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Book

Financing the fight against poverty and hunger - mobilising resources for a Sustainable Development Goal (SDG) reset : report to the Brazil G20 Presidency Task Force on the establishment of a Global Alliance on Hunger and Poverty

Report

Financing the fight against poverty and hunger – mobilising resources for a Sustainable Development Goal (SDG) reset

Report to the Brazil G20 Presidency Task Force on the establishment of a Global Alliance on Hunger and Poverty

Kevin Watkins, Kathryn Nwajiaku-Dahou, and Hetty Kovach

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Contents

Acronyms

ADB	Asian Development Bank
AFOLU	agriculture, forestry and other land use
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
BDH	Bono de Desarrollo Humano (Human Development Grant, Ecuador)
CAISAN	Câmara Interministerial de Segurança Alimentar e Nutricional (Interministerial Chamber of Food and Nutrition Security, Brazil)
CGD	Center for Global Development
CGIAR	Consultative Group on International Agricultural Research (now known by abbreviation only)
CNSAN	Consejo Nacional de Seguridad Alimentaria y Nutricional (National Council of Food and Nutritional Security)
CONSEA	Conselho Nacional de Segurança Alimentar e Nutricional (National Council for Food and Nutritional Security, Brazil)
CRS	OECD DAC Creditor Reporting System
DAC	OECD Development Assistance Committee
DEval	German Institute for Development Evaluation
DRM	disaster risk management
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECHO	European Civil Protection and Humanitarian Aid Operations
EIB	European Investment Bank
FAO	Food and Agriculture Organization of the United Nations
FCV	fragility, conflict and violence
GAFSP	Global Agriculture and Food Security Programme
GBV	gender-based violence.
GDP	gross domestic product
GFF	Global Finance Facility
GHP	global hunger and poverty
GSDR	Global Sustainable Development Report
HIPC	heavily indebted poor countries
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association (World Bank Group)
IFC	International Finance Corporation
IFFEd	International Finance Facility for Education
IFPRI	International Food Policy Research Institute
IISD	International Institute for Sustainable Development
ILO	International Labour Organization
IMF	International Monetary Fund

IPEA	Instituto de Pesquisa Econômica Aplicada (Institute of Applied Economic Research, Brazil)
LIC	low-income country
LMIC	lower middle-income country
MDB	multilateral development bank
MIGA	Multilateral Investment Guarantee Agency
NDB	New Development Bank (also known as the BRICS Development Bank)
NGO	non-governmental organization
OCHA	UN Office for Coordination of Humanitarian Affairs
ODF	official development finance
OECD	Organisation for Economic Co-operation and Development
PNAES	Programa Nacional de Alimentação Escolar (National School Feeding Programme, Brazil)
PoU	prevalence of undernutrition
PPP	purchasing power parity
R&D	research and development
SASPP	Sahel Adaptive Social Protection Programme
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
SFI	Sustainable Finance Initiative
SISAN	Sistema Nacional de Segurança Alimentar e Nutricional (National System for Food and Nutritional Security, Brazil)
TNC	The Nature Conservancy
UNCTAD	UN Conference on Trade and Development
UNDESA	UN Department of Economic and Social Affairs
UNEP	UN Environment Programme
UNESCO	UN Educational, Scientific and Cultural Organization
UNICEF	UN Children’s Fund
USAID	US Agency for International Development
WBG	World Bank Group
ZEF	Center for Development Research (Zentrum für Entwicklungsforschung), University of Bonn

Executive Summary

The world's governments are falling far short of the pledges they made in 2015 to eradicate extreme poverty and create a world with 'zero hunger' by 2030 – the first and second Sustainable Development Goals. On current trends, the poverty goal will be missed by a wide margin. Progress on hunger has stalled. These failures have acted as a brake on progress in other areas, contributing to a wider crisis in attaining the SDGs. António Guterres, the UN Secretary-General, has warned that 'the 2030 Agenda could become an epitaph for a world that might have been.' Avoiding that outcome requires urgent action to roll back poverty and hunger.

Behind the raw numbers of the SDG data, millions of people are living with avoidable poverty and preventable hunger. In response, the Brazilian Presidency of the G20 has proposed a Global Hunger and Poverty Alliance to galvanise change. The Global Alliance would seek to mobilise political leadership and financial resources to support policies with a proven potential to accelerate progress on SDGs 1 and 2, working through governments and their partners across the international community. Success would have transformative effects. Getting back on track to meet the 2030 goals would ease the suffering of millions of people, unlock their potential, and transform their prospects for human development. It would also renew the ambition of the SDGs. With the 2030 deadline looming and the SDG deficits mounting, it is imperative to scale up and accelerate our efforts.

This ODI report, prepared at the request of the G20 Presidency, highlights the potential for more rapid progress. It focuses on the international financing landscape for supporting SDGs 1 and 2 in low-income countries (LICs) and lower-middle-income countries (LMICs). These countries account for the bulk of extreme poverty and hunger – and a large (and rising) share of the SDG delivery shortfall. We trace the current trajectory of LICs and LMICs against the SDG targets. We then provide a detailed mapping of the official development finance (ODF) available to LICs and LMICs for policies geared towards eradicating poverty and attaining zero hunger.

The SDG progress report makes for bleak reading. Even before the Covid-19 pandemic, progress on poverty was slowing – and progress on key hunger indicators had stalled. On current trends, the 2030 targets will be missed by wide margins. Around 600 million people will be living under the extreme poverty threshold of

$2.15/PPP per day – twice the target level envisaged under the SDGs. The prevalence of undernutrition will be around the same level as in 2015, when the SDGs were adopted. As a result, the projected gap between the 2030 target and the current trend for stunting – children who are short for their age – represents around 39.6 million children.

Current trends do not dictate destiny. SDG success stories demonstrate that trajectories can change. Brazil's own experience under the 'zero hunger' target illustrates that it is possible to reduce poverty and hunger dramatically. While sub-Saharan Africa's share of poverty is rising, several countries in the region have achieved remarkable gains – in the case of nutrition, advances consistent with the 2030 goals. While there are no blueprints for success, the ingredients of successful policy approaches can be identified. Social protection programmes have played a pivotal role, providing income support and improving access to basic services. Smallholder agriculture is an engine for dynamic and inclusive growth – and for reducing poverty more quickly, given that most of the extreme poor live in rural areas. Investing in child health and nutrition pays dividends. School feeding programmes provide a cost-effective vehicle for reaching children living with poverty and hunger.

Increased finance is a necessary condition for a big push on poverty and hunger. The 2015 Addis Ababa Action Agenda provided a global framework for financing the SDGs. It was meant to underpin a new global partnership for people and planet, aligning finance with the 2030 targets. Outcomes have failed to match commitments. Large SDG financing gaps are holding back progress. Estimates just for zero hunger in LICs and LMICs put the current financing deficit at $10 billion to $56 billion. Climate change is magnifying both the risks facing poor people and the costs of achieving the SDG 1 and 2 targets. Meanwhile, the (re)emergence of a debt crisis and slower growth is limiting the fiscal space available to governments.

Financial mapping provides a picture of the current international development finance effort on poverty and hunger. Identifying reporting lines relevant to the Global Alliance's agenda is inherently difficult. Almost every area of policy and official development finance (ODF) – aid and other financial flows – has some bearing on poverty and hunger, including trade, macro-economic policy, governance, and energy sector reform. However, we restrict our mapping to finance provided by official donors and multilateral organisations either with a direct remit to eradicate poverty and hunger or with an immediate relevance for SDGs 1 and 2. In keeping with wider reporting practices, we broadly cluster ODF for global hunger and poverty (GHP) under the headings of basic human development (covering areas such as health, education, and water and sanitation), social protection, infrastructure for inclusive growth (with a focus on agriculture), and humanitarian aid. While the window is partial, it

provides a view of a critical part of the international development finance system.

Overall financing for global hunger and poverty is limited. In 2022 disbursements for non-humanitarian GHP amounted to $75.1 billion – around 20% of official development finance. While that represented an increase over the level in 2018, even allowing for Covid-19 spending and the response to the crisis in Ukraine, it falls far short of the levels required to change course on poverty and hunger. Humanitarian financing reached $38.9 billion.

Several areas are marked by relative neglect. GHP financing is dominated by health, partly reflecting the response to Covid-19. While social protection spending increased rapidly during the pandemic, it has since fallen sharply – from $18.7 billion in 2020 to $14 billion in 2022. That figure would appear to represent a significant under-investment. While it is difficult to trace financing for smallholder agriculture, current flows appear to be limited. Small-scale farmers and rural communities are facing mounting climate risks, yet climate adaptation financing is trickling down far too slowly.

Official development finance for GHP is delivered through a complex institutional architecture. Multilateral institutions account for 58% of total flows, rising to 72% if bilateral finance channelled through the multilateral development banks is included. The World Bank Group alone accounts for around one-quarter of GHP financing. UN agencies play a more limited financial role, delivering around $6 billion in 2022, overwhelmingly in the form of earmarked grants. Around one-third of bilateral aid is channelled through the multilateral system. Much of that support is directed towards trust funds and intermediary finance institutions housed in the World Bank (there are some 500 in total). Prominent examples with a direct remit on poverty and hunger include the Global Finance Facility (GFF) and the Global Agriculture and Food Security Programme (GFAFSP).

The gap between humanitarian needs and financing has never been greater. In 2023, just 40% of the funding needed to support UN coordinated plans was delivered – a record shortfall. Even if fully funded, the 2024 UN appeal would leave 119 million people identified as being in need beyond the reach of the humanitarian system. The catastrophic war in Gaza and the crisis in Sudan are placing further strain on a system that is buckling. As the strategic plan for 2024-2026 of the UN Office for Coordination of Humanitarian Affairs (OCHA) puts it: ‘Needs are set to far outpace resources, leaving an inundated humanitarian system struggling to meet a mere fraction of needs.’

Elements of the international development finance architecture are outmoded, dysfunctional, and bad for national ownership. The World Bank has documented a proliferation in the number of agencies delivering aid, with average grant sizes shrinking, and a parallel trend towards delivering support outside of government

systems. None of these trends are conducive to national ownership or effective aid.

We apply the World Bank's methodology to non-humanitarian official development finance for GHP. The results point to a disjointed and fragmented delivery system operating through projects carrying high transaction costs for governments. Among the findings:

- A significant volume of finance – $31.3 billion, or around 40% of all GHP funding – was channelled to recipient governments.
- Despite the primacy of government channels, 82% of funding was provided through project-based approaches.
- Support that goes directly to government budgets is limited, accounting for only 8% of transactions.
- Official donors recorded 68,038 individual transactions for non-humanitarian GHP. In Ethiopia, donors recorded 454 transactions in agriculture and another 265 for social protection.
- Most transactions involve small sums, with 89% less than $1m.

The central conclusion to emerge from the mapping is that a concerted drive to reach SDGs 1 and 2 will require more official development finance, better delivered, with immediate effect. Current flows are too small to support the efforts of governments in LICs and LMICs seeking to implement bold strategies on poverty and hunger. They are poorly aligned with areas of investment that offer high impact, including social protection and smallholder agriculture and they are delivered through structures that erode national ownership. While many donors may be loath to consider a return to budget support rather than project-based approaches, there is an urgent case for lowering transaction costs through more effective coordination with nationally owned policies.

The Global Alliance could use the G20's convening power to set a high level of ambition and support the development of nationally owned country platforms for delivery, perhaps drawing on the experience of the Just Energy Transition Partnerships (JETPs). The G20 Independent Expert Group has provided credible estimates of the financing required to achieve the SDGs. These include an additional $500 billion in official development finance by 2030, one-third of it in concessional finance. However, more money going through the current system will produce sub-optimal results, with fragmentation acting as a bottleneck. Nationally owned country platforms provide an alternative. Under the JETPs, which emerged out of the UN climate change process, governments set clear targets for achieving low-carbon energy goals, identify policy pathways for delivery, and allocate budget resources, while international partners coordinate support through country platforms. These are ambitious partnerships operating at pace and

scale. They could be piloted and adapted for a concerted drive to accelerate progress towards SDGs 1 and 2.

Linking SDGs 1 and 2 to the wider G20 agenda for reform of multilateral development banks would help catalyse change. Multilateral development banks (MDBs) are a central pillar of GHP financing – but they are woefully underutilised. Because they are banks, the MDBs can generate powerful multiplier effects, mobilising $4-5 for every $1 of capital and aid they receive, in the case of the World Bank. The G20's International Expert Group on MDB reform has proposed measures for greatly expanding MDB financing – including $260 billion in official financing – through options that include new capital injections, more flexible lending, risk guarantees, and a strengthened focus on mobilising private capital. The aim is to combine global resource mobilisation with effective delivery through nationally owned country platforms. The Global Alliance could play a key role in ensuring that poverty and hunger figure prominently.

Other areas now on the G20 agenda could also expand the financing envelope for poverty and hunger. Unsustainable debt is a case in point. Debt service payments from the world's poorest countries – those eligible for concessional loans and grants from the World Bank's International Development Association (IDA) – reached $89 billion in 2022 (exceeding GHP flows), crowding out spending in areas like social protection, health, and nutrition. Debt restructuring supplemented by debt-swaps could release resources for SDG 1 and 2 investments. Large-scale debt swaps have been engineered to support large-scale marine conservation in several countries. In principle, the same approach could be applied to financing for initiatives on poverty and hunger. Accelerated reallocation of IMF Special Drawing Rights could strengthen the liquidity position of governments in LICs and LMICs, expanding the fiscal space available to governments. Channelling SDRs through the multilateral development banks would create strong multiplier effects.

The Global Alliance should consider proposals for a purpose-driven global fund for the eradication of poverty. Any proposal for a new fund must meet stringent value-added criteria, including a credible prospect of producing high-impact results at pace and scale without generating further duplication in an already fragmented aid system. Given the imminency of the 2030 deadline, there is a further need to avoid the kinds of complex governance arrangements that lead to political quicksand. Few proposals meet the criteria. An exception is a proposed fund focused on cash transfers targeting people living in extreme poverty. Developed by staff at the Brookings Institution, the proposal would link international development finance to the new opportunities created by digital targeting and machine learning for effective low-cost targeting.

Other approaches also merit consideration. Social protection programmes represent the world's best chance of forcing a quantum leap in reducing poverty and improving nutrition. They have a demonstrated capacity to deliver results. School-age children and adolescents account for a large and rising share of poverty and hunger. School meal programmes offer a cost-effective route for reaching them with nutritious meals. Smallholder agriculture has been held back in many countries by poor infrastructure and inadequate investment in research and development. Today's investment in the development and disbursement of more productive and more climate-resilient seeds, biofortified foods, and sustainable cropping practices would represent tomorrow's defence against poverty reversals triggered by the climate crisis. We identify strategies for changing this picture, including increased support for the CGIAR (formerly the Consultative Group on International Agricultural Research), the world's largest publicly financed agricultural research institution.

The Global Alliance could consider the development of a 'virtual fund' to drive progress on poverty and hunger. Constructive debates on financing mechanisms for specific SDGs have been stymied by familiar arguments on the relative merits of 'vertical funds' geared towards specific goals (such as the multilateral global funds in health) and 'horizontal' funds seeking to advance broader goals. In reality, there is little appetite for the creation of new vertical funding institutions – and the limitations of current approaches are evident from the gap between SDG ambition and results. Virtual funds could offer a third way. There is no shortage of financing vehicles to deliver support to governments seeking to accelerate progress on poverty and hunger. What is in short supply is strategic coordination and new and additional financing. If anything, there are too many vehicles delivering too little finance through a fragmented architecture that imposes high transaction costs on governments. A virtual fund for SDGs 1 and 2 could act as a strategic clearing house, providing developing countries with a one-stop shop through which to secure coordinated support for ambitious plans to extend initiatives on poverty and hunger, galvanising international support and delivering results.

1 Introduction

With the 2030 target date for the Sustainable Development Goals (SDGs) looming, the progress report makes for bleak reading. Around one-third of SDGs have either registered no progress or regressed since 2015 (United Nations Department of Economic and Social Affairs, 2023). The world is on a trajectory that will leave it far short of the ambition set when 193 UN Member States committed to the vision, the 17 SDGs and the 169 targets set out in the *Transforming Our World* agenda for people, planet, and prosperity. The UN Secretary-General has issued a stark warning: 'unless we act now, the 2030 Agenda could become an epitaph for a world that might have been.' There is still time to avoid that outcome, but the window of opportunity is closing fast. Choices made in the next few years will have profound consequences for the lives of millions of people at the sharp end of the SDG crisis.

Hunger and poverty are at the heart of the crisis in attaining the SDGs. Eradicating extreme poverty and hunger is not just a moral imperative; it is also a condition for achieving the wider SDG ambition. Endemic poverty and hunger act as a brake on the development of healthier, better-educated, more prosperous, and more inclusive societies. There cannot be a 'just transition' to the low-carbon future envisaged by the Paris Agreement without a concerted effort to end poverty and hunger. While there have been many success stories, the ambition of eradicating poverty (SDG 1) and moving toward a world of 'zero hunger' (SDG 2) is slipping out of reach. The 2023 Global Sustainable Development Report (GSDR) reports 'limited or no progress' on poverty and a 'deterioration' on food security. Changing that picture and delivering on the SDG pledge would lift 300 million people who currently live on less than $2.15 a day above that poverty threshold and free almost 600 million people from the blight of hunger. For the millions of children being raised in poverty and malnutrition, it would bring new hope and unlock potential. The stakes could hardly be higher.

The period before the Covid-19 pandemic was not a 'golden age' for SDGs 1 and 2, but the environment has deteriorated. The world was not on track for the poverty and hunger goals before Covid-19 struck – and it is now even further off-track. While the period since 2000 has seen extraordinary gains in reducing extreme poverty, progress was already slowing before the pandemic. Progress on undernutrition effectively stalled a decade ago, and

while child nutrition indicators have improved, the pre-pandemic gap between SDG targets and the pace of advance was already very large. Since 2019, an already difficult environment has worsened. The world effectively lost three years in the fight against poverty and hunger. The world's poorest people bore the brunt of the pandemic and have been hit hard by food price inflation, a slowdown in economic growth, and the shrinking fiscal space available to governments. Inequalities are rising, calling into question the level of commitment – both in letter and in spirit – to the SDG pledge 'to reach the furthest behind first'.

This is the backdrop against which Brazil has made the fight against hunger, poverty, and inequality a central theme of its G20 presidency. The G20 has recognised that the world stands at a critical juncture on the SDGs. Its Action Plan recognises an '*unprecedented urgency for the G20 to take coordinated, swift, and tangible actions (…) to accelerate achievement of the SDGs'* (Varanasi Development Ministerial Meeting, 2023). Nowhere is the urgency more apparent than on SDG 1 and SDG 2. The Brazil Presidency has proposed the creation of a Global Alliance against Hunger and Poverty (hereafter, Global Alliance) with a remit to galvanise high-level political action and promote a better alignment of international support, including financial support to facilitate country-level implementation of policies with a proven potential to accelerate progress. Success would represent a return to the first principles of the 2015 Addis Ababa Action Agenda, which sought to align SDG commitments with financial strategies for their delivery (United Nations Department of Economic and Social Affairs, 2015).

Ensuring that the Global Alliance draws upon and supports G20 and wider initiatives while avoiding duplication is a priority. With the clock ticking on the SDG timeline, Brazil recognises that this is not a moment to reinvent policy wheels.

This background paper, prepared by ODI, is intended to inform the discussions of the task force charged with developing the Global Alliance. It looks at the international financial landscape for SDGs 1 and 2, focusing on aid and concessional finance for low-income countries (LICs) and lower middle-income countries (LMICs). These countries account for the overwhelming bulk of extreme poverty, as measured by the $2.15/day threshold, and the deprivation tracked in SDG 2 indicators, including under-nutrition, stunting, and wasting. Official development finance (ODF) – aid and other financial flows – is *not* the main act in financing for the SDGs in LICs and LMICs. The momentum for an SDG recovery needs to come from national leadership and domestic resource mobilisation. But ODF can play a valuable support role, supplementing national efforts, expanding the fiscal space available to governments, and backing investments in people. It can create an enabling environment for a big push to eradicate poverty and hunger. The UN Secretary-General has urged the G20 to support a transformative SDG Stimulus

package of around $500 billion in affordable long-term financing for development (United Nations, 2023). Much of that stimulus needs to be directed to SDGs 1 and 2.

Section 1 of this paper provides an overview of the challenges that must be overcome if the world is to get on track to meet the SDG targets on poverty and hunger. The challenges are daunting, and current trends point to imminent failure. But trends do not define destiny. Many countries – including Brazil – have demonstrated that extraordinary progress can be achieved when three conditions are in place: political leadership, good policies, and sustainable finance. Social protection has a proven track record in accelerating poverty reduction, improving health and nutrition, and strengthening the resilience of poor and near-poor households. Smallholder agriculture can act as an engine for inclusive growth and poverty reduction. There are effective policies for reducing hunger and the chronic under-nutrition that leaves millions of children stunted. Well-designed and properly financed school feeding programmes can generate multiple benefits for poverty reduction, nutrition, and learning. In all these areas, there are large – and growing – financing gaps that cannot be closed solely through the resources of LICs and LMICs. The international development finance system will have to take on a greater share of the heavy lifting.

Section 2 provides a mapping of the current ODF effort. Any attempt to specify what constitutes ODF financing for SDGs 1 and 2 faces obvious difficulties. Poverty and hunger are affected by a wide range of public policies, including governance, macroeconomic management, trade, financial regulation, and climate mitigation. Tracking all ODF spending across these domains would provide a comprehensive picture, while obscuring more granular detail on areas with a specific remit on poverty and hunger. We adopt a narrow definition of what constitutes ODF for global hunger and poverty (GHP), encompassing three clusters of non-humanitarian finance – basic human development, inclusive growth, and safety nets – as well as humanitarian aid.[1]

The ODF mapping reveals good news and bad news. Financing for GHP has increased, despite competing demands. This is testimony to the resolve of donor countries and agencies across the bilateral and multilateral system. The bad news comes in three parts. First, several areas marked by a high potential to accelerate progress on SDGs 1 and 2 have suffered relative neglect: social protection and smallholder agriculture are prominent examples. Second, the effectiveness of the aid effort is hampered by fragmentation and an overemphasis on project-based approaches. Third, the overall ODF

[1] This approach broadly mirrors the World Bank's 'asset accumulation' framework set out in a separate note prepared for the Task Force. It recognises the importance of safety nets that provide resilience and protection against shocks, the critical role of productive assets and infrastructure, and wider human development capabilities.

effort is dwarfed by the sheer scale of the financing gaps surrounding SDGs 1 and 2, especially in LICs and LMICs.

