector*

Financing Option	Objective	Target	Proposed Activities	Timeframe	Institution Lead *Support*
			public health cost, and general economy. Advocacy plan to secure a strong political will. Seek the approval of top government officials.		
			The same approach would be applied for the earmarked tax.		
Innovative Approaches	Utilize the application of various innovative financing instruments to finance the NMNAP II	TZS 12.84 mobilized from this financing option	Define details of fund mechanism (home institutions, access, process for contributing funds, monitoring & management). Identify avenues of innovative approaches for mobilizing resources through government partnerships and private partnerships—including NGOs—to finance the NMNAP II. Create investment cases to utilize innovative financing approaches.	2021/22–2025/26	PMO, MoHCDGEC, TFNC, DPs, *MoFP, Bilateral partners*
DPs contribution	Improve or maintain the DPs' actual contributions to financing NMNAP II compared to the NMNAP financing	Around TZS 256.94 billion to be gathered from DPs	Improve the conducive environment for DPs to contribute toward NMNAP II financing. Create a strong coordination mechanism for identifying and tracking DPs' contributions to nutrition. Develop alignment between DPs' future expenditure on the NMNAP II.	2021/22–2025/26	PMO, MoHCDGEC, TFNC, DPs, *MoFP, Bilateral partners, Private-sector actors*
Private Sector	To increase private sector contribution (monetary and in-kind) and investment toward	To attract private-sector contributions of at least TZS 14.09	Establish government's clear vision of ideal relationship with the private sector.	2021/22–2025/26	PMO, TFNC, MoFP, Ministry of Industry and Trade,
			Establish communication platforms with private-sector actors.		

Financing Option	Objective	Target	Proposed Activities	Timeframe	Institution Lead *Support*
	nutrition activities	billion for financing the NMANP II	Create a business-enabling environment to attract investments through: Engagement with selected investors for making possible investment in strategic areas Food fortification PPPs investment in nutrition-related industries		Ministry of Health, Ministry of Agriculture, Private-sector actors, Private enterprises in nutrition-related industries, *DPs*
			Analysis of possible incentives to make private enterprises contribute more toward nutrition.		
			Improve data collection system or mechanism.		

Glossary

1. **Concessional loans:** These are loans from development banks and funds, as well as bilateral loans from donors, that may have commercial or concessional interest rates. If debt is perceived as a strategic option to boost social and economic spending, concessional loans are a much better option than loans with commercial rates because they offer beneficial conditions for developing countries.
2. **Earmarked tax or budget allocation:** Earmarking involves separating all or a portion of total revenue—or revenue from a tax or group of taxes—and setting it aside for a designated purpose. Earmarking has become part of the global discussion on domestic resource mobilization for social investments, particularly as countries transition from donor support and work to achieve systemic goals as well as other targets.
3. **Financing:** The process of raising funds from various avenues to meet expenditures of the planned activities and initiatives.
4. **Fiscal space:** Fiscal space can be defined as room in a government's budget that allows it to provide resources for a desired purpose without jeopardizing the sustainability of its financial position or the stability of the economy. The idea is that fiscal space must exist or be created if extra resources are to be made available for worthwhile government spending. A government can create fiscal space by raising taxes, securing outside grants, cutting lower priority expenditures, borrowing resources (from citizens or foreign lenders), or borrowing from the banking system (and thereby expanding the money supply). But it must do this without compromising macroeconomic stability and fiscal sustainability—making sure that it has the capacity in the short-term and the longer-term to finance its desired expenditure programs as well as to service its debt.[71]
5. **Private sector engagement:** Private sector engagement can be defined as the deliberate, systematic collaboration of the government and the private sector to move national nutrition priorities forward, beyond individual interventions and programs.[72] Private sector engagement is most beneficial when the engagement demonstrates a clear added value for all parties, improves nutrition outcomes, promotes transparency, and avoids conflicts of interest.
6. **Public-private partnership:** The concept of PPP entails an arrangement between public and private-sector entities whereby the private entity renovates, constructs, operates, maintains, and/or manages a facility in whole or in part, in accordance with specified output specifications. The private entity assumes the associated risks for a significant period of time and, in return, receives benefits and financial remuneration according to agreed terms. PPPs constitute a cooperative venture built on the synergy of expertise of each partner that best meets clearly defined public needs through the most appropriate allocation of resources, risks, and rewards.[73] PPPs can enable the government to fulfill its responsibilities in efficient delivery of socioeconomic goods and services by ensuring efficiency, effectiveness, accountability, quality, and outreach of services.