Section 3 looks at some of the policy options for strengthening the alignment of ODF with the poverty and hunger targets of the SDGs. There are opportunities to link SDGs 1 and 2 to the wider G20 agenda on the reform of the international development finance system. Multilateral development banks (MDBs) represent the world's most effective vehicle for a concerted drive to eradicate poverty and hunger, but that vehicle is under-utilised. Far more could be done to leverage balance sheets. The G20's Independent Expert Group has set out an agenda for reform that includes mobilising an additional $260 billion directly through the MDBs, with the banks also playing an expanded role in mobilising private capital. Unsustainable debt is now crowding out the vital public investments needed to accelerate progress on poverty and hunger. The corollary is that debt relief and debt swaps could mobilise new resources for SDGs 1 and 2. Allowing the claims of creditors to override the needs of people living with hunger and poverty is an economically short-sighted and morally indefensible throwback to the 'lost decades' of previous debt crises. Speeding up the reallocation to developing countries of the International Monetary Fund's Special Drawing Rights (SDRs) could strengthen the liquidity of governments and generate strong financial multiplier effects for financing poverty and hunger, especially if they are channelled through the MDBs.

There are other areas in which the Global Alliance could help catalyse progress. The rapid expansion of social protection programmes could bring the 2030 SDG ambition within reach. Much of the infrastructure is already in place – and digital technologies have opened new frontiers for delivery. School feeding programmes provide a cost-effective route for reaching millions of children living with hunger and malnutrition. Many governments in LICs and LMICs have set a course for the universal provision of school meals, but implementation is hampered by the limited resources available. A global initiative to support their efforts would yield rapid results. There are opportunities to support smallholder agriculture by investing in infrastructure and research and development. Climate finance for adaptation currently makes a limited contribution to financing for SDGs 1 and 2. It could do far more.

The Global Alliance could use the convening and coordinating power of the G20 to pioneer innovations in delivery. The watchwords for effective action on SDGs 1 and 2 are pace and scale. With the 2030 SDG deadline looming, this is not a moment for protracted dialogue and prevarication. Delivering results by 2030 requires investment now – and it requires investment at a level commensurate with the financing needed to overcome a backlog of underperformance. The Global Alliance could play a critical role in galvanising action and mobilising resources. Linking the G20 reform agenda to the real lives of people living with poverty and malnutrition

could create a sense of urgency, converting dialogue into action. Proposals developed at the Brookings Institution for the development of a purpose-driven global fund to eradicate poverty and hunger could provide a focal point for the Alliance's work. They merit serious consideration. The Global Alliance would be uniquely well placed to link international cooperation on resource mobilisation to nationally owned country platforms, providing governments demonstrating a serious intent to accelerate progress on SDGs 1 and 2 with a gateway to additional resources.

2 The backdrop – an SDG crisis, and the opportunity for recovery

This section provides the context for the financial mapping (Section 2). We look at progress towards some of the key targets for SDGs 1 and 2. The aim is not to provide a comprehensive assessment, but to identify areas and trends that could help inform approaches taken by the Global Alliance in its core ambition to 'support accelerated efforts to eliminate hunger and extreme poverty while reducing inequalities' (G20 Brasil G20 Development Working Group Issue Note, 2024). If the SDG progress report reveals the magnitude of the challenges that have to be addressed, SDG success stories underscore the feasibility of the Global Alliance's ambition. These stories point to areas in which an enhanced international development finance effort could support governments working to achieve breakthroughs in SDGs 1 and 2. Any consideration of the development finance levels mobilised for the fight against hunger and poverty must consider the scale of current SDG financing gaps. We briefly examine gaps with a direct bearing on SDGs 1 and 2.

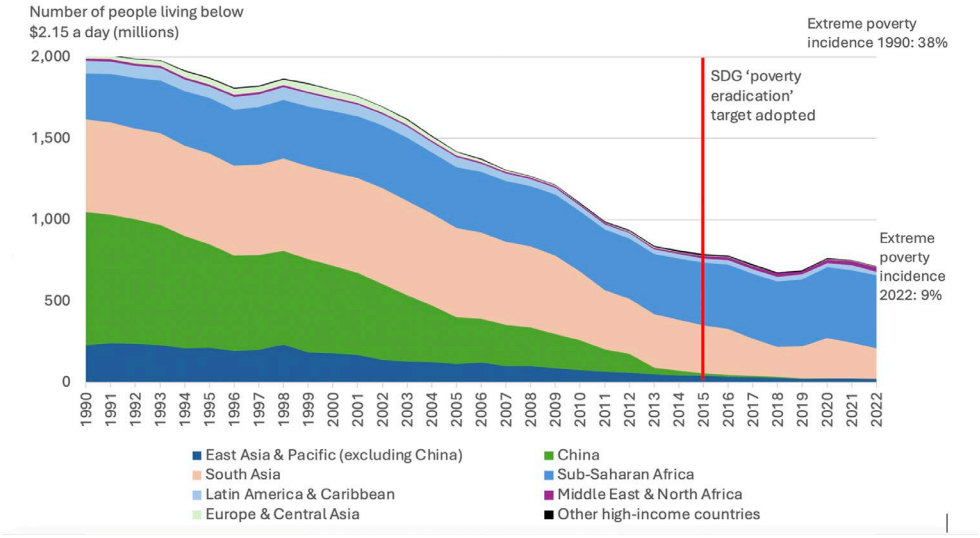
2.1 SDG 1 – the 2030 poverty target is slipping out of reach

SDG 1 targets 'the eradication of poverty in all its forms'. This broad definition includes extreme monetary poverty (Target 1.1), tracked by the share of the population living on less than $2.15 a day (2017/PPP), with an upper threshold target of 3%, and the halving of poverty measured by national thresholds (Target 1.2). Other indicators of progress include increased access to economic resources and social protection floors and strengthened resilience to climate change. We focus here on the $2.15 threshold. The evolving global poverty profile helps identify areas for prioritisation by the proposed Global Alliance.

Looking back at the shifting profile of global poverty provides a picture of extraordinary but uneven achievement. Since 2000, unprecedented progress towards the eradication of poverty has continued (Figure 1). In 1990, 2 billion people – 38% of the world's population – lived below the extreme poverty threshold. By 2000, the incidence of extreme poverty had fallen by 10 percentage points,

lifting 300 million people above the poverty threshold. Since the start of the millennium, another 1 billion people have escaped poverty, and the poverty rate has fallen from 30% to 7%. There is no precedent for that achievement. However, the global overview obscures marked variations between regions. Much of the impetus for extreme poverty reduction has come from East Asia, notably China, supplemented since 2000 by progress in South Asia. East Asia accounts for 70% of the headcount reduction in poverty since 2000. Extreme poverty in Latin America has fallen to one-fifth of the level in 2000. Sub-Saharan Africa has also reduced the incidence of extreme poverty, from 56% to 36%, but due to demographic growth, not by enough to prevent an increase in headcount: there are now 36 million more people in poverty than there were in 2000.

Figure 1 Global Extreme Poverty - $2.15 (PPP/2017) by region (and China), number of people and incidence, 1990 – 2022

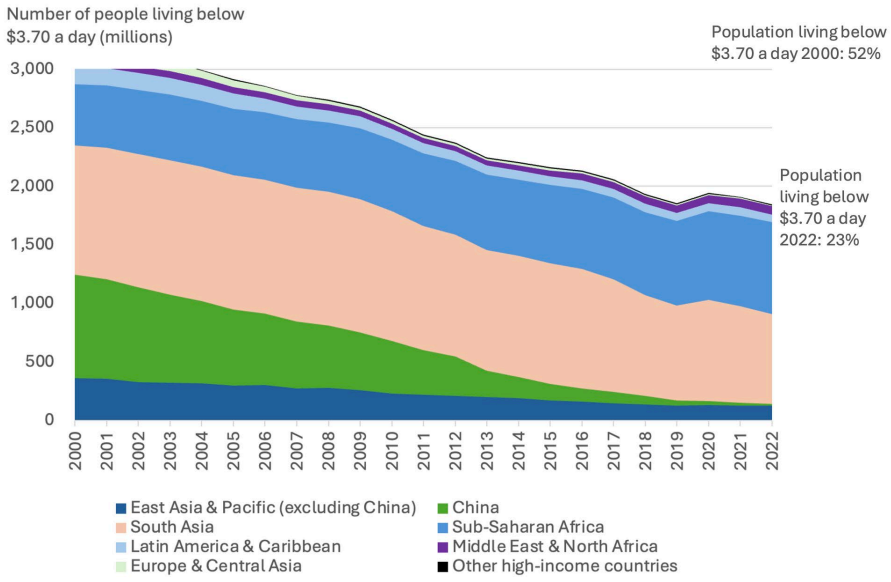


Source: World Bank, Poverty, and Inequality Platform

The poverty gap is shrinking. Falling poverty and rising average incomes have reduced the financing that would be needed to eradicate extreme poverty. Based on a simple poverty gap calculation, it would take $168 billion, or 0.12% of global GDP, to lift everyone living on less than $2.15 to the threshold. Of course, eradicating poverty is about more than monetary transfers. Sustained poverty reduction requires policies and institutions that enable the poor to acquire the skills and assets they need to work their way out of poverty. It also requires safety nets that empower poor households to withstand and recover from shocks, and investment in social and economic infrastructures that support inclusive growth. Even so, the poverty gap arithmetic demonstrates that small transfers through the international development finance system could make a big difference well before 2030. Cash transfers delivered through social protection programmes provide an effective mechanism.

Raising the monetary threshold for extreme deprivation changes the picture of extreme deprivation. The $2.15/PPP threshold is a stringent poverty line, broadly corresponding to the median poverty line for low-income countries (Jolliffe et al., 2022). It represents a level of consumption incompatible with basic standards for nutrition, shelter, and a minimum acceptable standard of living. Raising the threshold to $3.70/PPP (corresponding to the median poverty threshold for LMICs) triples the incidence of poverty, to 23% in 2021. In headcount terms, that means around 1.1 billion people are living between $2.15/PPP and $3.70/PPP, including two-thirds of sub-Saharan Africans, 40% of South Asians, and 10% of Latin Americans. There is an ongoing debate over the setting of international poverty thresholds. But even using relatively stringent definitions, around one-quarter of the world's population is either in, or at risk of falling into, extreme poverty. That vulnerability represents a compelling case for scaling up social protection programmes that facilitate monetary transfers and strengthen resilience.

Figure 2 People Living Below $3.70 (PPP/2017) – by region, number of people and share of global population, 2000 – 2022



Source: World Bank, Poverty, and Inequality Platform

The recent history of poverty reduction demonstrates that changes in both average income and distribution matter. Ultimately, the pace of poverty reduction can be broken down into the growth of mean incomes, changes in inequality (and the share of increments to growth captured by people living below the poverty threshold), and the interaction of the two. At any given rate of growth, poverty will fall faster when declining inequality increases the income share of the poor (Bourgignon, 2004). The growth elasticity of poverty reduction will tend to decline at higher levels of inequality. Brazil's extraordinary progress in reducing poverty in the decade after 2003

was fuelled by a mix of higher growth and a steep decline in inequality supported by conditional cash transfer programmes. The Gini coefficient fell from 0.60 at the end of the 1990s to 0.49 by 2014, supporting a 20% reduction in national poverty (Balakrishnan et al., 2019). Redistribution enabled Brazil to achieve a breakthrough on poverty, despite more modest growth than China (Ravallion, 2011). By contrast, sub-Saharan Africa, the region with the most pervasive poverty, has consistently had a lower growth elasticity of poverty reduction than other regions, even controlling for the depth of poverty (Wu et al., 2024). The region thus needs higher rates of growth to achieve an equivalent level of poverty reduction. Redistributive growth through social protection systems, improved access to basic services, and investment in productive infrastructure servicing the poor would change this picture. Apart from the immediate benefits to the poor, reducing inequality can itself provide a stimulus to growth. What emerges very clearly from a large body of international evidence is that reducing inequality and 'leaving no one behind' is not just a social justice imperative, but a condition for reducing poverty more quickly.

Progress towards eradicating extreme monetary poverty has slowed – and the world is off-track. After decades of progress, poverty reduction slowed around 2015 and went into reverse gear with the Covid-19 pandemic (World Bank, 2022). An estimated 712 million people were estimated to be living in poverty in 2022. While extreme poverty has fallen back to pre-pandemic levels globally, poverty in the poorest countries and those affected by fragility and violence remains above 2019 levels. Three years of progress have been lost. The World Bank now projects the 2030 poverty rate at around 7%, or more than double the target rate, with 600 million people living on less than $2.15 a day. Put differently, over 300 million of these people could escape poverty if the SDG 1 target were met.

Measuring poverty as a static state obscures important dimensions of the challenges to be addressed. Around 1.1 billion people live perilously close to the extreme poverty threshold, with consumption levels between $2.15 and $3.50. This is a population at risk of being pushed into poverty by external shocks, such as lost employment or climate-related events. Moreover, monetary poverty captures just one aspect of deprivation. There are many others, more accurately measured through multi-dimensional indicators.[2] Social protection programmes that transfer income and services to the poor and near poor are among the most effective tools for reducing monetary poverty, enabling those just above the poverty line to escape the gravitational pull of extreme deprivation, and break the

[2] Monetary poverty is just one dimension of deprivation. The experience of poverty is only partially captured by consumption and expenditure snapshots. Poverty is also about health, education, where and how people live, and their vulnerability. The global Multi-dimensional Poverty Index helpfully tracks changes in the number and share of people who are multidimensionally poor, the intensity of the joint deprivations they face, and in what indicators of poverty they are deprived. This also registered marked setbacks following the onset of the Covid-19 pandemic.

link between monetary poverty and disadvantage in other areas, such as health and education.

Extreme poverty is increasingly concentrated in sub-Saharan Africa. Although extreme poverty represents a challenge everywhere, just over half of the extreme poor live in sub-Saharan Africa, and that share is rising. One in three of the people in the region live on less than $2.15. That represents a marked improvement since 2000, when extreme poverty affected more than half of the region's population – but the number of people living in extreme poverty has increased dramatically since 2015 with population growth, from 370 million to 397 million. Another one-third of the population lives with consumption levels between $2.15 and $3.65. By 2030, more than 90% of extreme poverty will be concentrated in Africa according to current trends. It follows that no strategy for accelerated poverty reduction will succeed unless it helps place Africa on a new poverty reduction trajectory.

Progress towards the creation of a 'social protection floor' has been limited and unequal. The Covid-19 pandemic triggered a worldwide surge in social protection measures, demonstrating their importance and potential for protecting poor and vulnerable households. But as coverage reverts to pre-pandemic levels, the limits and inequalities of social protection systems are apparent. In 2020, around half of the world's population – 4 billion people – were wholly without social protection. Coverage rates were inversely related to the incidence of extreme poverty. In Africa, only 17% of the population had access to one or more social protection benefits. Only 8% of children in LICs and 21% in LMICs were covered by cash benefits (International Labour Organization, 2022). These coverage deficits represent a wasted opportunity to accelerate progress on hunger and poverty (see below).

Children and adolescents are at the front line of the SDG 1 deficit. Demographic arithmetic dictates that children are disproportionately affected by poverty. The median age in sub-Saharan Africa, the region with the most prevalent and deepest poverty, is just 19 – and poorer households have more children. Estimates from the World Bank and UNICEF indicate that children under 18 represent 52% of the world's population living on less than $2.15/day, an increase of 5 percentage points from 2013. This implies that 333 million children are raised in households living below the poverty threshold (Salmeron-Gomez et al., 2023). Just under 90% of extremely poor children in the world live in sub-Saharan Africa or South Asia. The emerging age profile for extreme poverty has far-reaching policy implications. While it is a cliché to say that 'children are the future of their nations', it is a cliché that embodies a powerful fact. Child poverty is a major barrier to the human development capabilities that countries need to build inclusive societies and shared prosperity. Overcoming that poverty can break the transmission of deprivation across generations, creating new

opportunities for children to realise their potential. While it is a truism that ‘children represent the future of nations’, it is also a fact that should steer the design of public policies.

Rural people and smallholder farmers are at the heart of the SDG 1 deficit. While the world is urbanising, 80% of $2.15 poverty is concentrated in rural areas, particularly among smallholder farmers (United Nations Department of Economic and Social Affairs, 2024). Moreover, the rural sector can act as an accelerant for poverty reduction. Every percentage point of agricultural growth cuts poverty two to three times more rapidly than growth in other sectors (Christiansen and Martin, 2018; Dorosh and Thurlow, 2018). An obvious – but much neglected – implication is that small-scale agriculture will have to figure more prominently if the SDG 1 targets are to be brought within reach. Raising the productivity of smallholder agriculture increases the poverty elasticity of growth and creates a twin benefit for growth and poverty reduction.

Countries affected by fragility, conflict, and violence (FCV) account for a large and growing share of extreme poverty. Estimates of that share vary, but the World Bank projects that by 2030, 59% of the extreme poor will live in FCV countries (The World Bank Group, 2020). The Covid-19 pandemic is estimated to have pushed another 20 million people in FCV countries into poverty in 2020, and average incomes have yet to recover to pre-pandemic levels. FCV countries are home to the world’s largest displaced populations. While FCV is a catchall label that obscures marked variations between and within countries, FCV countries tend to have poor governance, limited access to basic services, and greater deprivation in human development, all of which make reducing poverty even harder. FCV states also feature prominently in humanitarian emergencies*.* Strategies for accelerated progress on SDG 1 will have to attach more weight to financing for FCV states, including action across the ‘humanitarian-development divide’.

Climate change multiplies the risks posed by extreme poverty, interacting with conflict, fragility, and environmental stress. While adapting to the effects of climate change is imperative for all people and the planet, it is the millions of the world’s poorest and most vulnerable people who are most severely affected by climate impacts. More protracted and severe droughts, floods, and storms, and less predictable rainfall are already taking a toll, with damaging consequences for poverty and inequality (Intergovernmental Panel on Climate Change, 2022; Richardson et al., 2022). Poor households are more exposed to climate risks and lacking resources and access to safety nets, they often struggle to respond to climate shocks without resorting to harmful coping strategies, such as cutting meals, reducing health spending, and making distress sales of productive assets (Lankes et al., 2024). Recent research by the UN Food and Agriculture Organization (FAO) finds that exposure to floods widens the gap in incomes between poor and non-poor households by some

4%, amounting to $21 billion a year in aggregate financial terms across all low- and middle-income countries (FAO, 2024). What emerges clearly from a vast and growing body of evidence is that protecting past gains in poverty reduction and preventing future setbacks will require up-front investment in adaptation to strengthen the resilience of poor households, notably those depending on agriculture for their livelihoods.

2.2 Zero hunger – off-track, with marked reversals

SDG2 aims to 'end hunger, achieve food security and improved nutrition and promote sustainable agriculture'. Targets include ending hunger and ensuring access to 'safe, nutritious and sufficient food' all year round for all people, especially the poor and vulnerable groups (SDG 2.1); ending all forms of malnutrition as measured by the prevalence of stunting, wasting and the prevalence of anaemia among women of reproductive age (as a proxy for wider micro-nutrient deficiency), and exclusive breast feeding (SDG 2.2); doubling the productivity and incomes of small-scale producers, supporting sustainable agriculture, and preventing trade distortions in international markets (SDG 2.3). The diversity of the targets, and the fragmented and partial data available, make it difficult to measure trends in many of these areas with any accuracy, but it is clear that the SDG zero hunger ambition is slipping out of reach.

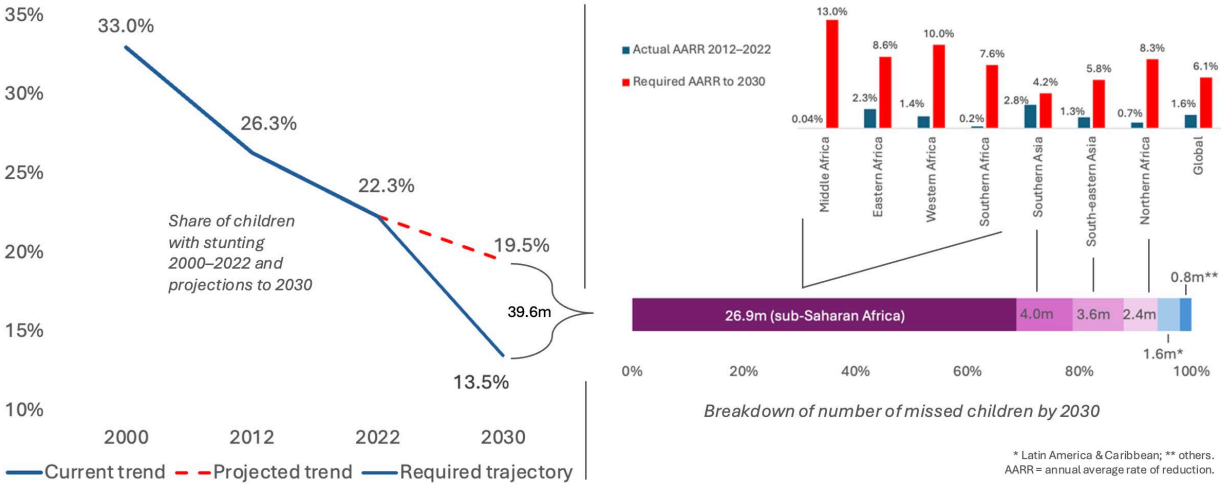
Progress on SDG 2.1 is measured by the FAO's Prevalence of Undernutrition (PoU) indicator, which tracks food availability.[3] Around 750 million people – about 9% of the world's population – lived with hunger on this measure in 2022 (FAO and WFP, 2023). Progress towards the zero-hunger goal stalled over a decade ago and reversed with the impact of the Covid-19 pandemic. The number of people living with hunger rose by 200 million between 2015 and 2022. The prevalence rates reported for sub-Saharan Africa (22%) are the same as in 2005, while those for South Asia are comparable with those in 2010. Parts of Latin America and the Caribbean have reported increases in hunger since 2019. Food price inflation, already on the rise before the market disruption associated with Covid-19 and Russia's invasion of Ukraine, has contributed to setbacks. While inflation has moderated, core scenarios point in a distressing direction. Projections from the FAO and the International Food Policy Research Institute (IFPRI) suggest that, even in a benign recovery scenario, there will be around the same number of hungry people in 2030 as in 2015 –around 590 million. The number of under-nourished people is projected to fall in South Asia, rise substantially in Africa and register no progress in Latin America. Tackling chronic hunger is

[3] The PoU is a national-level model-based indicator designed to assist with understanding food access in terms of dietary energy inadequacy. It measures the percentage of a population whose dietary energy intake is under the Minimum Dietary Energy Requirement (MDER), essentially by comparing food supply with the food required to provide the MDER. The indicator is generated on an annual basis by the Food and Agriculture Organization (FAO) in line with SDG 2.1.

among the most urgent challenges facing developing countries and the wider international community.

Child stunting has been falling, but far too slowly to achieve the SDG target. Stunting measures shortfalls in a child's height for their age. The result of chronic under-nutrition, it tends to raise health risks and impair cognitive development. The incidence of stunting has fallen by one-third since 2000 (UNICEF, 2023). Even so, 148 million children were stunted in 2022, including one-third of those in Africa and one-fifth in South Asia. These children will reach their primary school years carrying the disadvantages that come with sustained under-nutrition. The average annual rate of reduction needed to achieve the SDG target is around 6%, or four times the rate achieved over the past decade. Two-thirds of countries are off-track to halve stunting by 2030. If current trends continue, 128.5 million children will be stunted in 2030 – 39.6 million above the target. Over 80% of these 'missed children' will live in Africa, where progress has lagged behind other regions. It is not too late for countries and regions to get on track, but with every passing year, the window of opportunity shrinks.

Figure 3 Child Stunting Reductions – actual annual rates of progress (AARP), 2012 – 2022) and required rates of progress to achieve SDG target, global and selected regions



Source: UNICEF/WHO/World Bank

Progress on child wasting has been far slower than for stunting. Children experiencing wasting (the condition of being too thin for their height), especially severe wasting, are susceptible to life-threatening conditions associated with weakened immunity, as well as long-term risks to their physical and cognitive development (Karlsson et al., 2022). Reported wasting rates have fallen from 8.7% to 6.8% since 2000, leaving 45 million children affected (UNICEF, 2023). In 2023, UN agencies adopted a Global Action Plan on Child Wasting aiming at a 2030 prevalence rate of no more than 3% (UN Global Action Plan, 2023). Achieving that goal will require twice as much progress

over the next five years as has been achieved over the past 20 years.

Around half of children with wasting, and three-quarters of those with severe wasting, live in South Asia. While most of the children treated for wasting are reached through humanitarian interventions, the majority of the children affected by wasting are not directly involved in humanitarian emergencies. The misalignment reflects limited and unequal access to vital child and maternal health care services, poverty, gender disparities related to reproductive health, and social practices, such as early marriage. Maternal education also has a critical bearing (Victora et al., 2021). The complexity and interlocking nature of the underlying causes of malnutrition underscore the need for integrated, multi-sectoral policy responses (Heidkamp et al., 2021).

Data on stunting and wasting are likely to understate the scale of the problem – and how far short we are of SDG targets. One reason is that survey data provide a snapshot of children who were wasted at one point in time. One large-scale analysis of longitudinal data from 10 LICs and LMICs found far more children experiencing wasting at some point during their first two years than at a single point in time (Mertens et al., 2023). At the age of 24 months, 5.6% of children were wasted at the time of survey, but 29.2% of children had experienced at least one wasting episode, and 10.0% had experienced two or more episodes. Survey distinctions between stunting and wasting can also obscure an overlap between the two conditions. Global data is lacking, but the analysis of longitudinal data cited above found that 10% of children experience concurrent wasting and stunting before the age of two, with the highest rates in South Asia.

Children are also an invisible part of the larger crisis of undernutrition. International data monitoring has tended to focus on the 0-5 age group and the ‘first 1,000 days’ of life, which are critical to healthy physical and cognitive development. The same is true of international cooperation more broadly. At one level, the concentration on the early years is justified by the high stakes for children. Hunger and malnutrition in the ‘first 1,000 days’ expose children to elevated risks of mortality and have lifelong consequences. However, insufficient weight has been attached to the primary and secondary school years, which are also vital for child development (Bundy et al., 2018; Baltag et al., 2018). Children experiencing hunger and malnutrition during their primary school and adolescent years, and in the transition to adulthood, also face health risks and diminished opportunities for the education needed to escape poverty.

Applying the FAO’s regional PoU data to disaggregated school-age cohorts gives some indication of the scale of the challenge. On this basis, around 189 million school-age children are living with

hunger (Sustainable Finance Initiative, 2023). Many of these children will be struggling to learn in schools. Others will have dropped out of school, often because of the effects of poverty and hunger. Under-nutrition among adolescents is closely associated with micro-nutrient deficiencies. Adolescent girls are particularly affected. Anaemia, a general indicator of micronutrient deficiencies, affects around one-third of adolescent girls, while the prevalence of vitamin A deficiency is estimated at 18% among girls aged 5 to 19 in low-income countries (Bundy et al., 2018).

Acute food insecurity remains widespread. Conflict, extreme poverty, climate events, and economic shocks continue to expose millions of people to acute food insecurity. The FAO-WFP Hunger Hotspots report identifies 160 million people facing acute food insecurity in 22 countries (FAO-WFP, 2023). The Famine Early Warning Systems Network (FEWS NET) identifies nine countries with significant populations in areas characterised by pre-famine (Phase 4 of the five phases identified by the Integrated Food Security Phase Classification, or IPC). Households in these areas suffer from acute malnutrition and excess mortality and are forced to adopt 'distress sales' of assets as a food security strategy (FEWS NET, 2023).[4] Both the humanitarian system and the wider international development finance system have a vital role to play in addressing the underlying causes and effects of acute food insecurity.

Micronutrient deficiency is widespread but poorly tracked. The most detailed cross-country studies on anaemia (a core SDG indicator) point in a worrying direction (Owais et al., 2023). Between 2000 and 2019, anaemia among pregnant women fell from 41% to 36%, with virtually no decrease for non-pregnant women. Only one country is reportedly on track to achieve the SDG 2 anaemia target. The lack of progress turns the spotlight on deeply embedded gender disparities, along with poverty and limited access to health care (Merid et al., 2023). Cross-country evidence on a wider micronutrient deficiency is limited. However, a recent review of evidence on micronutrient deficiencies among pre-school children found that more than half of those in South Asia experienced a deficiency in at least one of the three core micronutrients (iron, zinc, and vitamin A), rising to two-thirds in sub-Saharan Africa (Stevens et al., 2022). Financing for the development of more efficient and equitable health services should figure prominently in ODF priorities.

Tracking progress towards the SDG target of doubling smallholder productivity is difficult because of data gaps. Overall data on productivity is subject to wide margins of error, smallholder farmers are not clearly differentiated from others, and women farmers are not differentiated within the smallholder sector. Even so, the SDG ambition is important given the concentration of poverty in rural areas. The International Fund for Agricultural

[4] The countries are Ethiopia, Yemen, Nigeria, Sudan, South Sudan, Somalia, Guatemala, Burkina Faso, and Haiti (https://fews.net/sites/default/files/2023-12/FAOB-December%202023.pdf (31 March, 2024).

Development estimates that rural areas are home to 80% of the world's extreme poor (IFAD, 2021), a large and growing share of whom live in Sub-Saharan Africa. With almost 3.2 billion people in LICs and LMICs living in rural areas, the livelihoods of vast numbers of people are intimately connected to smallholder agriculture and food systems (IFAD 2022).

Global overviews on smallholder productivity can obscure important differences across and within regions. Smallholder farmers around the world have contributed to a sustained rise in agricultural productivity, making it possible to feed a growing and increasingly urbanised world population. In South Asia rising agricultural productivity, with smallholders playing a prominent role, has played an important role in driving poverty reduction. The contrast with sub-Saharan Africa is striking. Agricultural output in the region has been rising just ahead of population growth, at around 4% a year (Jayne et al., 2022). However, most of this growth has come from the expansion of land area, rather than increased productivity (as measured by yields per hectare). Cereals yields in Africa average half the level in South Asia, and the yield gap has widened since 2000 (Ritchie, 2022). Closing the yield gap would act as a spur to inclusive growth and accelerated poverty reduction. Current value-added per worker is far too low in most countries to support an escape from poverty. That matters because, despite rapid urbanisation, two-thirds of the extreme poor report agricultural work as their primary occupation. Poverty rates in agriculture are four times the level in non-agricultural sectors (Castañeda, 2016).

2.3 Accelerating progress – some lessons from success stories

The progress reports for SDGs 1 and 2 underscore the scale of the challenge facing the Global Alliance – but they do not warrant pessimism. The SDG achievement gaps are real, but so too are the results of many success stories. Some of the world's poorest countries have achieved extraordinary advances in reducing poverty and improving nutrition, often in the face of acute budget constraints. Official development finance has in many cases played an important role in supporting national efforts. While there are no 'one-size-fits-all' policy blueprints either for national governments or the agencies providing development finance, even a brief review of the ingredients of the success stories provides some useful policy guides.

Inclusive growth supported by agriculture has been an engine for poverty reduction. Some countries – such as Vietnam and Indonesia – have continued the strong performance of the previous decade. Others saw a poverty-reduction 'lift-off'. Nepal and Bangladesh roughly halved $2.15 poverty in the decade after 2000 and halved it again by 2019. Rapid agricultural growth after the mid-1990s, built on smallholder productivity gains, was instrumental in

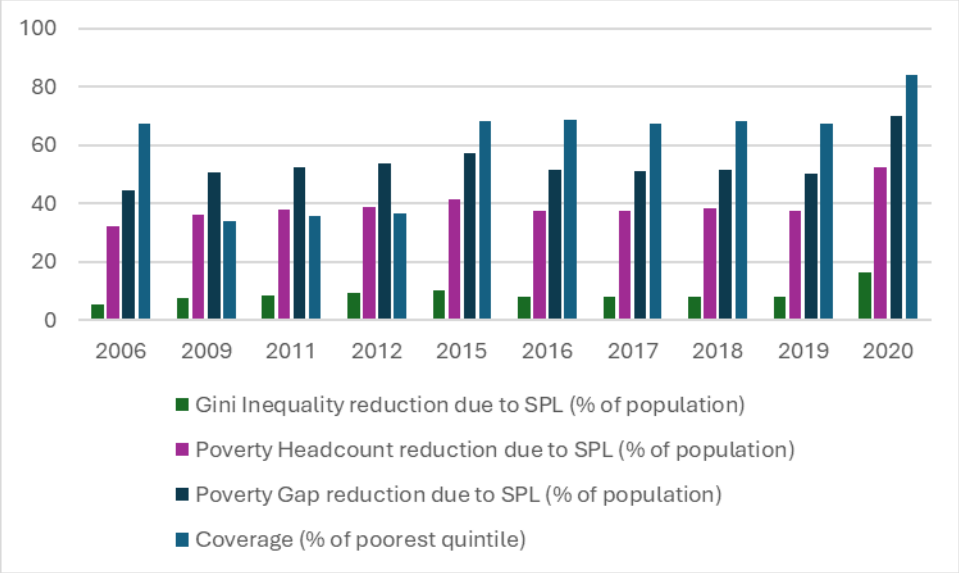
reducing poverty and malnutrition and eliminating the countries' reliance on emergency food aid (Gautam and Faruqee, 2016). Sub-Saharan Africa is often presented as an SDG 1 failure – and the absolute number of people living in poverty has indeed risen. Yet the incidence of poverty in the region has declined from 60% to 38%, with a broad and diverse group of countries – Ethiopia, Ghana, Rwanda, and Senegal among them – cutting extreme poverty by half or more. In each of these cases, agricultural growth and increased smallholder productivity has contributed to accelerated poverty reduction. One lesson to emerge is that investing in rural infrastructure, high-quality extension services, research and development, and wider public services yields results.

Brazil's achievements merit attention because the scale and pace of its post-2000 human development advances show what is needed more generally for SDGs 1 and 2. The level of child stunting in Brazil fell from 15% in the mid-1990s to 7% by 2007 (IFPRI, 2016). Between 2003 and 2008, the poverty incidence fell from 12% to 4% (IPEA, 2010). Food security has also improved. Households benefiting from the Bolsa Familia programme had 6% higher food expenditure and 9% higher total energy availability than households outside the programme at comparable income levels. One of the most striking and relevant SDG characteristics of Brazil's experience is the scale of change achieved in a short period.

While building on past efforts, Brazil's accelerated progress reflected a concerted policy drive through the country's 'zero hunger' strategy. The strategy represented a coordinated set of interventions aimed at eradicating hunger, including the consolidation and extension of social protection through Bolsa Familia, support to family farmers, an expansion of the national school feeding programme, and investment in public health. Critically, the government recognised that there was no single 'silver bullet' solution to hunger and that a new institutional structure would be needed to cut across policy sectors. The overarching governance framework, the National System for Food and Nutrition Security (SISAN), reflected an intersectoral approach recognising that success would require coordination across policy areas and public engagement. The National Conference on Food and Nutrition Security (CNSAN) provided a forum for social participation in identifying priorities. The National Council for Food Security (CONSEA), an advisory body, provided oversight and evidence, connecting in turn to an Interministerial Chamber for Food and Nutrition Security (CAISAN), a government body that includes representatives from 20 relevant ministries, which is responsible for turning evidence and proposals into public policy. This governance framework's emphasis on integration and coordination provides valuable lessons not just for national policies but for the donor delivery practices outlined in Section 3.

Social protection has been an integral part of the policy toolkit in Brazil and other countries in Latin America. Bolsa Familia is now the world's largest (conditional) cash transfer programme, reaching over 21 million households, including 80% of the poorest quintile (ECLAC, 2024). The powerful effects of Bolsa Familia on poverty and inequality are captured in Figure 1. In 2020, transfers reduced headcount poverty by around half. The health and nutrition outcomes of other social protection programmes across the region are equally marked. Ecuador's Bono de Desarrollo Humano (BDH), an unconditional cash transfer programme, has greatly reduced child malnutrition. The Juntos conditional cash transfer programme introduced in Peru in 2005 underpinned one of the greatest achievements in reducing malnutrition. Targeting over 700,000 households, Juntos is estimated to have halved childhood stunting, from 28% in 2008 to 13% in 2016. One of the striking features of each of these programmes is that they have generated dramatic gains at relatively low cost. Before the pandemic Bolsa Familia spending averaged 0.4 % of Brazil's GDP.

Figure 4 Brazil's social protection system – reach and impacts on poverty and inequality (post-transfer no adjustment)



Source: World Bank (2024a) ASPIRE key indicators of Social Protection and Labour system performance.

Social protection programmes in LICs and some LMICs have had more muted SDG 1 and 2 effects than in Latin America but demonstrate a huge potential. The outcomes of social protection programmes tend to be conditioned by the size of the transfers they make, the incidence and depth of poverty, the effectiveness of targeting, and other factors, including regularity of payments (Social Protection Interagency Cooperation Board, 2024). Even where the poverty impacts are limited, social protection can strengthen resilience and food security. In Ethiopia, for example, the Productive Safety Net Programme has enabled households to smooth

consumption during periods of drought and flood-related stress, protecting nutrition, reducing the need to make distress sales of productive assets, and raising incomes. Kenya's National Safety Net Programme, which now reaches over 5 million people, has protected access to food in arid and semi-arid areas during drought. Both the Ethiopian and the Kenyan programmes include mechanisms for scaling up during droughts. Malawi's Social Cash Transfer Programme, which now reaches over 300,000 ultra-poor households, is improving food security. In Pakistan, the Benazir income support programme, which combines conditional and unconditional support for over 5 million households, is estimated to have reduced poverty levels by 7%, with marked gains for child nutrition (M. Rubio, mimeo, 2024; Khan, 2019).

Several countries have introduced targeted support for children through their social protection systems. One of the most striking examples comes from South Africa. The Child Support Grant, launched in 1998, has become one of the largest and most comprehensive social protection systems among developing countries, reaching over 10 million children each month. Another notable example is the introduction of child grants in Nepal in 2009, initially targeted at particularly marginalised groups and gradually expanded to reach 40% of children under five, eventually increasing in coverage. The programme currently provides around $4 per month. Evaluation studies have documented a range of positive effects, including increased spending on food and clothing and a decrease in undernutrition (Renzaho et al., 2019).

Social protection programmes have the potential to deliver benefits at the scale and pace needed to bring the SDG 1 goal within reach, while accelerating progress on SDG 2. Almost every country in the world has at least one social protection programme in place, providing a ready-made policy infrastructure for scale-up. Shifts in technological frontiers have opened up new opportunities. Digital banking, mobile telephony, and geospatial data have dramatically improved the ability of governments to target beneficiaries, while lowering delivery costs (Kharas and McArthur, 2023).

The experience of Togo during the Covid-19 pandemic provides a microcosm of what could be achieved on a global scale. In April 2020, the government launched its Novissi cash transfer programme, within a week of a health emergency being declared. The platform, a 100% digital cash transfer programme with no face-to-face contact, was domestically developed and operating within 10 days. One week after its launch it had reached 450,000 people, eventually delivering $34 million to almost 1 million people (Lawson, 2022). The platform did not require an internet connection, enabling recipients to use basic 2G technologies. Artificial intelligence, cell phone data, and satellite imagery were used to improve targeting of beneficiaries. Geospatial data was used to identify the poorest 100

rural cantons and machine learning algorithms were used to predict consumption patterns (Togo Republic; Agence Française de Développement, 2020). Research for the Novissi platform was supported by the World Bank as part of a wider regional project for supporting unique identification systems in West Africa, with an IDA grant financing delivery (The World Bank, 2024). Once established, the platform also provided a mechanism for channelling private contributions to targeted households.

Despite the SDG shortfall there has been widespread progress on stunting. The number of countries with high stunting prevalence has declined by 40% since 2000.[5] Some countries have shifted trajectories. In South Asia, for example, both Bangladesh and Nepal have cut stunting by 13 percentage points. In Africa, Burkina Faso, Ethiopia, Ghana, Kenya, and Senegal have all reduced stunting rates by 10 percentage points or more. These success stories have received insufficient attention. They demonstrate that apparently intractable barriers to progress can be lowered through well-designed public policies implemented with sustained leadership.

Evidence from high-performing countries on stunting provides valuable insights into how financing priorities drive change. A recent review of five countries that have achieved steep declines in stunting – Ethiopia, Kyrgz Republic, Nepal, Peru, and Senegal – found that 40% of the gains came from health and nutrition sector interventions, with another 50% from other sectors. Improvements in maternal education, maternal nutrition, and maternal and newborn care, along with reductions in fertility and improved birth spacing, were strong contributors. (Bhutta et al., 2020). The mix of factors driving change varied across countries. In Senegal, Community Based Nutrition programmes allied to improved access to health services played a key role (Brar et al., 2020). In Ethiopia, agricultural investments increased crop yields, contributing to improved household food security, supplementing the impact of rising incomes and improved health care. Public investment, linked to targeted policies, was a major driver of change. Aid has played an important role in supporting national efforts. As the review cited above concludes: ‘Pivotal to gains were high-level political and donor support as well as sustained financing to improve child health and nutrition’ (Bhutta et al., 2020).

School feeding programmes can support wider poverty and hunger strategies, providing a cost-effective route for reaching children in their primary and secondary school years. There is a large and growing body of evidence documenting the benefits of school feeding in areas with both immediate and longer-term impacts on poverty and nutrition (Alderman et al., 2024). The direct nutritional benefits of school meals are determined by the profile of school participation (poor children and girls who are out of school don’t

[5] High stunting prevalence is defined by rates above 40% (WHO).

directly benefit) and the quality of the meals provided. One systematic review found increased height-for-age scores among participating children (Wange et al., 2021). Another randomised control trial in Ghana found no effect on average, but significant increases in height-for-age scores among girls and children aged five to eight living below the poverty line (Gelli et al., 2019). School feeding programmes can also produce wider transmission effects with benefits for poverty and hunger. For poor households facing a trade-off between sending girls to school or having them work at home, school feeding can create incentives in favour of education – and the education of girls has a critical bearing on factors affecting the nutritional status of children (Bedasso, 2022). High-quality school feeding programmes in LICs and LMICs can both raise learning outcomes and increase years of schooling, especially for girls and children in poverty. Randomised control trial evidence from Ghana shows that children in the poorest households who benefited from the national school feeding programme also experienced improved learning equivalent to three years of additional schooling. (Aurino et al., 2023). Recent evidence also points to strong cross-generational effects. Perhaps the most striking example comes from India, home to the world's largest school meal programme. Children of mothers who attended the programme are less likely to be stunted. The effects probably worked through a combination of women's education, associated fertility decisions, and enabling women to make greater use of health services. School meals were associated with 13% to 32% of the reduction in stunting recorded in India between 2006 and 2016 (Chakrabarti et al., 2021).

School feeding represents one of the most effective but least deployed vehicles for accelerating progress on SDGs 1 and 2 in LICs and LMICs. School feeding programmes represent one of the world's most ubiquitous social protection interventions. Unfortunately, the protection they provide is weakest where it is most needed: in poor countries and poor communities. Coverage rates are just 18% in LICs and 39% in LMICs. Moreover, budgets are often too limited to finance nutritious school meals. Many of the countries that have made breakthroughs on nutrition and poverty – including Brazil – have integrated ambitious school meal programmes into wider anti-poverty and anti-hunger programmes. Evidence from these cases has prompted a large group of LICs and LMICs gathered in the School Meals Coalition to adopt bold strategies for accelerating progress towards universal school meal provision. With international support and a strengthened domestic resource mobilisation effort, these strategies could generate a powerful new momentum towards the 2030 targets.

Limited international support for school feeding illustrates shortcomings in current approaches to evidence. Development finance resources are meagre given the huge need that exists. That scarcity has led to a justified focus on results-based approaches, typically measured by cost-benefit analysis and experimental or

quasi-experimental impact evaluations focused on specific outcomes. Both approaches provide valuable insights. However, for interventions that produce multiple and cumulative benefits over many areas across a long-time horizon, narrow cost-benefit metrics and short-term randomised control trials may heavily understate the real human development returns (Aurino et al., 2023). This appears to be the case for school feeding, which boosts learning, nutrition, health, and food security, while reducing poverty. Whether or not school meals generate the highest returns over the short-run in any one of these areas, they are a proven instrument in effective policy toolkits designed to provide integrated and systemic responses to poverty and hunger – as powerfully illustrated by Brazil's experience.