[71] Heller, Peter. 2005. "Back to Basics—Fiscal Space: What It Is and How to Get It." *Finance and Development: A quarterly Magazine of the International Monetary Fund (IMF)* 42, no. 2. https://www.imf.org/external/pubs/ft/fandd/2005/06/basics.htm

[72] RMNCH Strategy and Coordination Team. 2015. *UN Commission on Life-Saving Commodities 2014 Progress Report*.
United Nations Commission on Life-Saving Commodities Technical Reference Team on Private Sector Engagement. 2014. *Private Sector Engagement: A Guidance Document for Supply Chains in the Modern Context*. Accessed December 10, 2021.
https://publications.jsi.com/JSIInternet/Inc/Common/_download_pub.cfm?id=15176&lid=3

[73] Prime Minister's Office. 2009. National Public-Private Partnerships (PPP) Policy. Dar es Salaam: The United Republic of Tanzania.

Annex 1. Summary of National Level Policies, Plans, and Legislative Frameworks

Table 4. A Brief Analysis of Nutrition Inclusion in Key National Documents and Priority Themes

Document	How Nutrition is Represented
Tanzania Food and Nutrition Policy 1992	The policy provides guidance for implementing food and nutrition activities by relevant sectors. It also presents a strategic entry point that introduced nutrition as an important indicator of social development programs. Equally, the policy stipulates the importance of setting aside dedicated resources to solve food and nutrition problems at all levels.
National Multi-sectoral Nutrition Action Plan (2016–2021)	The first multi-sectoral nutrition strategy that elevated the crucial role of other (i.e., non-health) sectors in contributing to the accomplishments of intended nutrition outcomes. The plan provides guidance on how sector action can be more nutrition-sensitive, and it established good mechanisms through thematic working groups through which sectors could access necessary technical support and share their progress and experiences. It includes a Common Resources Results and Accountability Framework that set targets per sector and assisted in measuring progress of the NMNAP implementation.
2020 Ruling Party Election Manifesto—Chama Cha Mapinduzi	The ruling party election manifesto identified several nutrition priorities to address malnutrition, including undernutrition and overnutrition, as well as micronutrient deficiencies. The priorities include creation of evidence to inform nutrition programming, capacity development of health providers at all levels, and enhanced community awareness about nutrition issues.
Tanzania Development Vision 2025	In 1999, the government of Tanzania developed a long-term vision to guide economic and social development for 25 years. A decade later, Tanzania formulated the Long-Term Perspective Plan 2011–2025, which was divided into three Five-year Development Plans, each with a specific priority theme. The first FYDP focused on addressing growth challenges while FYDP II focused on transforming the country's resources through the development of the industrial sector. The current plan, FYDP III, focuses on realizing competitiveness in strategic sectors and industrialization for human development.

Document	How Nutrition is Represented
Five-year Development Plan III	FYDP III seeks to raise both availability and quality of nutrition along with other key sectors. FYDP III dedicates section 5.4.23 for Nutrition and Food Security and includes priority interventions related to improvement of integrated management of acute malnutrition (IMAM), nutrition, and lifestyles to prevent overweight and obesity. It also calls for improved consumption of local nutritious and diversified diets as well as capacity strengthening of health care workers. FDYP III acknowledges that good nutrition is a key ingredient in the development of the human body, mind, and intelligence. Further, the availability of food and key nutrients is viewed as a cornerstone of good health and human development. In this regard, FYDP III encourages society to scale up the production of food and nutrients to lessen the prevalence of associated health burdens through the following interventions: • Increase coverage of IMAM services. • Promote nutritional programs, including education, lifestyle, healthy eating, food fortification, and supplementation. • Promote investment in the production and consumption of diversified nutritious foods. • Increase production, distribution, and consumption of local nutritious foods. • Build the capacity of health care providers to provide comprehensive nutrition services at all levels (including at health facilities).
Established National Strategies and Plans Related to Nutrition	HSSP V: Compared to its predecessors, the HSSP V is uniquely aligned to respond to the needs of the FYDP III. With the theme "leave no one behind," the HSSP aims to specifically address issues related to both overnutrition and undernutrition. It aims not only to empower individuals to make appropriate nutrition choices, but also to increase access to safe food for nutrition at the community level. Tanzania Agriculture and Food Security Investment Plan (2011–2020) National Fisheries Policy (2015) National Agriculture Policy (2013) National Guidelines on Nutrition Care and Support for People Living with HIV National Food and Nutrition Policy (Draft) (2016) National Livestock Policy (2006) Integrated Management of Acute Malnutrition (2018) National Guidelines National School Feeding Guideline Tanzania Noncommunicable Disease Strategic Plan