Each of the success stories highlighted in this section illustrates both the strengths and the weaknesses of current approaches to international cooperation. National leadership has been critical, but international cooperation and official development finance have helped create an enabling environment. There has been a proliferation of initiatives on nutrition, food security, agriculture, stunting, wasting and other areas. These initiatives have delivered results, helping create an enabling environment for government action. However, the initiatives themselves are all too often fragmented, overlapping, limited in financial scale, and geared towards incremental, rather than transformative change (Box 1). They mirror wider failures in the official development finance system that we examine in section 2.

Box 1 The global eco-system for tackling hunger – crowded and less than the sum of its parts.

Realising the SDG 2 'zero hunger' ambition requires integrated action across a broad swathe of public policy areas, with finance aligned to clearly defined policy objectives. Brazil's experience is instructive. The breakthrough on hunger was achieved through deeply institutionalised coordination across ministries and sectors. By contrast, the current global architecture for eradicating hunger suffers from fragmentation, weak coordination, and under-funding.

Even a limited scan of the mechanisms now in place reveals dozens of initiatives, strategic alliance, financing vehicles, and support mechanisms. To cite a small number:

Plans of Action: Virtually every SDG target and sub-target has an action plan of some description attached to it. Some are strategic and targeted, identifying detailed pathways to well-defined goals. The UN Global Action Plan on Child Wasting is an example (UN Global Action Plan, 2023). Others are more wide-ranging. Among a broad spectrum of goals, the UN's Global Accelerator aims to extend social protection to the 4 billion people not covered by creating 'a virtuous cycle of sustainable development'. The World Health Assembly has adopted several action plans on child and maternal health, many of

which have informed donor strategies (the EU's Nutrition Action Plan, which set targets for reducing stunting, is an example).

Dedicated financing mechanisms: The Global Financing Facility (GFF) for Women, Children and Adolescents uses grants to leverage World Bank finance. The Global Agriculture and Food Security Programme (GAFSP) has a remit to improve food and nutrition security by providing financial and technical resources. The Child Nutrition Fund was created to support implementation of the UN Global Action Plan on Child Wasting by mobilising new funding, providing matching grants to governments, and strengthening the detection, prevention, and treatment of wasting (Child Nutrition Fund, 2023).

Innovation and country support. The Scaling Up Nutrition (SUN) alliance is a government-led platform supporting efforts in 65 countries to end malnutrition. The Global Alliance for Improved Nutrition (GAIN) has developed practical, evidence-based approaches for improving access to healthy diets. The Power of Nutrition, a charitable foundation, has pioneered innovative financing models aimed at catalysing investment in key interventions that tackle the underlying causes of malnutrition.

Alongside these and many other initiatives, almost every bilateral donor has a strategy or set of initiatives for supporting progress towards the SDG 2 goals. The same is true for UN agencies, the World Bank, and other multilateral development banks. There is no shortage of efforts to provide effective coordination. In 2019, 13 multilateral agencies (including the World Bank) adopted a Global Action Plan for Healthy Lives. The Global Action Plan on Child Wasting divides responsibility across five UN agencies (without the World Bank in this case).

Notwithstanding the excellence of the work carried out by the donors, UN agencies, multilateral funders, and special purpose vehicles involved in tackling hunger, three systemic problems are clearly identifiable:

Targets divorced from financing provisions. Despite the proliferation of initiatives and commitments, already large financing gaps in areas relevant to SDGs 1 and 2 are growing. The G7 commitment at the 2015 Elmau summit to lift 500 million people out of hunger illustrates a wider problem. While aid provision did increase (reaching an average of $17 billion between 2017 and 2019) an additional $14 billion would have been required to align finance with commitment (Kornher and von Braun, 2022).

Misalignment of finance and commitments. UN agencies lack the predictable and flexible finance needed to deliver results. As we show in Section 2, the poverty and hunger financing available to the

UN system is limited and largely earmarked for specific donor priorities.

Fragmented, weakly coordinated, project-based delivery. Governments in LICs and LMICs are confronted with what the World Bank has described as an ‘aid bombardment’, with support for hunger and poverty interventions tied to thousands of transactions and often loosely coordinated projects that are difficult to scale up.

2.4 SDG financing gaps

Translating effective policies into effective action on SDGs 1 and 2 requires sustainable, predictable, and affordable finance. That finance is not currently available to LICs and LMICs. While any analysis of SDG financing gaps is subject to wide margins of error and uncertainties over domestic resource mobilisation, the international development finance effort is inconsistent with the 2030 targets adopted by the world’s governments.

Global SDG costing exercises underscore the extreme financial challenges facing governments in LICs and LMICs and the wider international community. As the 2030 target date deadline draws closer and the cumulative backlog of under-achievement mounts, already large financing gaps are increasing. A review at the midpoint of the 2030 agenda by the UN Conference on Trade and Development (UNCTAD) put the global financing gap at $4-$4.3 trillion annually – up from $2.5 trillion in 2015 (UNCTAD, 2023). Within this broad envelope, the Independent High Level Expert Group on Climate Finance puts the financing gap for a green transition aligned to the Paris Agreement at around $1 trillion, rising to $2.4 trillion by 2030 (Bhattacharya and Soubeyran, 2023). Translated into regional terms, the daunting scale of the financing gap becomes more apparent. In 2019, the IMF estimated that the median sub-Saharan African country must spend an extra 19% of the region’s GDP by 2030 on education, health, water and sanitation, roads, and electricity to achieve the SDG targets (Prady and Sy, 2019). The financing gap has risen since the Covid-19 pandemic (Benedek, 2021).

Narrowing the lens to identify and exclude non-SDG 1 and 2 targets would provide a distorted picture. This can be illustrated by real-world examples. Take the case of stunting (SDG 2). While nutrition interventions are critical, many of those interventions are delivered through health systems. In sub-Saharan Africa, where an estimated 42% of women of reproductive age lack access to basic health services, expanding health provision (SDG 3) is vital for progress on stunting and wasting (Tessema, 2022). It also matters for poverty (SDG 1). The World Health Organization (WHO) and the World Bank estimate that 344 million people living below the $2.15 threshold were either pushed into poverty or forced into deeper poverty by out-of-pocket payments for health care (WHO and The

World Bank, 2023). Education (SDG 4) – especially girls' education – is strongly negatively correlated with poverty and under-nutrition.

Table 1 provides a summary of estimated financing gaps in areas broadly consistent with the clusters we apply in Section 2 to the tracking of official development finance. It should be emphasised that these costs are neither comparable (they are not adjusted to reflect constant values) nor additive (the domains covered overlap). However, they illustrate the gap between the financing available to LIC and LMIC governments and the prospective costs of achieving the SDG targets. The incremental cost of delivering essential interventions for universal health coverage has been estimated at $57 billion for LICs, or 8% of GDP, and $250 billion for LMICs, or 4% of GDP (Watkins et al., 2020). The financing gap in education has almost doubled since 2015, representing 6.5% of GDP in LICs and LMICs (UNESCO, 2023). As these figures illustrate, without increased support from the international development finance system, governments will face stark trade-offs between different SDG targets.

Financing gaps in social protection have a critical bearing on prospects for accelerating progress towards the SDG 1 and 2 targets. Recent financing estimates from the ILO provide a comprehensive picture of the gulf between current budgets and the financing required to deliver a 'social protection floor' in five areas – support for children, disability, maternity, old age, and unemployment (ILO, 2024). The aggregate gaps (in 2024 prices) amount to $308.5 billion for LICs and $616.8 billion for LMICs. Those figures translate into 52.3% of GDP for LICs and 6.9% for LMICs, reflecting the size of national budgets and current levels of coverage. The total gap for children-related investment alone is $148 billion. While there are margins of error associated with global costing estimates of this type, the figures serve to highlight the gulf in resourcing.

The climate crisis has added another layer of cost to SDG delivery. Early investment in adaptation is vital if LICs and LMICs are to contain the social, economic, and human costs of climate change. Adaptation represents a vital part of the toolkit for accelerating progress on poverty and hunger, but the investment required is rising with the scale of climate impacts on vulnerable communities. UNEP puts the annual adaptation financing gap facing developing countries at $194 billion to $366 billion per year – and around $75 billion for LICs and LMICs (UNEP, 2023). Implementing the adaptation measures included in Nationally Determined Contributions submitted by African governments under the Paris Agreement will require a six-fold increase in financing (Climate Policy Initiative, 2023).

Table 1 Estimated financing gaps for selected SDG targets

SDG target	Financing gap estimate (annual average, not comparable)	Coverage	Country Group	Source
Zero hunger (SDG 2)	$10.8 billion	Childhood stunting and wasting, breastfeeding, anaemia	LICs/LMICs	GAIN (2021)
Zero Hunger (SDG 2)	$33 billion	Rural infrastructure, agriculture, and social protection (490m lifted from hunger)	LICS/LMICs	CERES, IFPRI,IISD (2020)
Zero Hunger (SDG 2)	$56 billion	Health and agriculture	LICs/LMICs	ZEF/FAO (2020)
Social Protection (SDG 1)	$925.1billion	Basic 'social protection floor'. Benefits for children (0-5), maternity, old-age, and disability) and health care	LICs/LMICs	ILO (2024)
Universal health coverage (SDG 3)	$307 billion	Essential universal health interventions	LICs/LMICs	Watkins et al., Lancet 2020
Universal education and learning (SDG 4)	$97 billion	Universal education and learning (pre-school, primary, and secondary)	LICs/LMICs	UNESCO, Global Monitoring Report
Climate Adaptation (SDG 13)	$75 billion	Financing NDCAs interventions	LICs/LMICs	UNEP (2023)
Water and sanitation	$500 billion	Universal coverage	Developing countries	UNCTAD (2023)

3 International development finance for SDGs 1 and 2 – mapping resource flows

Identifying the official development finance now being mobilised for poverty and hunger is not straightforward. There are few policy areas that do not have some effects on poverty and hunger. Governance, trade, macroeconomic conditions, fiscal policy, and climate change mitigation strategies are all profoundly relevant for SDGs 1 and 2. However, turning the spotlight on financial transfers with a direct remit and immediate relevance for poverty and hunger can help cut through complexity. For the purposes of this report, we focus on four broad categories of financing for global hunger and poverty (GHP):

- **Inclusive growth**: The pace of reduction in the number of people living on less than $2.15 a day is determined by average increases in income and the share of increments to growth captured by people below that poverty threshold. Redistributive growth, through which the poor increase their share of income, is an accelerant. With most of the poor living and working in rural areas, budget lines for agriculture and rural development have an obvious relevance for hunger and poverty.
- **Resilience and safety nets**: Enabling the poor to withstand and recover from shocks is a condition for progress on SDGs 1 and 2. Social protection systems have a demonstrated track record in delivering results.
- **Basic human development**: Beyond the immediate importance of health services for SDG 2, basic health care and primary education systems, basic water and sanitation, and support for women and girls have a crucial bearing on poverty, inequality, and long-term human development prospects.
- **Humanitarian response**: While the boundaries between ‘humanitarian’ and ‘development’ finance are of diminishing

relevance in the real world, the humanitarian system is at the forefront of efforts to tackle acute malnutrition and poverty in emergency settings.

Our approach is based on established practices, but data sources represent a limiting factor. We track official development assistance (ODA) and non-export credit Other Official Flows (OOF).[6] Most of the data is drawn from the OECD Creditor Reporting System (CRS), supplemented by the UN OCHA Financial Tracking Service for tracking humanitarian financing.[7] Annex 1 summarises the relevant reporting lines for both systems. We have drawn from the practices deployed in earlier mapping exercises, including the G8 L'Aquila Food Security Initiative, the Ceres2030 reporting system on ending hunger, the applied approach of the European Union to food and security nutrition reporting, and the measurement of aid for agriculture and food security by the OECD (further details in Annex 1). Our methodology does not capture some important sources of international development finance, including those provided through South-South cooperation, Chinese official finance, and diaspora communities. However, it facilitates comparability between donors and reporting periods.

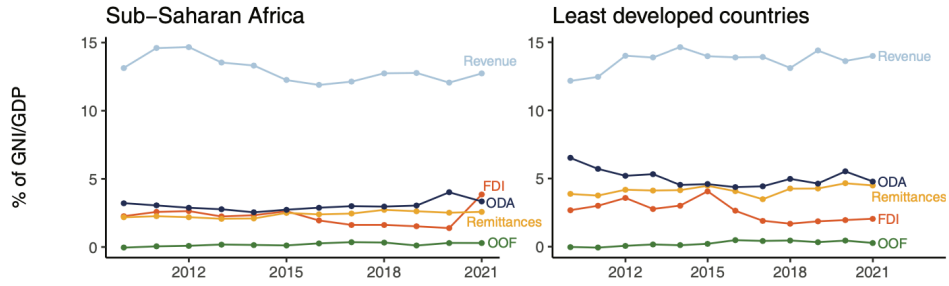
For the purposes of this analysis, we divide the overall financing envelope for global hunger and poverty into two segments – non-humanitarian and humanitarian. Non-humanitarian clusters the first three categories under a broad global hunger and poverty (GHP) umbrella. Total disbursements for the two segments amounted to $114 billion in 2022 (current prices). The non-humanitarian envelope amounted to $75.1 billion and humanitarian for $38.9 billion.

The importance of the official development finance mapped in this section should not be exaggerated – or understated. Domestic revenue dominates financing for all the SDGs, including those for poverty and hunger. However, the official development flows tracked in this section are an important source of revenue for many countries, accounting for 3% to 5% of GDP on average in sub-Saharan Africa and the least developed countries (Figure 5). These figures understate the importance of ODF for some key sectors such as health, nutrition, and education, especially in LICs.

[6] ODA is defined as financial flows provided by official aid agencies to recipient countries and multilateral agencies with a clear development purpose and on concessional terms, with a specified grant element. Other official flows are defined as official sector transactions that do not meet ODA criteria. They include grants official bilateral transactions intended to promote development but have a grant element of less than 25%. We exclude export credits.

[7] The data in this report is based on the OECD CRS and captures gross disbursements of ODA and non-export OOF from official donors. Official donors include multilateral agencies outflows and bilateral donor funding. The report also looks at the UN OCHA Financial Tracking Service (FTS) data on humanitarian financing for UN appeals. It allows for a more granular analysis of humanitarian financing. The FTS data captures ODF flows but also includes contributions from a wider range of countries and organizations, including private and charitable entities.

Figure 5 Official development financing and government revenues – sub-Saharan Africa and LDCs, share of GDP 2010-2021



Source: OECD (2023), Development Co-operation Profiles, OECD Publishing, Paris, https://doi.org/10.1787/2dcf1367-en (accessed on 04 April 2024); data sourced from OECD (2023), 'Creditor Reporting System: Aid activities', https://doi.org/10.1787/data-00061-en.

Revenue constraints facing governments will magnify the importance of official development finance as a driver of accelerated progress on SDGs 1 and 2. Increasing tax-to-GDP ratios in LICs and LMIC would reduce SDG 1 and 2 financing gaps – and there is scope for governments to do more in this area. That said, there are marked limits to revenue raising prospects. The slowdown in economic growth experienced by many LICs and LMICs is itself a constraint on tax revenues. Moreover, effective tax reform takes time and the development of institutional capacities. Technical cooperation can help, but it doesn't offer a short cut to change ahead of the 2030 SDG deadline. An enhanced tax effort could mobilise an additional 2.6 of GDP in LICs and 4.6% in LMICs (Evans et al., 2023). Those figures would represent an additional $78 billion for LICs and $362 billion for LMICs, far short of the financing gaps identified in the previous section. This analysis points to a vital role for ODF in efforts to combat poverty and hunger.

The gulf between SDG financing needs and the current aid effort graphically illustrates the urgent need to rethink approaches to international development finance. Closing the financing gaps identified in the previous section for any one SDG would require implausibly large increases in aid. Social protection illustrates the point. Closing the financing gap facing LICs alone would require overall aid to be tripled, with the *entire* OECD development assistance budget directed to social protection in those countries (ILO, 2024). As such comparisons suggest, success in achieving the goals set for the Global Alliance will require a radically enhanced domestic resource mobilisation effort, backed by the mobilisation of the full array of international development finance resources, encompassing bilateral and multilateral, concessional and non-concessional, and public and private flows.

3.1 The state of non-humanitarian financing for global hunger and poverty (GHP)

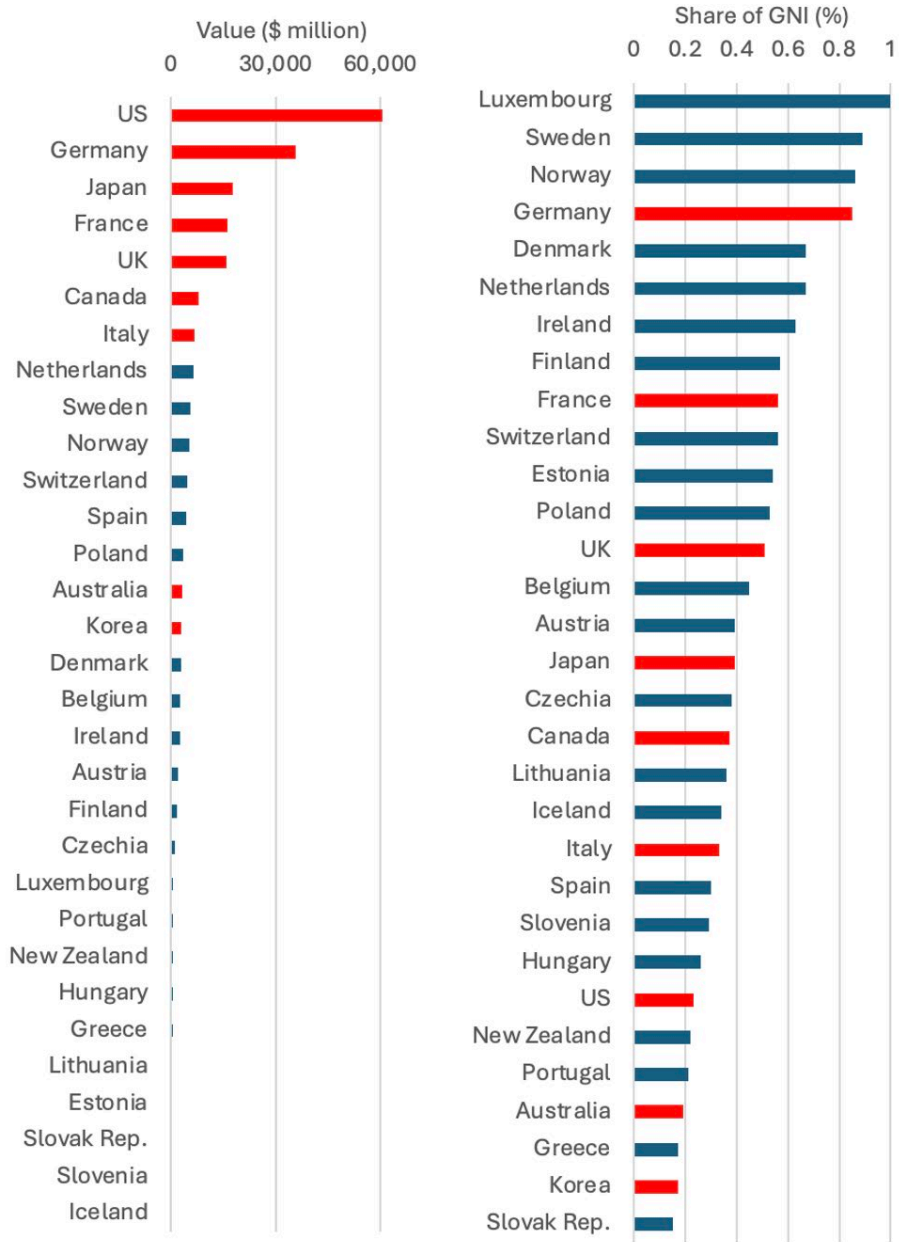
The wider environment for ODF has been shaped by the international response to the Covid-19 pandemic and the war in Ukraine. In 2022, ODF from all official donors reached a new peak, increasing by 17% in real terms to $379.3 billion (current prices).[8] Around two-thirds of this amount was provided as ODA.[9] The good news on the overall ODF envelope was moderated by a hefty dose of less positive news. Increased financing was largely driven by the international response to Russia's invasion of Ukraine, continued Covid-19 health control spending, and a surge in spending in donor countries to cover the costs of hosting refugees and asylum seekers. Deducting these costs, overall ODF rose by 2% in real terms in 2022.

Bilateral ODA to least developed countries and sub-Saharan Africa declined, in the latter case by 6.8% in real terms (OECD, 2023a). Trends cannot be derived from one-year data – but the decline in ODA to sub-Saharan Africa during a year marked by particularly acute fiscal stress raises obvious concerns. Less aid for a region marked by a growing share of $2.15 poverty is not consistent with accelerated progress on SDGs 1 and 2. Elevated refugee costs and the Ukraine response are likely to have had a sustained effect on the profile of ODF (OECD, 2023b)

The international aid effort is falling well short of its potential as a force for eradicating hunger and poverty. The UN target for countries to spend 0.7% of the gross national income on aid provides one measure of the shortfall. Only four OECD DAC donors met that target in 2022 – and several major donors are some distance from that level (Figure 6). If the average effort by all DAC donors was raised to 0.7%, the aid envelope would have risen by $187 billion on a grant equivalent basis in 2022. Resource mobilisation on this scale would substantially close the estimated SDG financing gaps for the nutrition goals. Less than 10% of these new and additional resources would make it possible to double official development financing for social protection – one of the most effective vehicles for reducing poverty. The takeaway message is that small increases in the international aid effort could make a big difference to prospects for financing SDGs 1 and 2.

[8] ODF from official donors (bilateral donors and multilateral outflows) in 2021 was $336.3 billion (constant prices) and rose to $393.5 billion (constant prices) in 2022 (gross disbursements).
[9] In 2022, official donors (bilateral donors and multilateral outflows) provided $276.5 billion in ODA and a further $102.7 billion in non-export OOF (current prices).

Figure 6 Aid from OECD Development Assistance Committee (DAC) Members – by volume and share of GNI, 2022 (commitments)



NB: Red = G20 countries.

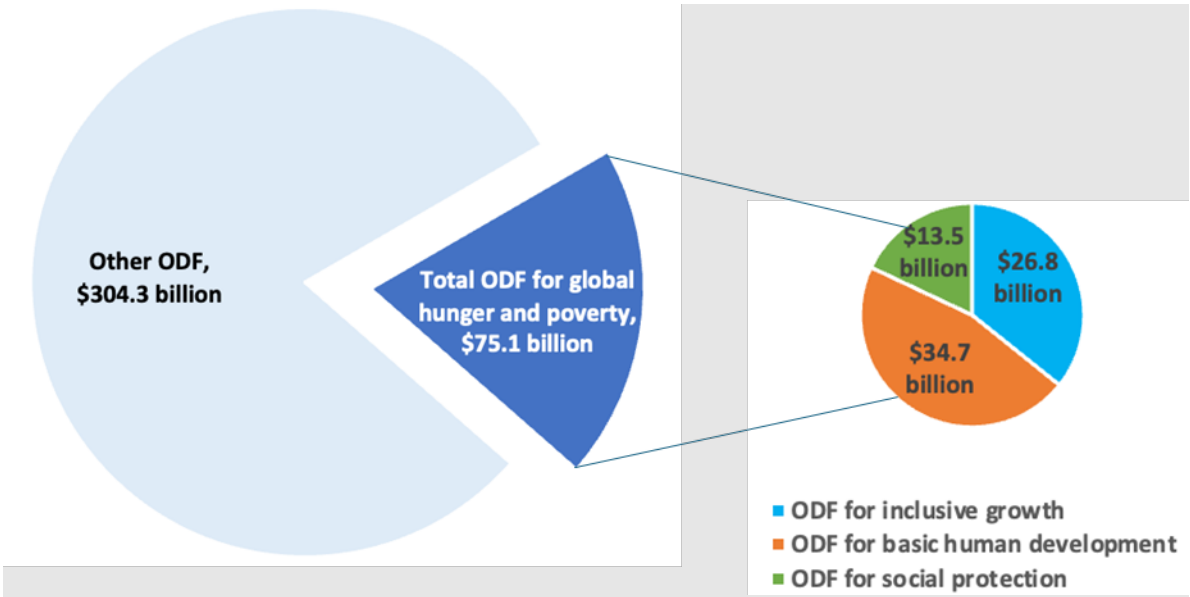
Source: OECD: DAC Members' official development assistance in 2022 on a grant equivalent basis, US$ Millions, Current Prices.

While recent years have been exceptional, the aid response points to a failure to treat the SDG 1 and 2 shortfalls as a crisis meriting urgent attention. The response to Covid-19 and the war in Ukraine have reconfigured the profile of ODA. Health spending grew rapidly in 2020 and 2021 to finance vaccine distribution and other measures. Aid allocations to Ukraine in 2022 exceeded those of the next five largest recipients combined – and represented the largest

ever flow of aid to a single country in one year. The OECD has drawn attention to a long-run decline in the share of aid spent in beneficiary countries, with a growing share spent in donor countries. In 2022, that trend was magnified by the increase in ODA spending on refugees in donor countries. The spending represented more than double the ODA disbursements for social protection and agriculture. Climate finance has also increased, though there are questions over the accuracy of reporting. International action in all these areas has been vital. Yet it is difficult to avoid the contrast with the far more limited response to an unprecedented reversal in poverty, rising hunger, and a failure to deliver on the SDG 1 and 2 commitments.

Financing for the non-humanitarian GHP budget lines we track has increased. In 2022, $75.1 billion was disbursed for GHP (current prices). That figure represented around one-fifth of overall development finance (Figure 7). Measured in constant prices GHP spending has increased by 42% in real terms since 2018 (Figure 8). Discounting Covid-19-related health spending and funding to Ukraine from 2022 onwards, ODF still increased in real terms by 20% between 2018 and 2022. Given the difficult fiscal circumstances of donor governments, that represents a significant effort. With private capital flows to LICs and LMICs having gone into reverse gear during the Covid-19 pandemic, GHP official development finance has played an important counter-cyclical role, led by a surge in financing from multilateral development banks (see below). However, there is a concern that post-2022 funding may fall as pandemic-related spending tapers off – $10.6 billion (constant 2021 prices) of GHP ODF in 2022 was disbursed on pandemic-related health measures. Elevated spending on refugees and the war in Ukraine could also divert future ODF flows away from GHP financing.

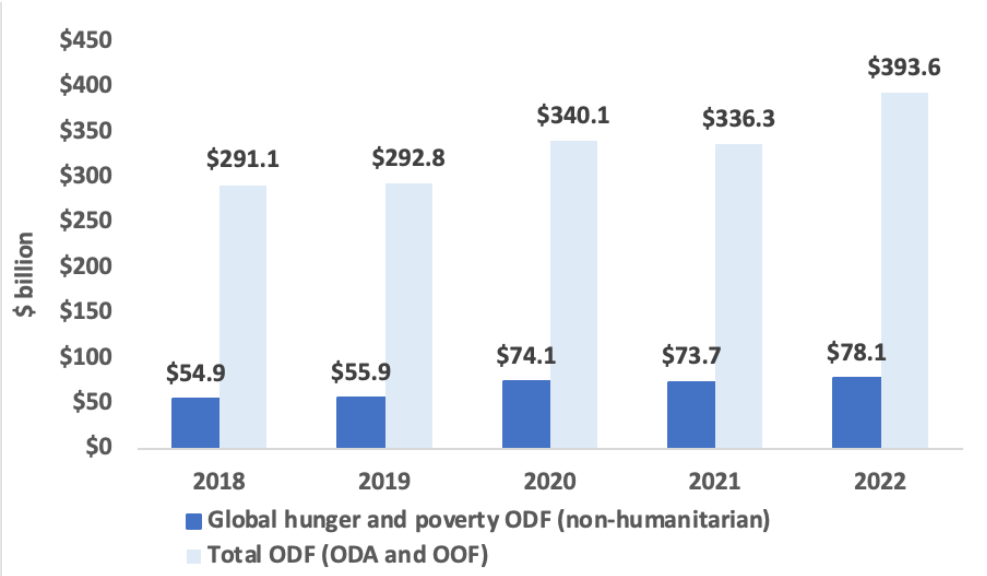
Figure 7 ODF disbursement on global hunger and poverty – share of overall ODF and allocation by theme, 2022



Source: OECD CRS, ODA and OOF, USD billions, current prices.

Note: In this graph and others, the numbers have been rounded up.

Figure 8 Volume of ODF for global hunger and poverty versus total ODF, 2018-2022



Source: OECD CRS, ODA and OOF, US billions, constant 2021 prices.

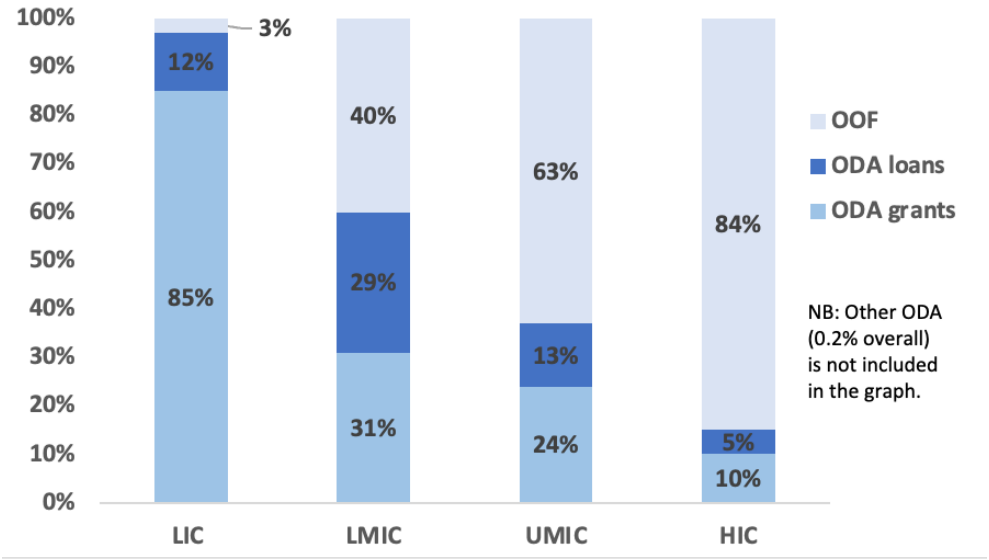
Official development finance flows are dominated by grants, with marked differences in the profiles of recipient countries. ODA grants account for just over half of GHP disbursements, with ODA loans and OOF making up the rest. LICs are almost entirely dependent on ODA grant financing, while LMICs have access to a wider range of concessional financing and loans (Figures 9 and 10). LICs account for 18% of ODF flows and LMICs for 43%.

Figure 9 Composition of ODF for global hunger and poverty by development finance category, 2022

Source: OECD CRS, ODA and OOF, USD billions, current prices

Note: The category 'ODA loans' includes ODA reimbursable grants, and the category 'Other ODA' not represented in the chart itself includes interest subsidies, equity and shares in collective vehicles.

Figure 10 ODF profiles by different country income groups – ODA grants and loans and other official finance, 2022



Source: OECD CRS, ODA and OOF, current prices.

Note: We applied the World Bank's data on country income classifications for 2022 to derive allocations (https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups#:~:text=For%20the%20current%202024%20fiscal,those%20with%20a%20GNI%20per)

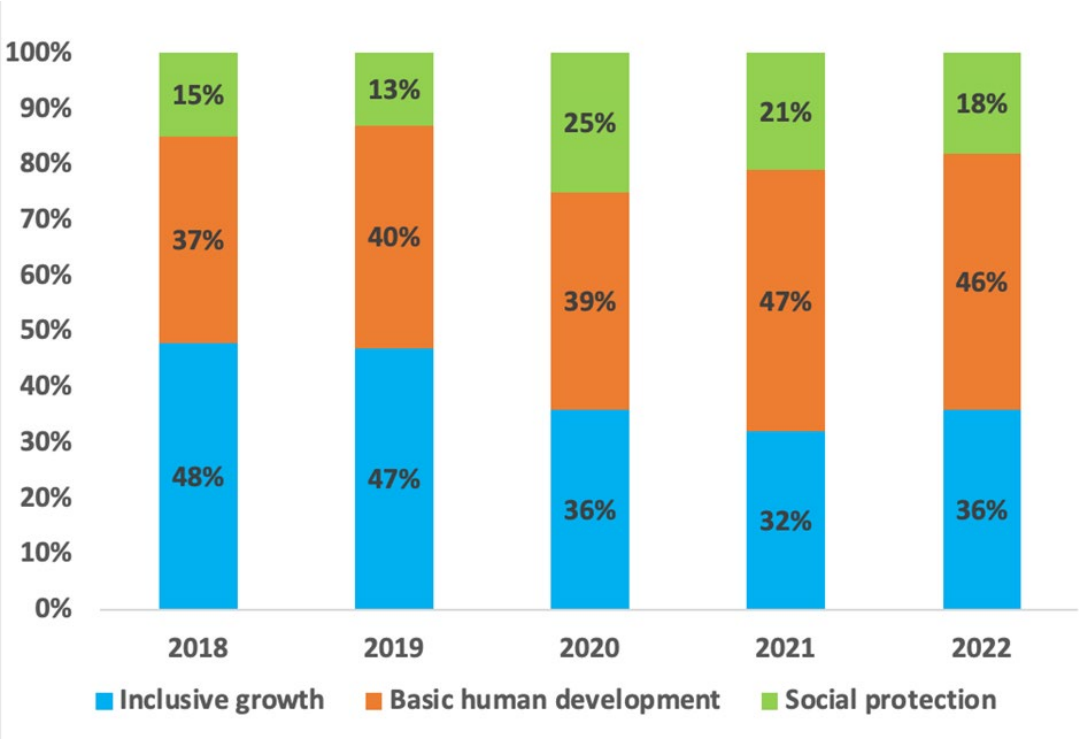
GHP funding priorities have shifted. In 2022, just under half of GHP financing was concentrated on basic human development, driven by an increase in pandemic-related health support (Figure 11). Table 2 summarises the moving picture between 2018 and 2022. Among the key trends:

- The absolute level of ODF directed to social protection rose between 2018 and 2022, as aid donors and multilateral agencies scaled up support during the pandemic. The withdrawal of social protection support post-pandemic is reflected in a steep decline, from $18.7 billion in 2020 to $14 billion in 2022.
- Support for inclusive growth increased, but at a much slower pace than for health. Within this envelope, overall financing rose for agriculture but fell for rural development and roads.
- Funding for key human development areas outside of health – notably basic education and water and sanitation – fell markedly, pointing to a diversion of development finance.

Each of these trends has a bearing on the aims and objectives of the Global Alliance. The increase in social protection spending during the Covid-19 crisis represented an opportunity to scale up cash transfers and wider benefits, building momentum on SDGs 1

and 2. Cutting that spending is counterproductive. Similarly, the under-investment in inclusive growth would appear to be inconsistent with a drive to eradicate poverty. While ODF for health played an important role in the Covid-19 response, cutting spending on water and sanitation has adverse implications for child stunting and malnutrition because of the links to infectious disease.

Figure 11 Allocation of global hunger and poverty ODF by theme (2018-2022)



Source: OECD CRS, ODA and OOF, USD billions, constant 2021 prices.

Table 2 Table 2 of global hunger and poverty ODF by category – selected reporting lines (2018-2022)

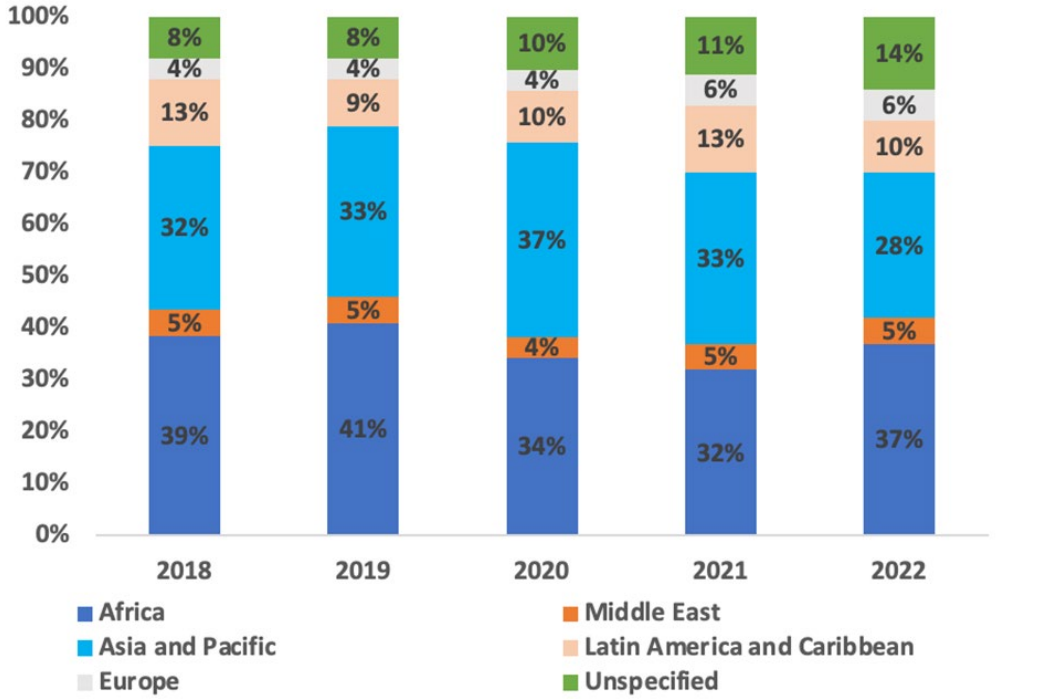
Inclusive Growth	2018	2019	2020	2021	2022	% of change 2018-2022
Support to agricultural and fishing	26.17	26.25	26.36	23.89	28.25	8
Infrastructure (roads)	11.82	12.55	14.48	11.56	16.02	36
Rural development	12.32	11.79	10.21	10.58	10.50	-15
Basic human development	**19.21**	**20.59**	**27.30**	**32.65**	**34.18**	**75**
Basic health (including reproductive)	12.32	13.87	21.06	27.00	28.20	129
Basic education	4.60	4.33	4.24	3.65	3.96	-14
Basic water and sanitation	2.29	2.39	2.00	2.00	2.02	-12

Support for women's groups and tackling GBV	1.30	1.66	1.69	1.79	1.69	30
Social safety nets	**8.28**	**7.47**	**18.76**	**15.38**	**14.01**	**69**
Development food assistance and school feeding	2.49	1.87	2.00	2.49	2,56	3
Social protection and basic social services	5.79	5.59	16.76	12.89	11.45	98
Total	**54.96**	**55.97**	**74.12**	**73.71**	**78.13**	**42**

Source: OECD CRS, ODA and OOF, USD billions, constant 2021 prices. To see the exact OECD CRS codes used for each of the funding lines see Annex 1. GBV: Gender-based violence.

Analysis of GHP financing for 2018-2022 reinforces concerns about the direction of support for sub-Saharan Africa. While the volume of ODF to the region has increased, the share fell slightly between 2018 and 2022 (Figure 12). Given the background turbulence in the aid environment, the shift should not be interpreted as a trend. Even so, it highlights the risks facing Africa as aid donors reset their strategic priorities. With its populations accounting for a rising share of global extreme poverty and hunger, sub-Saharan Africa urgently needs a step-increase in international development finance. The danger is that new demands on a limited aid envelope will see the region left further behind in the race to deliver the SDG targets. The warning signs are already visible. ODA to sub-Saharan Africa for basic water and sanitation, a key sector to improve child health and nutrition, fell by 31% between 2018 and 2022. Disbursements for agriculture also fell, by around 4%. Those outcomes are difficult to square with the SDG 1 priority of reducing poverty and the commitment of SDG 2 to increase productivity in the smallholder sector.

Figure 12 Share of global hunger and poverty ODF by region 2018-2022



Source: OECD CRS, ODA and OOF, USD billions, constant 2021 prices.

There are no simple benchmarks for assessing the effectiveness of targeting through official development finance. The fit between ODF flows and needs is conditioned by the selection of indicators. As for ODF more widely, financing for GHP is heavily concentrated. In 2022, 36% of country-specific funding went to the top 10 countries (Annex 2). Broadly, transfers appear to be more aligned with headcount indicators for extreme poverty and stunting than with incidence indicators. Of all funding flows for GHP, 25% went to the 10 countries with the highest number of people living on less than $2.15 a day, and 31% went to the 10 countries with the highest number of children who are stunted (Our World in Data, 2024).

Private capital has played a marginal role in GHP financing. Around $5.1 billion in private capital was mobilised by official development finance in 2021, most of it directed to agriculture and infrastructure in upper middle-income countries.[10] LICs and most LMICs are almost entirely bypassed.

[10] The figure for mobilised private finance is taken from the OECD CRS and refers to private finance mobilised by donors through their official development finance. The latest figures available are for 2021. It should be noted that the data is for a smaller set of bilateral donors than for ODA and non-export credit OOF. In calculating the volume of mobilised private flows for global hunger and poverty, due to different level of granularity of reporting codes, we have had to include all infrastructure funding for storage and transport (not just funding for roads as is the case for ODA and OOF), all population and reproductive health spending (not just support to reproductive care), all water and sanitation funding (not just support for basic water and sanitation) and, all other social infrastructure and services funding (not just social

At one level, the limited role of private finance directed towards SDGs 1 and 2 is unsurprising. Most GHP-related projects and programmes require concessional public finance, given affordability considerations, and the fact that they do not generate revenues for market returns. Moreover, public borrowing from commercial lenders is often limited by debt sustainability constraints. There are many priority investment areas in poverty and hunger in which public finance represents the most effective and equitable vehicle for delivery.

The primacy of public finance does not imply the Global Alliance should neglect the unrealised potential of blended finance, which mixes private and public capital. Blended finance is the use of concessional finance from donors and philanthropic foundations to mobilise commercial finance from DFIs and private investors to invest in projects that are too risky and lack sufficient returns for private investors. Instruments such as risk guarantees, first-loss provisions, and hedging for foreign exchange risks provided through international public finance can incentivise private investment by spreading risk.

At present, allocations to blended finance represent less than 3% of ODA. It is difficult to establish a clear picture of the leveraging effects of blended finance, as measured by the ratio of private capital mobilised per dollar. The data is partial, and ratios vary with the nature of the projects involved, by sector, and country. One estimate reports mobilisation ratios in LICs and LMICs averaging around $1.5 private/$1 ODA – far lower than in upper-middle-income countries (DFI Working Group on Blended Concessional Finance for Private Sector Projects, 2021). Blending methods are now under review. There has been significant experimentation in recent years, which could unlock new streams of private capital for GHP finance. However, any blended finance approach requires an underlying revenue model that generates market returns. Seeking returns by charging poor households for basic health, nutrition, and education services runs the risk of diminishing results (by pricing the poor out of markets) and reinforcing inequalities. Concessional blending can reduce the returns required to prompt private investment by spreading risk, but it does not eliminate them.

There are several areas in which the Global Alliance could promote an expanded role for blended finance. In 2022, 132 blended finance projects were concluded amounting to $9bn, with climate change investments accounting for around three-quarters of investment (Convergence, 2024). Areas such as rural infrastructure, micro-credit, water and sanitation, and support for small and medium enterprises (SMEs) represent opportunities to develop public-private partnerships operating under regulatory conditions that attach proper weight to equity. For example, a report from the Global Donor

protection and multi-sector support for basic social services). The figure does not capture mobilised private finance for women groups, protection against gender-based violence, household food security measures or rural development support.