Document	How Nutrition is Represented
Legal and Regulatory Framework	Combined with the TDV 2025 and FDYP III, the country has the following important regulatory framework for nutrition: Tanzania Food and Nutrition Act of 1973 (CAP109) and various guidelines to support its implementation. A nutrition budget line introduced in fiscal year 2012/13, which entails nutrition in the guidelines for preparing the annual plan and budget. These guidelines instruct ministries, departments, and other agencies; regional secretariats; and LGAs to allocate resources for nutrition interventions in accordance with the National Nutrition Action Plan. National Micronutrient Guideline of 2018 The Compact Agreement (i.e., mandatory nutrition funding allocation of TZS 1,000 per child) signed at the end of 2017 between the minister responsible for the regional administration and LGAs (on behalf of the vice president), and regional authorities on scaling up implementation of nutrition activities at regional and LGA levels. This agreement clearly indicates the roles of regions and councils toward nutrition indicators, such as minimum resource allocation per child for nutrition-related activities.

Annex 2. NMNAP II Costing to Inform Resources for Implementation

Table 5. Detailed Analysis of Resources to be Mobilized by the Selected Financing Options for Seeking Resources to Finance the NMNAP II

#	FINANCING OPTION	2021/22	2022/23	2023/24	2024/25	2025/26	Total
		Amounts in TZS Billion					
1	NMNAP II Costed Action Plan[1]	155.04	154.56	123.10	100.42	109.23	**642.35**
	AMOUNT TO BE MOBILIZED FROM GOVERNMENT BUDGET LINES						
2	**PO-RALG total nutrition budget[2]**	**12.72**	13.08	13.44	13.81	14.18	**67.22**
	Funds to be mobilized via the Compact Agreement[3]	9.81	10.05	10.28	10.53	10.77	
	Funds to be mobilized for Enabling Environment[4]	2.92	3.03	3.16	3.28	3.41	
3	**TFNC Nutrition Specific Budget[5]**	6.25	6.50	6.76	7.03	7.31	**33.83**
4	**Nutrition Sensitive Budgets from MDAs[6]**	3.05	3.17	3.30	3.43	3.57	**16.52**
5	**School feeding expenditure to be mobilized by the ministry responsible for education according to the NMNAP II**	2.12	2.21	2.31	2.41	2.51	**11.57**
6	**Funds to be mobilized from the DPs[7]**	16.95	60	60	60	60	**256.95**
7	**Funds expected from the private sector—investment in food fortification**	2.50	2.65	2.81	2.98	3.16	**14.09**
8	Nutrition amount to be mobilized by MoHCDGEC through HSSP V for nutrition	113.00	117.66	124.05	125.41	129.61	609.72
Scenarios for nutrition resource mobilization through HSSP V[8]							
8i	Pessimistic HSSP V execution rate of 10%	11.3	11.76	12.41	12.54	12.96	60.67
8ii	**Moderate HSSP V success rate of 30%[8]**	33.90	35.28	37.22	37.62	38.88	**182.90**
8iii	Optimistic HSSP V success rate of 50%	56.50	58.80	62.03	62.70	64.81	304.84
9	Nutrition amount to be mobilized by the Ministry of Agriculture through NSAAP	12.06	15.00	15.00	15.00	15.00	72.06
Scenarios for nutrition resource mobilization through NSAAP[9]							
9i	Pessimistic NSAAP execution rate of 10%	1.21	1.50	1.50	1.50	1.50	7.21
9ii	**Moderate NSAAP success rate of 30%[9]**	3.62	4.50	4.50	4.50	4.50	**21.62**
9iii	Optimistic NSAAP success rate of 50%	6.03	7.50	7.50	7.50	7.50	36.03
10	**Concessional loans[10]**	N/A	4.24	20.00	20.00	20.00	**64.24**
11	**New/innovative sources[11]**	N/A	2.09	4.00	4.00	4.00	**14.09**

12	**Private-sector contribution—food fortification investment**[12]	2.50	2.65	2.81	2.98	3.16	**14.09**
13	**Tax revenue—sin tax (and/or earmarked tax)**[13]	N/A	N/A	N/A	22.48	22.49	**44.97**

[1]As established by the NMNAP II.

[2] Total funds to be mobilized for Compact Agreement and for Enabling Environment by PO-RALG.

[3] Based on the TZS 1,000 to be allocated per child as part of Compact Agreement multiplied by these number of children under 5 years projected by National Bureau of Statistics and MoFP—National Population Projections for Tanzania: 9,810,624 (in 2021); 10,044,378 (in 2022); 10,283,204 (n 2023); 10,525,993 (in 2024); and 10,763,821 (in 2025).

[4]The amount for Enabling Environment in fiscal year 2021/22 provided in the national document named *Regional Secretariats (RSs) and Local Government Authorities (LGAs) Nutrition Planning and Budgeting Scrutinization Report for Financial year 2021/22* (p. 25). The projected amounts are based on last year's figure plus average inflation rate assumed to be 4 percent between fiscal years 2021/22 and 2025/26.

[5]The amount for Nutrition Specific activities and initiatives in the fiscal year 2021/22 based on TFNC budget, and the projected amounts for the following years are based on the last year figure multiplied by the inflation rate assumed to be 4%.

[6]The amount for Nutrition Specific Budget for MDAs comes from the report by the PMO titled *Scrutinization of Nutrition Sensitive MDAs Plans and Budgets for the Financial Year 2021/2022*, whereas the projected amount for the following years are based on the last year's figure plus inflation rate projected to be 4 percent.

[7]Out of the NMNAP total budget (TZS 590 billion), the contribution from DPs was expected to be 70 percent of the total budgeted cost (TZS 413 billion), but the actual contribution from DPs was estimated to be 50 percent of the overall NMNAP budget under their responsibility according to the NMNAP MTR. In this context, it is assumed that the NMNAP II will manage and/or place efforts to mobilize almost the same amount of funds as NMNAP from DPs, which is 40 percent of the NMNAP II total budget

[8]The estimates are centered on HSSP V which intends to mobilize TZS 609.72 billion for financing nutrition between 2021/22 and 2025/26.

[9]The funding amount is calculated in line with the *Nutrition-Sensitive Agriculture Action Plan (2021/22–2025/26)*, prepared by the Ministry of Agriculture in October 2021 to mobilize funds for nutrition. This report places a responsibility for the Ministry of Agriculture to mobilize about TZS 72.06 billion from the fiscal years 2021/22 to 2025/26.

[10] Concessional loans will be used to mobilize around 10 percent of the funds needed for NMNAP II, amounting to TZS 64.24 billion. The efforts to mobilize the funds through this financing option will start in the third quarter of the first fiscal year of the NMNAP II implementation, but the funds are expected to be mobilized for financing nutrition from the third quarter of the second fiscal year of NMNAP II implementation.

[11] It is projected that about 2 percent of the total NMNAP budget will be mobilized from innovative financing instruments, which will amount to TZS 14.09. Same as with the concessional loans, the efforts to mobilize the funds through this financing instrument will start in the third quarter of the first fiscal year of the NMNAP II implementation but the funds are expected to be mobilized for financing nutrition from the third quarter of the second fiscal year of NMNAP II implementation.

[12] Based on the PMO's observation that currently (2021/22) about TZS 2.5 billion is invested by private enterprises toward food fortification. It is assumed that the investment will grow at the same pace as GDP growth (i.e., an average of 6 percent recorded in the last decade).

[13]The efforts to mobilize the funds through this financing option will start in the third quarter of the first fiscal year of the NMNAP II implementation, but the funds are expected to be mobilized for financing nutrition from the fourth fiscal year of NMNAP II implementation.