Platform for Rural Development has identified a ‘missing middle’ in current financing for SMEs operating in food systems linking agriculture to consumer markets (Perera et al, 2024). These businesses represent an unrealised investment opportunity of around $65 billion. Typically seeking investment of between $50,000 and $2 million, they tend to be bypassed both by commercial domestic lenders and DFIs because, operating with limited assets and collateral on a small-scale in potentially volatile markets, they are perceived as too risky, with loans likely to incur high transaction costs. That perception often owes less to market analysis than institutional failures on the part of lenders, including DFI lending practices governed by rules that discourage risk-taking. The lost opportunities are reflected in a growing number of successful blended finance programmes. For example, Aceli Africa, a financing institution focused on unlocking support for SMEs in rural areas, provides financial incentives to domestic lenders in Kenya, Rwanda and Tanzania who would not otherwise lend, including partial loan guarantees and support for initial loans. The SMEs supported to date provide a market for almost 1 million smallholder farmers (Perera et al, 2024)

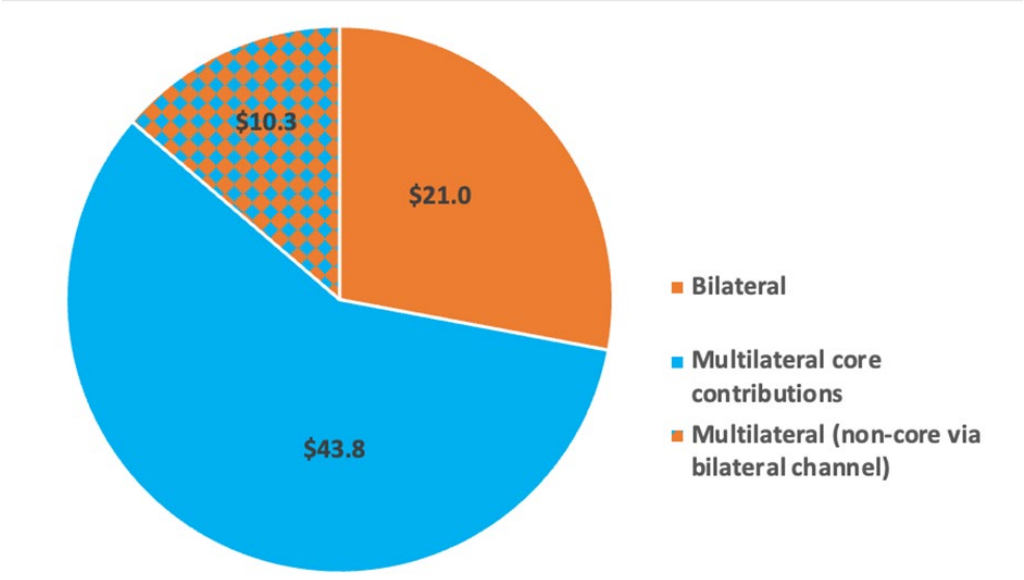
3.2 The official development finance architecture

Official development finance is delivered through a complex institutional architecture. The twin pillars of bilateral and multilateral finance dominate, but simple distinctions between the two can obscure overlapping delivery mechanisms, interconnections, and – in some areas – high levels of intermediation, with bilateral funding channelled into vertical funds or multilateral vehicles, which then seek to leverage wider MDB finance. This section provides a stripped-down and simplified overview of a complex system.

3.2.1 Multilateral agencies – the largest source of hunger and poverty financing

The multilateral system dominates GHP financing. Multilateral institutions account for 58% of overall GHP financing in 2022 ($43.8 billion). That share increases to 72% if bilateral aid not included in the core contributions but channelled through the multilateral system is included (Figure 13). That aid is provided to multilateral agencies – principally the MDBs, UN agencies, and global health funds – usually with earmarking for specific countries or themes. It is officially classified by the OECD as bilateral spending.

Figure 13 Delivery channels for GHP financing – bilateral and multilateral (core and non-core), 2022

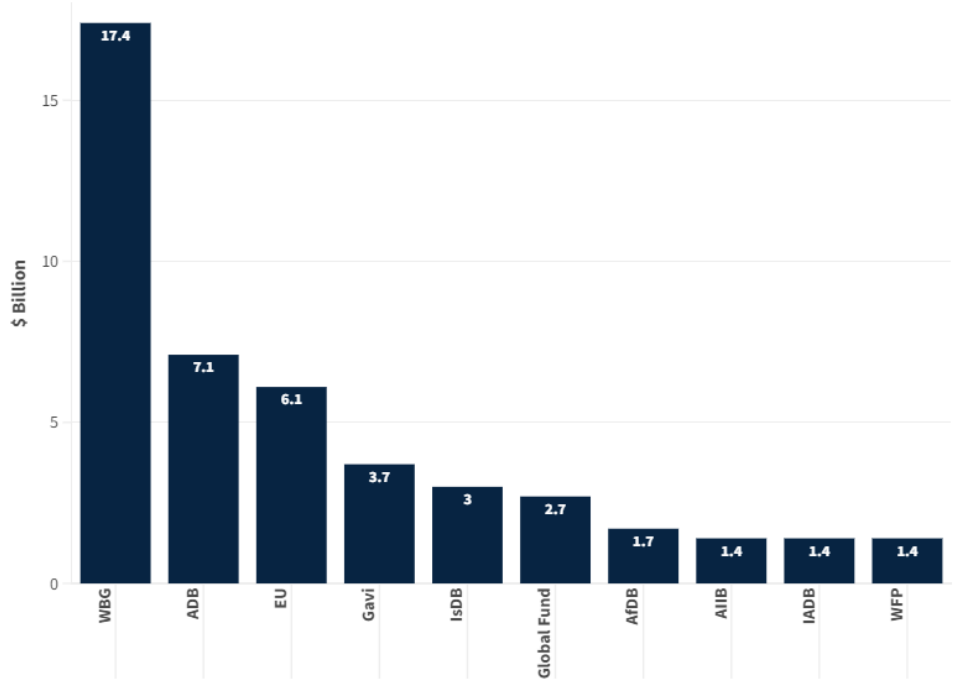


Source: OECD CRS, ODA and OOF, USD millions, current prices.

Note: Non-core multilateral ODA has been calculated using the OECD's methodology and extracting the following CRS codes for bilateral official donors ODF that go through the Multilateral channel (4000): B03, B04, CO1 and DO1. For more on the methodology see https://www.oecd.org/dac/stats/tracking-flows-through-international-institutions.htm.

Multilateral finance for GHP is heavily concentrated. Multilateral organisations include a wide range of actors, spanning multilateral development banks (MDBs), 'vertical funds' – global programmes focused on a specific issue or theme (Gartner and Kharas, 2013) – UN agencies, regional organisations, and specialised research partnerships such as CGIAR. A small number of institutions dominate. Over 121 multilateral agencies provided financing for GHP on ODA or OOF terms in 2022, but the top 10 accounted for 85% (Figure 14). Reflecting the dominant role of health within the human development financing envelope, the two global health funds account for 8%.

Figure 14 Top 10 multilateral organisations providing global hunger and poverty ODF, 2022



Source: OECD CRS, ODA and OOF, USD billions, current prices.

3.2.2 The multilateral development banks

Multilateral development banks occupy a pivotal role in the international development finance system. Overall commitments from MDBs reached $188 billion in 2022 (Table 3), over half from the World Bank. The MDB system mobilises funding through multiple channels. The banks borrow on international capital markets on terms that reflect their capital position, preferred creditor status, and the backing provided through shareholder guarantees, and lend at lower rates than governments could secure in private capital markets. MDBs also receive aid for lending on concessional terms. In some cases, they act as simple channels for grant finance. In others, they mix different sources. The World Bank's IDA facility, the largest source of development finance for LICs and LMICs, is financed through replenishment exercises, bond issues, and loan repayments.

Many MDBs have scaled up the provision of financing in response to the Covid-19 pandemic. The MDB system led the international financing response to the Covid-19 pandemic, providing an important source of counter-cyclical spending as private capital flooded out of LICs and LMICs. In 2020, the World Bank and the four regional development banks increased lending by around 30%, and by 40% in the case of IDA. While the response was more muted than for the 2008/2009 financial crisis, the MDB system played a vital role in supporting developing countries (Humphrey and Prizzon, 2020). The seven MDBs identified in Table 3 below collectively increased their financial commitments from $125 billion in commitments in 2019

to $165 billion in 2021, with the World Bank Group accounting for more than 50% of the total commitments. The scale and rapidity of the MDB system response to Covid-19 illustrates its potential for addressing the crisis in SDG 1 and 2 delivery.

Table 3 Multilateral development banks – overall commitments and shares, 2019 and 2021

	$ billion		% of total	
	2021	2022	2021	2022
ADB	22.5	20.2	12	11
AfDB	6.3	8.2	3	4
AIIB	9.8	6.8	5	4
EBRD	12.4	13.8	7	7
EIB*	7.5	8.4	4	4
IADB Group	20.5	21.1	11	11
IADB (sovereign)	14.2	14.5	8	8
IADB Invest	6.3	6.6	3	4
NDB	5.1	2.7	3	1
WBG**	98.0	107.0	54	57
IBRD	33.1	38.6	18	20
IDA	37.7	34.2	21	18
IFC	22.2	27.7	12	15
MIGA	4.9	6.4	3	3
Total	**182.1**	**188.2**	**100**	**100**

Source: Compilation from the annual reports of the respective organisations.

Note:

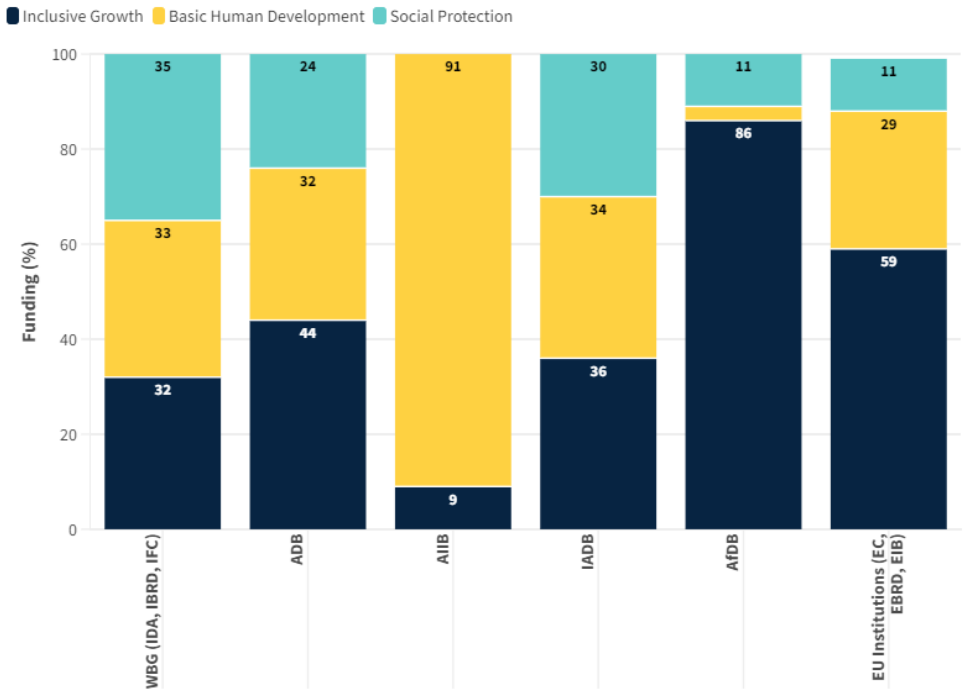
* Only non-EU lending

** Fiscal years ending June 2022 and June 2023, respectively

The MDB system is uniquely well placed to lead global efforts to accelerate progress on poverty and hunger. Grant aid from bilateral donors mobilises $1 in support for every $1 in financing. By contrast, the MDBs can borrow on favourable terms and lend to governments at rates lower than they could secure on private capital markets. The World Bank's equity-to-loans ratio for non-concessional loans was 22% in 2023 (World Bank, 2023). The Bank's IDA, which is financed through replenishments, grants, repayments on past loans, and (uniquely in the MDB system) bond issues, can provide $4 in finance for every $1 it receives in aid. These multiplier effects offer the only viable route to an increase in financing for SDGs 1 and 2 commensurate with the scale required for accelerated progress.

The MDB system represents a core pillar in financing for SDGs 1 and 2. Collectively, the World Bank Group and the top four regional development banks allocated $29 billion in GHP financing in 2022. The World Bank alone accounted for 23% of all GHP financing – around $17.4 billion. Spending across these five MBDs was split between OOF (61%) and concessional ODA (39%). Within this overall envelope, the profile of spending varies (Figure 15). Social protection represents the single largest GHP spending area for the World Bank, while the African Development Bank's spending is dominated by inclusive growth. Based on current priorities, the World Bank would appear to be well placed to lead a global effort aimed at scaling up social protection spending.

Figure 15 Global hunger and poverty financing by theme – the World Bank, four regional MDBs, and the EU institutions, 2022



Source: OECD CRS, ODA and OOF, USD billions, current prices.

Note: The large volume of funding to basic human development for the Asian Infrastructure Bank reflects a significant Covid-19 health control disbursement in 2022. ADB and AfDB include both MDBs' respective funds.

EU institutions also occupy an important place in the multilateral system. In 2022, the European Commission, the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD) collectively provided USD 6 billion in GHP ODF with 59% of this going to inclusive growth and 11% to social protection.

3.2.3 UN agencies and the global health funds

The United Nations system is increasingly geared towards humanitarian operations, but it is also an important contributor to non-humanitarian GHP financing. In 2010, the UN system provided almost twice as much long-term development finance as humanitarian finance. In 2021, by contrast, the $19 billion it disbursed on development represented one-third of its financing operations, while humanitarian spending received $25 billion, or 45%. Across the budget lines we use for this mapping exercise, the United Nations

provided $6.7 billion – or around 9% of total funding for GHP – almost entirely in the form of grants.

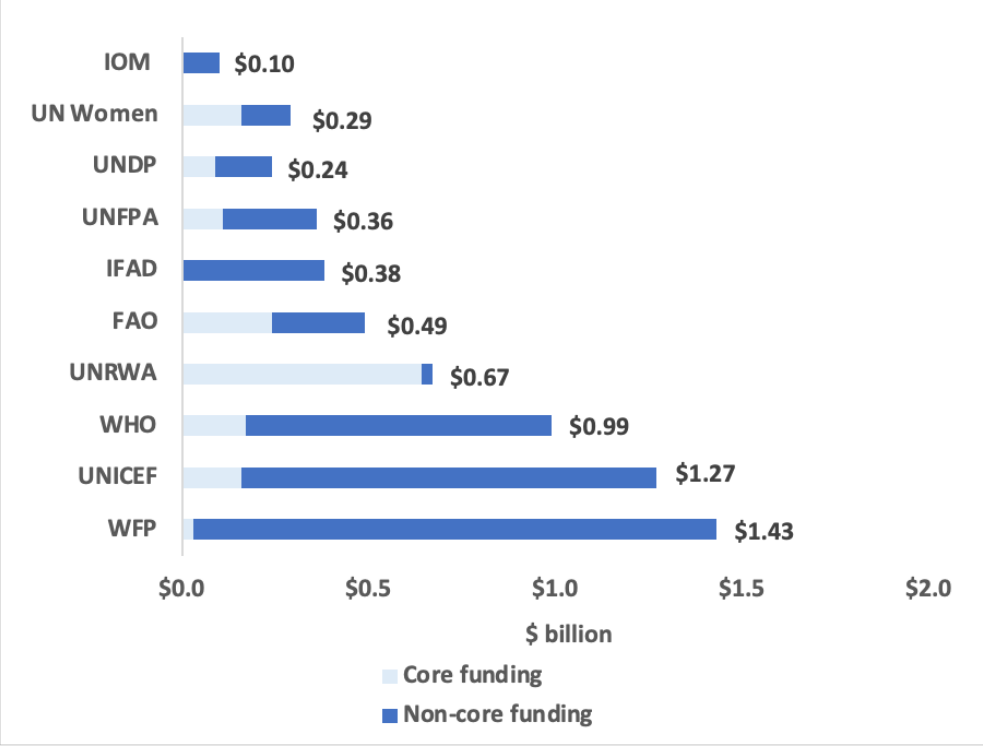
The structure of support for the United Nations limits the scope for flexibility. Financing for UN agencies comes from three primary sources. Assessed contributions from Member States provide the largest stream of revenue for general budgets. These are supplemented by voluntary 'core contributions' to specific agencies and earmarked contributions linked to specific themes and/or geographies. Over the years, assessed contributions have been eroded by a mix of non-delivery and real cuts, while earmarked financing has increased. In 2022, earmarked contributions accounted for 61% of financing for the UN system – up from around half in 2010 (Dag Hammarskjöld Foundation; United Nations MPTF Office, 2023).

While there are degrees of flexibility in earmarked funding, the overall trend has fuelled concerns that it is contributing to the fragmentation of multilateral systems. High levels of dependence on earmarked funding can skew the priorities of UN agencies away from their core remits and towards donor priorities, in effect creating a risk that they become donor sub-contractors. The OECD's 2020 Multilateral Development Finance Report documented concerns among UN agency staff that the rising share of earmarked contributions was increasing donor influence relative to that of national governments (OECD, 2020).

Financing for GHP is even more heavily dependent on non-core and earmarked contributions (Figure 16). Funding from the WFP and UNICEF – the two largest sources of GHP funding – is almost entirely non-core. Similarly, GHP financing through the International Fund for Agricultural Development, the UN's specialised agency for smallholder agriculture, is entirely non-core. Earmarking makes much of the GHP financing provided through the UN system highly fragmented and closely linked to the priorities of major donors.

The profile of GHP support through the UN system reflects the remits of specialised agencies. As might be expected, the WHO's funds are linked entirely to the development of health systems, while WFP's contribution is dominated by social protection financing. The two agencies with portfolios dominated by inclusive growth – FAO and IFAD – accounted for $873 million in financing for 2022.

Figure 16 Top 10 UN agencies providing global hunger and poverty funding – core and non-core contributions, 2022

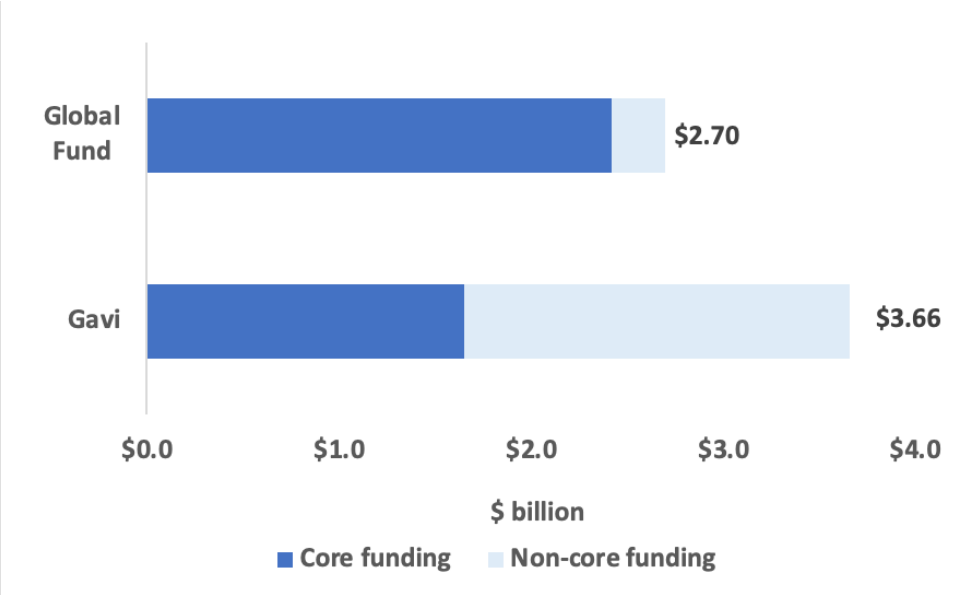


Source: OECD CRS, ODA and OOF, USD millions, current prices.

3.2.4 The global health funds – a success story that skews spending on hunger and poverty

The global health funds have been extraordinarily successful in mobilising resources and delivering results. Immunisation programmes financed by Gavi, the Vaccine Alliance, have averted an estimated 17 million deaths, contributing to remarkable progress in reducing child mortality. The Global Fund to Fight AIDS, Tuberculosis, and Malaria estimates that it has saved 59 million lives. Both funds have mobilised distinctive coalitions spanning governments, UN agencies, donors, the private sector, and civil society. They have built strong investment cases and reshaped markets, reducing prices and increasing access to life-saving medicines. One study estimates that every dollar spent by Gavi has generated an additional $23 through averted illness (Sim et al., 2020). Replenishment exercises have become important moments for resource mobilisation, bringing together a broad array of donors around well-defined shared interests. In Gavi's most recent replenishment, donors pledged $21 billion for 2021-2025, exceeding the target set. Together, Gavi and the Global Fund provided $6.3 billion in financing for 2022, almost as much as the entire UN system (Figure 17).

Figure 17 GAVI and the Global Fund global hunger and poverty disbursements – core and non-core contributions, 2022



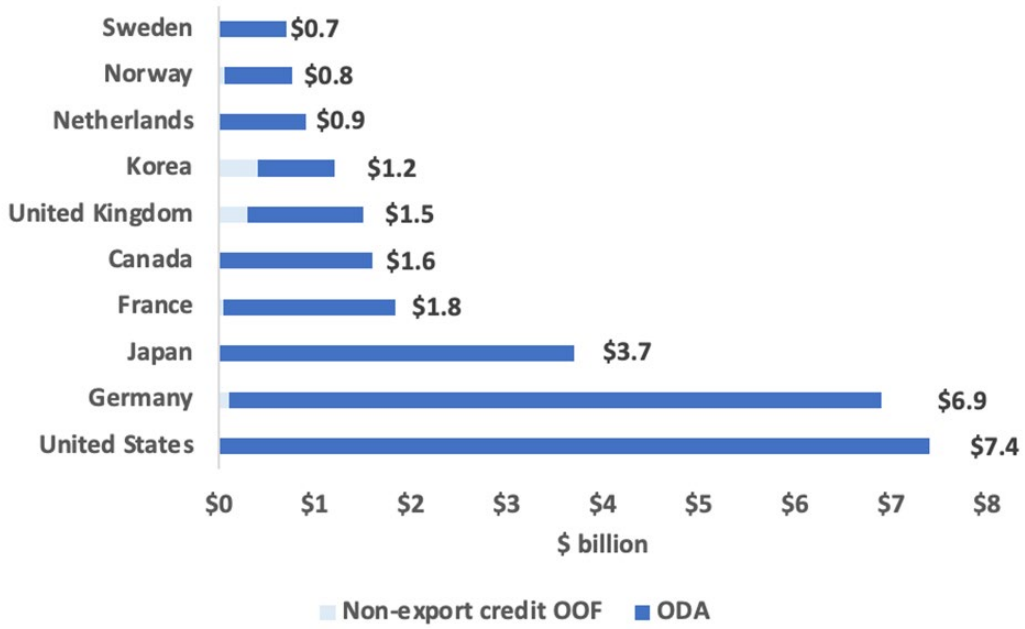
Source: OECD CRS, ODA and OOF, US billion, current prices.

Comparisons with resource mobilisation efforts in other areas relevant to SDGs 1 and 2 are instructive. The GAFSP replenishment for 2020-2025 has struggled to mobilise $1.5 billion. GFF replenishment in 2023 raised $445 million out of a target of $800 million. The Global Partnership for Education (GPE) secured $4 billion in its 2021-25 replenishment – less than one quarter of Gavi's level. Of course, direct comparisons of this type can be misleading, and the results can be interpreted in many ways. However, the fact that there are no analogues for the scale of global health funds in other areas of financing for poverty and hunger raises questions for the Global Alliance over strategic approaches for resource mobilisation – an issue we return to in Section 3. It may be that the perceived urgency of the health challenges and the engagement of the G7 in establishing the health funds represented a distinctive political moment.

3.3 Bilateral donors and the interface with the multilateral system

A small group of bilateral donors dominate the spending profile for GHP. In 2022 bilateral finance delivered $31.3 billion in GHP spending, of which around one-third went through the multilateral system.[11] Almost all bilateral finance was delivered on ODA terms. The top 10 donors provided 85% of total bilateral funding in 2022 (Figure 18).

Figure 18 Top 10 bilateral donors for global hunger and poverty, 2022 (ODA and other official finance)



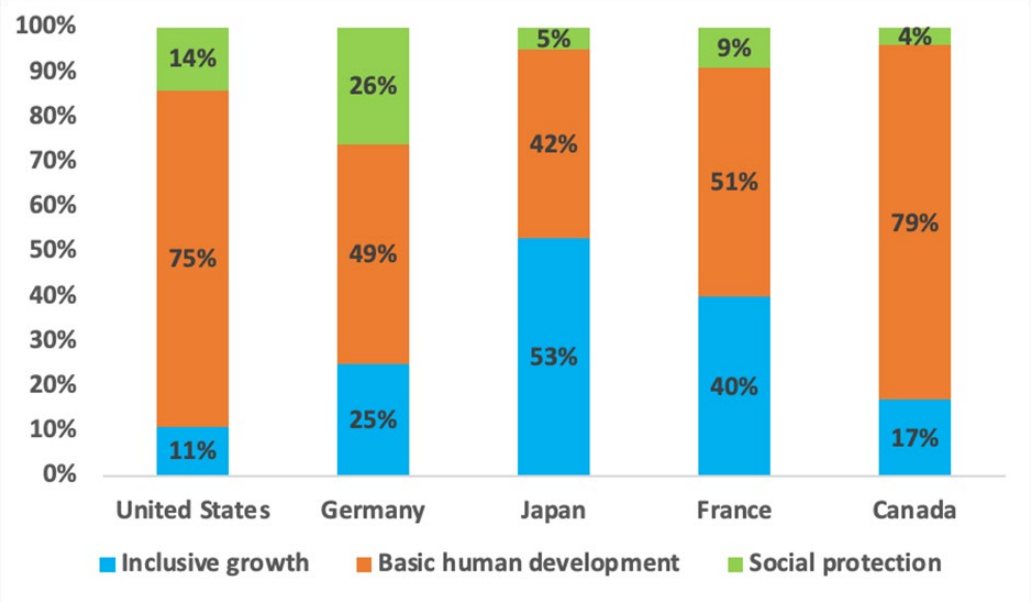
Source: OECD CRS, ODA and OOF, USD billions, current prices.

The spending profile for bilateral donors looks different to that of the MDBs. Basic human development accounts for 59% of total bilateral ODF for GHP. There are, however, some marked variations, illustrated by comparisons of the top five donors (Figure 17). For example, while the spending of the United States and Canada is heavily dominated by basic human development, over half of Japan's aid is directed to inclusive growth. Germany allocates a far greater share of its aid portfolio to social protection than any other donor and is the largest source of bilateral aid for this sector. These profiles

[11] We have included official donors' bilateral GHP ODF funding through the multilateral system within this section. Therefore, it is important not to add up the multilateral ODA figures in the preceding section and the bilateral donor figures in this section; otherwise, you will be double counting.

reflect national priorities and point to the scope for the development of a donor division of labour under which different agencies play a greater role in the promotion and coordination of specific thematic areas.

Figure 19 Share of global hunger and poverty ODF by key area – top 5 bilateral donors, 2022



Source: OECD CRS, ODA and OOF, USD billions, current price

The boundaries of the bilateral-multilateral systems for financing GHP through official development finance are blurred. As noted above, around one-third of bilateral ODF is directed through multilateral agencies. The funds flow through a bewildering array of channels. The World Bank houses more than 500 trust funds that accept contributions from one or more donors. In 2002, these funds disbursed $5.8 billion, supporting operational responses in conflict-affected states, and financial advisory work and research, and facilitating co-financing with donors and other institutions. Many of these funds contribute to the wider GHP financing envelope. Reporting lines indicate that at least 60 trust funds support spending in areas such as food security and rural development. With a far more limited financing base, the African Development Bank houses 46 trust funds (African Development Bank Group, 2021). While trust fund mechanisms provide the MDBs and donors with a degree of flexibility, they greatly add to the complexity of the financing architecture.

Some 'special purpose' funds housed in the World Bank were created with responsibilities closely aligned with the SDG 1 and 2 agendas. An example is the Global Agriculture and Food Security Program (GAFSP), a financial intermediary fund housed in the World

Bank. Established in response to the 2007-2008 food crisis, the GAFSP is a multilateral financing platform dedicated to improving nutrition through food system reform, with a specific remit to support smallholder farmers and small and medium-sized enterprises. It currently pools resources from seven donors and a philanthropic organisation. The portfolio spans 275 projects across 50 countries, including $1.6 billion in grants to governments and producer organisations, and $493 million in private sector interventions. Current disbursements average around $200 million annually (GAFSP, 2022).

The Global Financing Facility (GFF) is another illustration of the complex interface between multilateral and bilateral systems. This is a multi-donor trust fund (rather than a financial intermediary fund) also housed in the World Bank. Launched at the Third International Conference on Financing for Development in July 2015, with the aim of accelerating efforts to end preventable maternal and child deaths and improve the health and quality of life of women, children and adolescents by 2030, the GFF targets 67 countries with particularly poor health indicators. To date, it has received commitments of $2.5 billion from a group of 17 bilateral, philanthropic, and regional organisations. The GFF operates a distinctive financing model, providing grants linked to World Bank IDA/IBRD funding. From 2016 to 2023, it disbursed $1.19 billion in grants linked to a wider World Bank funding of $8.75 billion. These 'multiplier' effects illustrate the scope for bilateral donors to leverage the wider MDB system in areas relevant to SDG financing, though current performance falls far short of potential – and it is not always clear that GFF financing was required to trigger wider IDA disbursements (Global Financing Facility; World Bank Group, 2024).

3.4 Climate adaptation finance provides a weak link to financing for SDGs 1 and 2

Climate adaptation finance represents another potential source of funding to support an intensive effort to eradicate poverty and hunger. Adaptation financing can take the edge off current and future climate risks, strengthening the resilience of poorer households through investments in infrastructure and safety nets. The good news is that adaptation financing is increasing. Globally, it increased sharply in 2021/2022 to $65 billion worldwide. Having set a joint goal in 2019 of doubling climate finance by 2025, MDBs reached their target of $50 billion in 2021, four years early. Concessional lending and grants to developing countries accounted for 38% of the adaptation finance tracked by the Climate Policy Initiative, or around $24 billion in 2021 (Climate Policy Initiative, 2023).[12] The bad news is that overall adaptation financing flows are dwarfed by the scale of the investment required. Even on a conservative estimate, developing

[12]CPI estimates that 28% of the increase was due to improved data collection methods.

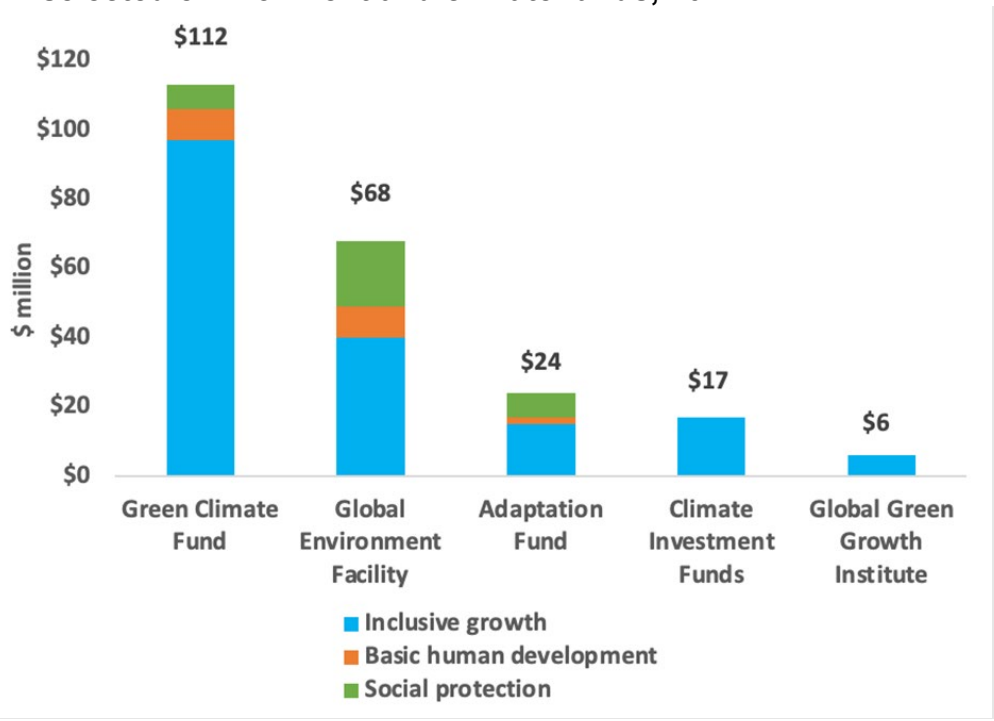
countries (excluding China) needed more than $212 billion to finance adaptation investments in 2021.

The limited flow of adaptation finance to agriculture illustrates the weak link to SDGs 1 and 2. Early adaptation investment in agriculture, forestry, and land use (AFOLU) provides an opportunity to support the development of smallholder farmers and rural communities threatened by climate risks. Whether through support for rural feeder roads, small-scale irrigation and water management, developing and distributing climate-resilient seeds, or providing climate-related safety nets, adaptation financing can shield vulnerable communities from climate change impacts. Currently, AFOLU accounts for only 11% of the already limited global adaptation envelope, with Africa and South Asia, two regions facing acute climate change impacts, receiving just $10.8 billion and $5.8 billion, respectively. The limitations of international public finance are evident in Africa's adaptation finance profile: around one-quarter of adaptation finance is secured at project-level market debt rates. While it is not possible to determine how much international public finance for adaptation reaches smallholder farmers, adaptation spending in African agriculture is estimated at $1.4 billion, most of it concentrated in a small group of countries (Climate Policy Initiative, 2023).

Multilateral climate funds play a limited role in GHP financing. In 2022, they provided just $229 million of official development finance for GHP in 2022.[13] The largest sources of this limited contribution were the Green Climate Fund and the Global Environment Facility (GEF) (Figure 20). It may be the case that reporting practices contribute to a large underestimate of real financing, with GHP financing 'hidden' in reporting lines that fail to capture relevant spending for inclusive growth, human development, and safety nets. But it appears that only a small amount of ODF funding from key climate funds is being used at present to finance SDGs 1 and 2.

[13] Included in this figure is funding for the United Nations Environmental Programme. UNEP will have also been counted in the above on UN agencies.

Figure 20 Global hunger and poverty disbursements – selected environment and climate funds, 2022



Source: OECD CRS, ODA and non-export OOF, US millions, current prices.

3.4 The humanitarian system – overstretched and under-funded

Humanitarian financing is a key component of GHP funding. In 2022, $38.9 billion of humanitarian ODF (current prices) was provided, according to the OECD.[14] Humanitarian finance is often considered as an entirely separate category from 'development financing' on hunger and poverty, partly because of its focus on emergency responses. However, a large share of humanitarian finance is directed to countries and contexts marked by high levels of background poverty and both chronic and acute food insecurity, which makes it a critical part of the financing toolkit for SDGs 1 and 2.

Humanitarian financing has risen sharply over the past decade – but the gap between need and financing has risen to record levels. According to the Financial Tracking Service of the UN Office for Coordination of Humanitarian Activities (OCHA), humanitarian aid increased by 62% between 2018 and 2022, to $41.4 billion, driven by the response to the Covid-19 pandemic, the war in Ukraine, conflicts in Yemen, and food security emergencies. Despite the significant increase in funding, the humanitarian system is under unprecedented stress. In 2023, just 40% of the funding needed to support UN coordinated plans was delivered, a record shortfall. As the UN

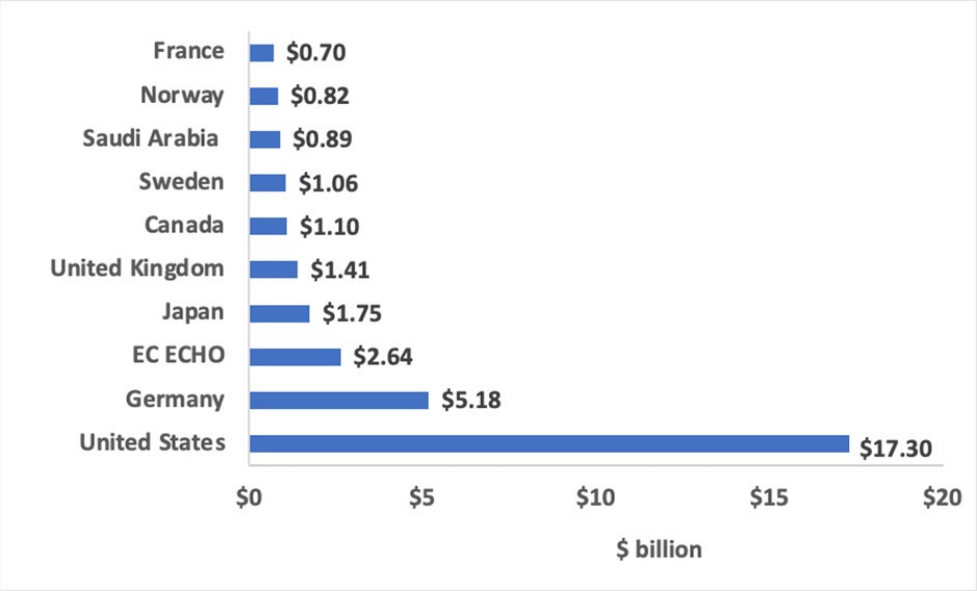
[14] UN OCHA's Financial Tracking Service reports a slightly higher figure of $41.4 billion, reflecting the inclusion of private donors and some additional country reporting.

Secretary-General, António Guterres, has put it: ‘Chronic underfunding and record levels of humanitarian need are stretching the system to the breaking point’ (United Nations Meetings Coverage and Press Release, 2023). Even if fully funded, the UN’s 2024 appeals would still leave 119 million people identified as being in need beyond the reach of the humanitarian system (Griffiths, 2023).

The effectiveness of humanitarian aid is compromised both by the overall level of funding and by the unpredictability of finance. At the end of the first quarter of 2024, just 6% of the funding appeal for the year had been covered. Because funding is delivered through voluntary appeals, there are often wide discrepancies and shortfalls for individual countries. In 2023, several countries listed as facing plausible famine threats to a significant share of the population – including the Democratic Republic of Congo, Ethiopia, and Yemen – received 40% or less of the funding sought by UN-coordinated appeals. In other cases, uncertainties over appeal-based financing delayed delivery of emergency food aid and cash support.

The financing of the humanitarian system is dominated by a small group of donors – and is delivered primarily through UN agencies. The top 10 donors in 2022 provided 79% of humanitarian assistance, according to OCHA, largely mirroring the profile of non-humanitarian GHP financing (Figure 21). UN agencies typically receive over half of the funding provided, with international NGOs acting as another important channel. While the humanitarian system saves and rebuilds lives, its effectiveness is hampered not just by under-funding but by the inefficiencies that come with unpredictable financing, under-investment in crisis prevention, and high levels of intermediation. Addressing these issues would transform the humanitarian system into a more effective vehicle for delivering SDGs 1 and 2.

Figure 21 Top 10 donors providing humanitarian financing, 2022



Source: OCHA figures, FTS figures, US billions, current prices.
EC ECHO:

3.5 Proliferation and fragmentation in the aid architecture

The international official development finance architecture has changed dramatically since 2000. Financial flows have increased, along with the number of providers and vehicles for delivery. Modalities for aid provision have also changed. The rise of general budget support, which delivered aid through national budgets, gave way after 2000 to a resurgence of project-based approaches. In this section we look briefly at the impact of donor proliferation, fragmentation, and project-based financing on support for GHP.

The World Bank has documented the impact of proliferation and fragmentation on official financial flows. Between 2000 and 2019, the number of bilateral agencies increased from 191 to 502, while the number of multilateral agencies rose from 47 to 70. At the country level, almost 80% of aid recipients had 60 or more donors in 2019 – up from 55% a decade earlier (World Bank Group, 2022). In 2019, the number of aid transactions reached an all-time high of 222,000. Recipient governments spent just one in four of these transactions, with the rest accounted for by projects implemented through donor government channels, multilateral institutions, and NGOs. While the World Bank's analysis cautions against sweeping judgements on the impact of these trends on overall aid effectiveness, it notes that 'development partners' use of country-led results frameworks has declined with the increase in aid channels' (World Bank, 2022). Wider research shows a limited correlation between the strength of national public finance management systems and donor willingness to use country systems (Piatti-Fünfkirchen et al., 2021). Budget support has

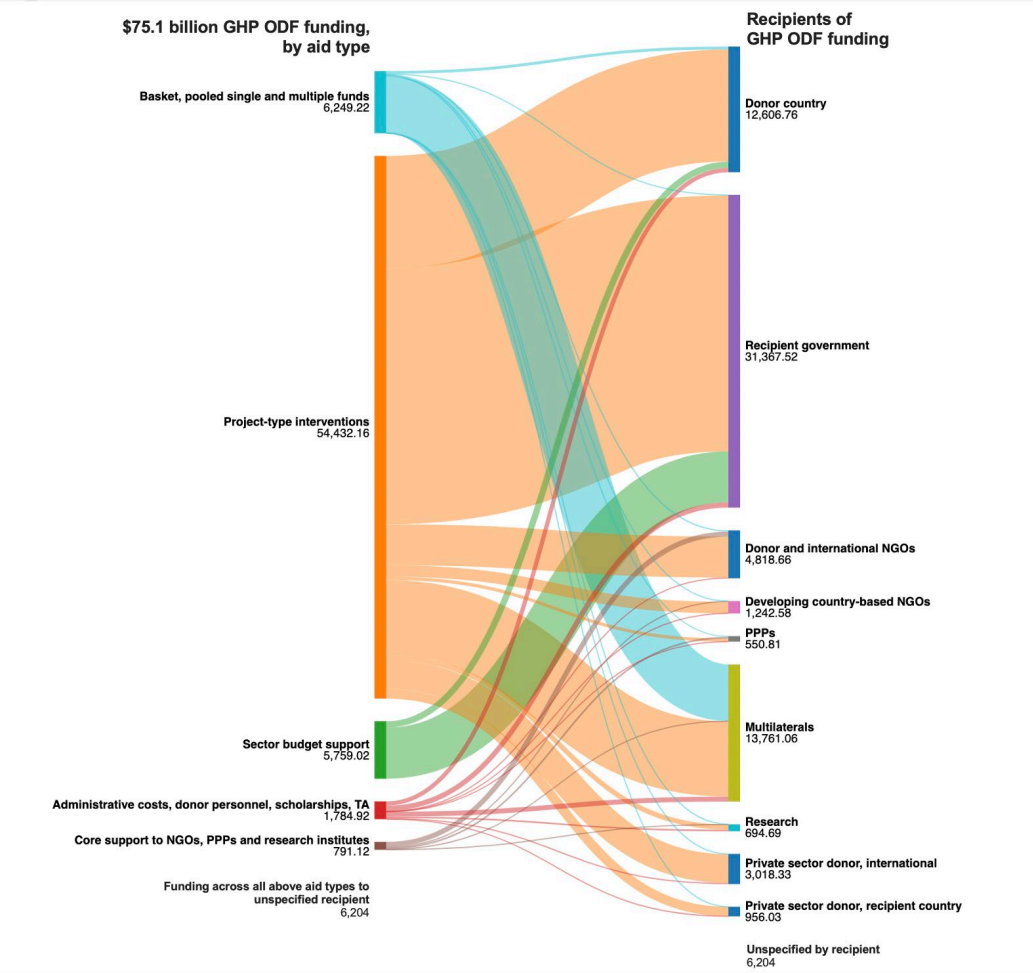
declined sharply since 2005, when it was widely viewed by donors as a central part of the Paris Agenda for strengthening aid effectiveness.

What emerges from the World Bank's analysis is the picture of a finance architecture increasingly at variance with the needs of developing countries. The proliferation of donors, most of them employing separate reporting systems, adds to transaction costs. Combined with fragmentation of delivery, it makes effective coordination across donors more difficult. There are also concerns that current approaches may be weakening national ownership by bypassing government channels. The demise of budget support has been part of this trend – yet studies have shown that budget support tends to boost aid effectiveness by increasing public spending, improving public finance management, and widening access to the basic services vital for reducing hunger and poverty (Orth et al., 2017). An evaluation for the European Commission looking at budget support in seven countries found that it 'contributed in important ways to upgrading the capability of these governments to manage their public finances, to deliver services and to regulate economic activity, for the benefit of their citizens' (Lawson, 2014). These conclusions suggest that returning to budget support could strengthen the effectiveness of aid.

How has the trend towards proliferation and fragmentation, and the shift away from budget support, affected official development financing for GHP? We address that question by applying the World Bank's analytical approach to the reporting lines covered in our mapping. Among the key findings for 2022:

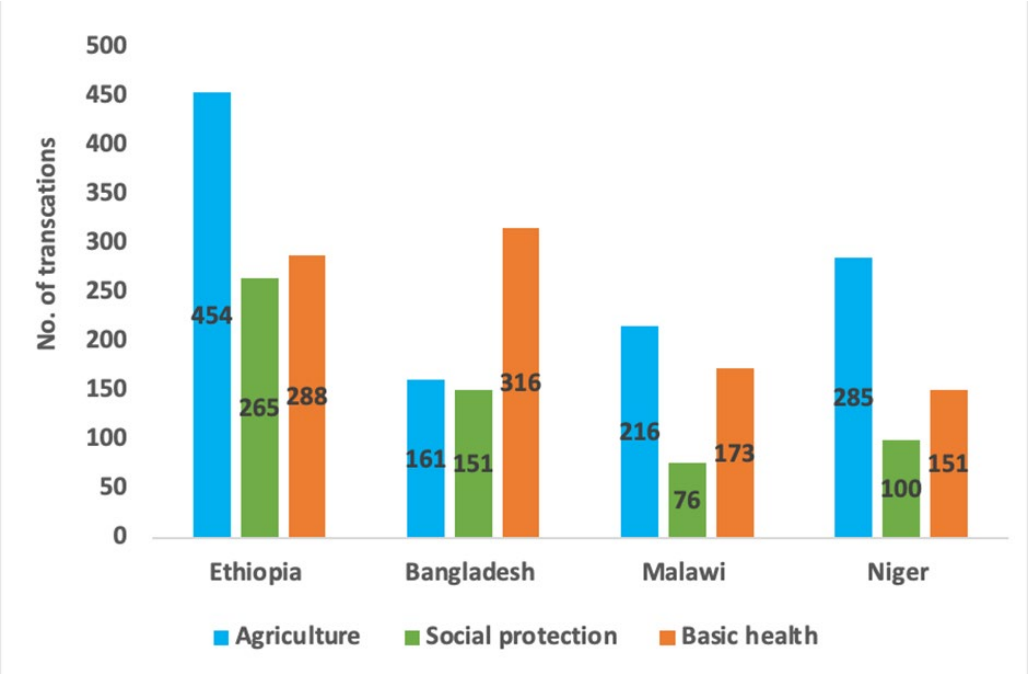
- A significant volume of finance – $31.3 billion, or around 40% of all GHP funding – was channelled to recipient governments (Figure 22).
- Despite the primacy of government channels, 82% of this funding was provided via project-based approaches, with only 8% delivered as budget support (Figure 22).
- Official donors recorded 68,038 individual transactions for non-humanitarian GHP, illustrating what the World Bank characterises as an 'aid bombardment'. In the case of Ethiopia, donors recorded 454 transactions in agriculture and another 265 for social protection (Figure 23).
- Most transactions involve small sums. Our analysis shows that 89% of transactions in 2022 involved less than $1 million. While individual transactions do not always equate to an individual project, they provide a useful proxy indicator (Figure 24).

Figure 22 Non-humanitarian global hunger and poverty finance – aid type and delivery channel, 2022



Source: OECD CRS, ODA and OOF, USD billions, current prices.

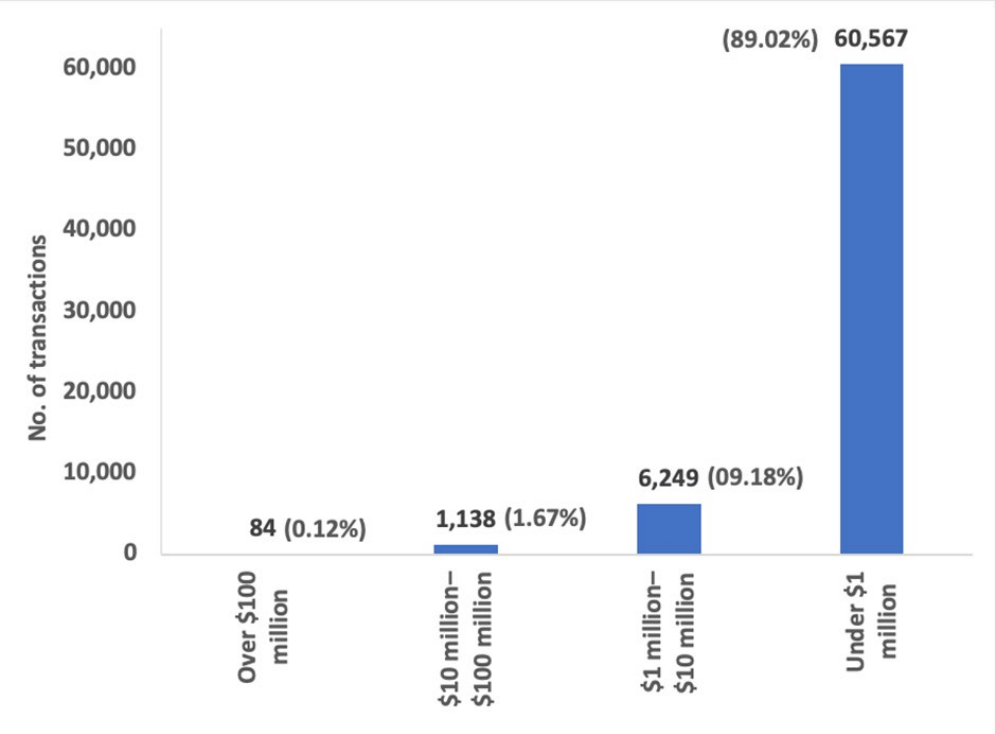
Figure 23 Number of transactions related to agriculture, social protection, and basic health reporting lines, selected countries, 2022



Source: OECD CRS, ODA and OOF.

Note: A transaction refers to an activity recorded in the OECD CRS, which identifies a flow of money to a particular sector and country. While most donors record individual projects as specific activities in the CRS, some donors disaggregate projects and record components of a given project as separate activities in the OECD CRS. Other donors record large programmes as a single activity in the CRS. These programmes can contain multiple projects.

Figure 24 Reported global hunger and poverty transactions – financial size, 2022



Source: OECD CRS, ODA and OOF, US Millions, Current Prices

Note: A transaction refers to an activity recorded in the OECD CRS, which identifies a flow of money to a particular sector and country. While most donors record individual projects as specific activities in the CRS, some donors disaggregate projects and record components of a given project as separate activities. Other donors record large programmes as a single activity in the CRS. These programmes can contain multiple projects.

The consequences of donor proliferation, fragmentation, and failure to work through country systems are evident across GHP financing sectors. The health sector is a case in point. The Lancet Global Health Commission on Financing Primary Health Care raised concerns that much of aid funding for health has focused on specific diseases and health interventions, with donors operating outside of national budgets (Ma-Nitu, 2022). It estimated that 60% of funding for community health workers in sub-Saharan Africa originated with aid donors and vertical funds, in many cases skewing the allocation of the workforce (Ma-Nitu, 2022). Critics argue that 'vertical' health funds have distorted health priorities and crowded out spending in other areas, holding back the development of the systems and capabilities needed to provide universal health coverage (Sridhar and Tamashiro, 2009; Clinton and Sridhar, 2017). While the global health funds have been tremendously successful in raising financing and delivering immediate results, the implications of the model for the development of health systems and universal health coverage are less certain. In education, less than one-third of direct aid to sub-Saharan Africa's donors goes directly to recipient countries, with the balance channelled through aid agencies, NGOs, and multilateral

organisations (Education Finance Watch, 2023). It is difficult to square this pattern of aid delivery with the development of the national systems needed to translate commitments to ‘education for all’ into real outcomes.

Analysis of food system finance illustrates wider challenges. Bilateral and multilateral donors have steadily increased funding for food systems – broadly covering agriculture, rural development, nutrition, and emergency food aid – following a 2015 G7 commitment, though the share has remained roughly constant, at around 8% (Institute for Sustainable Development, 2022). However, the aid effort is also compromised by an over-reliance on small-scale projects. As a Duke World Food Policy Center report on food systems in 2021 put it: ‘At the country level, there is an abundance of small uncoordinated projects, which causes high transaction costs for recipient countries and inefficiencies in pursuing common SDG objectives.’ (Duke World Food Policy Center, 2021). That observation applies far more widely.

Humanitarian financing suffers from a distinctive set of challenges. UN appeals are underfunded and unevenly funded. Although some donors are providing more flexible multiyear financing, there is still an overreliance on short-term earmarked funding. Far too little finance is provided through local organisations. This was recognised when governments and humanitarian agencies in 2016 endorsed a Grand Bargain at the World Humanitarian Summit, which included a commitment to provide 25% of financing through local agencies. Yet, the most recent tracking data puts the current delivery at just 2% (Humanitarian Policy Group; ODI, 2023).

Perhaps the greatest weakness of the humanitarian system is grounded in its core business model. Humanitarian appeals are launched after a crisis has hit, or in response to a marked deterioration such as a slide toward famine. By the time aid arrives, hunger and poverty have already worsened, and people who could have recovered with early support are left trapped in a downward spiral of vulnerability. Putting in place social protection systems that can be scaled during times of crisis would avert suffering, boost recovery, and reduce the stress on the humanitarian system.

3.6 Some broad conclusions

Financial mapping does not provide a guide to policy, but it can illustrate the underlying policy challenges. Five key themes emerge from the mapping:

- **Overall financing for GHP is far too low to support a big push towards SDGs 1 and 2**. While donors have increased funding, the $75.1 billion marshalled in 2022 is manifestly insufficient to have more than a marginal effect on the financing gaps now facing LICs and LMICs. Systemic reform of the international development finance system will be critical

if the ambition of the Global Alliance is to be realised – an issue we turn to in Section 3. Current financial flows can be made to work harder for the poor, but they will not create an enabling environment for delivery at the pace and scale required.

- **Sub-Saharan Africa is at risk of further marginalisation**. Based on current trends, by 2030 sub-Saharan Africa will account for more than 90% of people living on less than $2.15 a day– and Africa's children will account for a rising share of the extreme poor in the region. The downturn in ODA for the region may not be a trend, but the dangers are evident.
- **Social protection suffers from relative neglect**. Many of the countries that have achieved the most impressive progress on SDGs 1 and 2 have done so in part through social protection strategies. Those strategies have been underpinned by increased budgetary commitments and cross-sector planning. Scaling up development support for social protection offers a route to more rapid poverty reduction, and a more effective humanitarian system. Current levels of official development finance investment in social protection – $14 billion and shrinking in the wake of the Covid-19 pandemic – are far too low. Bilateral donors and multilateral institutions are under-investing in an area offering the greatest potential for a rapid scale-up, with the potential to radically shift the curves on delivery for SDGs 1 and 2.
- **The agriculture sector has largely failed to mobilise additional finance through aid** (Duke World Food Policy Center, 2021). This matters because of the concentration of extreme poverty and malnutrition in rural areas. We are unable to track financing below the top-line of reporting on agriculture, but the evidence that is available – for example, on financing for rural feeder roads and adaptation in agriculture – suggests that only a thin slice of a small cake reaches small-scale farmers.
- **There is scope for getting more out of the finance currently available**. Mechanisms like the GFF and GAFSP have delivered some results – albeit limited – in part by using bilateral finance to leverage multilateral resources. Improved donor coordination and greater recourse to country systems would serve the twin purpose of strengthening national ownership and increasing impact. The currently limited role of private capital also suggests that blended finance could play an enhanced role.
- **Climate adaptation finance appears to play a limited role, despite the very clear links and opportunities**. Far too little climate finance is finding its way to communities facing some of the gravest climate risks with the most limited resources. There would appear to be scope for increasing the share of

climate finance directed towards smallholder agriculture and climate-resilient social protection.

4 From mapping to delivery – unlocking finance for hunger and poverty

This section considers the new and additional resources for global hunger and poverty that could be mobilised through the international development finance system. It identifies areas in which the Global Alliance could drive change, drawing on the unique convening power of the G20. We start by looking at issues that already feature with some prominence on the G20 agenda, including reform of the multilateral development banks, debt relief, reallocation of Special Drawing Rights, and international taxation. Connecting the G20 dialogue in these areas with a concerted international effort to accelerate progress on SDGs 1 and 2 could serve as a starting point for more urgent action, delivering real benefits to millions of the poorest people in the world. We also consider a range of specific initiatives in areas that currently receive insufficient attention, such as social protection, smallholder agriculture, and school feeding.

The Brazilian Presidency is rightly concerned to identify areas in which a Global Alliance could add value to current international efforts. With the 2030 SDG deadline approaching, the world – and most notably the world's poor – cannot afford a period of protracted dialogue, followed by limited action. It is apparent from the current state of progress towards SDGs 1 and 2 that more of the same, with only incremental change, will lead inexorably to failure, with devastating consequences for people, planet, and the credibility of the multilateral system.

The ambition of the Global Alliance on finance should be calibrated against the requirements for accelerated progress on poverty and hunger. The G20 Independent Expert Group (IEG) has provided credible estimates of scale, broadly consistent with wider SDG financing gap analysis. The IEG has called for the mobilisation of an additional $3 trillion in finance, with $1.8 trillion directed towards climate goals and $1.2 trillion for non-climate SDGs. Within this envelope, it estimates another $500 billion will be required in annual official external financing by 2030. Given the limited capacity of LICs and many LMICs to absorb non-concessional debt finance, the IEG calls for an additional $60 billion in concessional finance to be channelled through the MDBs, with a $30 billion increase in donor

contributions (IEG, 2023). Of course, the Global Alliance will not directly mobilise new funding, but the IEG's estimates provide credible scale-of-ambition parameters to guide the identification of priorities and catalytic approaches.

Strengthened national ownership is one of the keys to a global breakthrough on poverty and hunger. As highlighted in the previous section, the current international development finance system is hampered both by under-resourcing and sub-optimal delivery mechanisms. It needs to be rewired to provide governments in LICs and LMICs with a greater voice, to give national systems a greater role in delivery, and to let nationally determined priorities have a greater sway over agendas for achieving SDGs 1 and 2.

The Global Alliance could actively promote the development of country platforms, using the Just Energy Transition Partnerships (JETPs) as a model. The G20 Reference Framework for Effective Country Platforms was developed to provide a bridge from global initiatives to nationally owned programmes, offering a platform to customise support, coordinate a diverse range of development partners, and deliver results. It offers an antidote to the fragmentation and proliferation described in section 3 of this report. The JETPs, which emerged out of the CoP26 climate summit in 2021, demonstrate the potential for linking international finance to transformative national action. Governments set clear objectives and identify the policy pathways and financing requirements for achieving them, including national budget commitments, with international partners providing coordinated support. In Vietnam, for example, international partners have committed to mobilising $7.5 billion in affordable public finance (and an equivalent amount in private finance) to support the government's low-carbon transition strategy, with the country platform providing a coordination mechanism for partner financing and support overseen by government. Developing analogous country platforms with a focus on poverty and hunger would help cut through the complexity and fragmentation of current aid and development finance approaches. The Global Alliance could work with governments and aid partners to pilot the approach.

4.1 Linking to the wider G20 agenda

The SDG financing gaps identified in Section 2 illustrate the order of magnitude of the challenge facing national governments and the wider international community. This challenge cannot be met through incremental changes in current financing mechanisms, redistribution within the current ODF resource envelope, or through efficiency gains in the current delivery architecture. Wider reforms are needed that establish a link between poverty and hunger and systemic reform of the development finance system.

4.1.1 Leveraging the MDB system

The G20 Independent Expert Group's analysis demonstrates the potential of the MDB system to mobilise financing (Independent Expert Group, 2023). As noted above, the Group recommends that MDBs should provide an incremental $260 billion in additional annual official financing – $60 billion of it in non-concessional lending – while catalysing most of an associated $500 billion in private finance. While the figures relate to climate and the SDGs more broadly, financial mobilisation on this scale would transform the financing environment for a big push against poverty and hunger.

Each of the MDBs has a mandate to eradicate poverty and advance the SDG. **This mandate could be exercised more aggressively.** While MDB lending has steadily increased, it represents a smaller share of developing country GDP than it did in 2009 in the response to the global financial crisis and half the share in 1990, even though investment needs have increased. The Independent Expert Group recommended that the G20 establish a direct link between 'the sustainable lending levels of the MDB system in 2030' and 'the financial support needed by developing countries to invest to achieve these goals.' Its proposals include consideration of capital increases, more flexible approaches to risk (as described in the G20 Panel on Capital Adequacy), strengthened coordination, and strategies for mobilising private capital at scale.

Far more can also be done to scale up low-cost non-concessional lending within existing capital constraints. With the high leverage ratio of each dollar of capital invested, general capital increases constitute an effective way to reach scale in GHP finance. MDBs and their financial partners can also improve the efficiency of capital use and increase their leverage through innovations.

Changes are already happening. The African Development Bank (AfDB) has played a pioneering role in piloting approaches that leverage its balance-sheet for development financing. In 2022, the AfDB's Room2Run initiative transferred the risk on a $2 billion portfolio of loans to London-based insurers, with the UK Foreign, Commonwealth and Development Office providing a $1.6 billion guarantee and creating the financial headroom to increase lending by an equivalent amount (Humphrey, 2022). In January 2024, it became the first MDB to undertake a hybrid capital transaction, with a landmark $750m bond issue. This is a form of finance that falls between a standard bond and paid-in capital, combining features of both debt and equity. The resulting capital increase can be treated as core capital for lending purposes, unlocking the leveraging potential of MDBs. Some World Bank shareholders have now committed to supporting hybrid capital issues.

While most systemic reforms will expand the financing capacity of MDBs, some approaches can channel resources to specific poverty and hunger initiatives. An illustration is provided by the

International Financing Facility for Education (IFFEd). Launched at the UN Transforming Education Summit in 2022, the facility provides risk guarantees for multilateral lenders, enabling them to optimise their balance sheets for education financing (The Education Commission, 2022). For every dollar in guarantee, donors need provide only $0.15 as paid-in capital, with another $0.85 cents held in the form of a contingency commitment to disburse in the event of non-payment. The 4:1 leveraging potential of the MDBs means that donor cash payments are multiplied 27 times so that it takes just $40 million in paid-in capital to mobilise $1 billion. IFFEd also provides grants to ensure that interest payments are affordable.

Building on this type of approach, the Global Alliance could play a role in ensuring that a bigger, better, and less risk-averse MDB system works harder on poverty and hunger. The World Bank is now developing a $5 billion loan guarantee programme that could unlock $30 billion in new financing. The Global Alliance could play an important role in ensuring that this augmented resource base is directly linked to SDG 1 and 2 financing efforts on social protection and other areas, working through country platforms.

Current mechanisms highlight both the potential for leveraging and the limited resource mobilisation achieved to date. The Global Financing Facility (see Section 2) illustrates both sides of the coin. The Facility is financed by donor grants, which are in turn used to unlock IDA resources. Leveraging in this context is based on the proposition, which is difficult to test in practice, that the IDA allocations would not have happened without the catalytic effect of GFF contributions. The reported leveraging ratios are very high. In 2022, $80 million in GFF resources were tied to $735 million in wider World Bank allocations (GFF, 2024). What has been lacking is speed and scale. In 2022 and 2023, critical years for countries recovering from the impact of the Covid-19 pandemic, the World Bank Board approved four projects for LICs and five for LMICs (Global Financing Facility; World Bank Group, 2024).

As the single largest source of financing for SDGs 1 and 2 in LICs and LMICs, the IDA occupies a special position in the financing architecture. While IDA financing was scaled up dramatically during the Covid-19 pandemic, national financing is constrained by the size of the resource envelope. Realistically, there is no alternative to a quantum leap in replenishment if the IDA is to realise its full potential as a driver of change on SDGs 1 and 2. The IEG recommended a tripling of IDA replenishment to 2030, which would appear to be commensurate with the scale of the challenges to be addressed.

As illustrated by our financial mapping exercise, official development finance has achieved limited success in mobilising private capital for SDGs 1 and 2. The wider MDB system has also underperformed in this area. Across the system for all spending, it

mobilises just $0.6 for every $1 lent on its own accounts (Independent Experts Group, 2023). Changing this picture will require greater recourse to a range of financing instruments – guarantees to mitigate private sector risk, blended finance, portfolio securitisations, among them – and changes in MDB incentives and business models. As a recent Joint MDB Report on the Mobilisation of Private Finance candidly acknowledges: 'We cannot escape the uncomfortable fact that the volume of private capital mobilised by MDBs has largely stagnated over recent years.' (James, 2023;IFC, 2023). While there are limits to the role of private finance in providing the investments needed accelerate progress on poverty and hunger, there are many areas in which public-private partnerships could deliver transformative results.

One of the most effective ways in which MDBs could raise levels of private finance for GHP is through portfolio guarantees for local financial intermediaries, supported by blended concessional finance to lower the cost. Smallholder agriculture is a case in point. Farmers, especially women farmers, often lack access to the affordable finance they need to make investments aimed at increasing productivity. Many countries – including Brazil and India – have addressed this challenge through loan guarantees and other measures that address the risks faced by farmers and lenders. The same model has been applied by many MDBs. In Senegal, for example, the World Bank's International Finance Corporation has lent to producer organisations with a subsidy component financed through the Global Food Security Platform – a $6 billion facility to support private sector development in food systems. In addition, its Small Loan Guarantee Programs for small- and medium-sized enterprises inject investment into agriculture (IFC, 2022). The GAFSP Private Sector Window uses blended and concessional finance aimed explicitly at smallholder farmers and the value-chains in which they participate.

The bewildering array of bilateral and multilateral financing streams involved in blended finance is delivering less than the sum of its parts. Institutions get drawn into varying project-based priorities that often lack consistency over time, diverting attention from the potential to broaden efforts through the global network of Public Development Banks.

Providing a focal point for concessional funding and coordination through the Global Alliance could be part of a wider effort to strengthen coordination. For instance, creating a large GHP concessional co-financing facility, which consolidates and scales up the fragmentary landscape of financial support in this area, could inject size and urgency into the delivery of blended GHP finance by the broader system of development finance institutions. If the investment supported by such public-private blended finance structures is directed towards smallholder agriculture and small and

medium-sized rural enterprises, especially if it can link farmers to dynamic value chains, it would boost efforts to reduce poverty.

4.1.2 Tackling the debt crisis

Unsustainable debt has re-emerged as a barrier to the investments needed to support an SDG recovery. The debt stock of the world's poorest countries – those eligible for concessional finance from the IDA – rose by 134% between 2012 and 2022 (albeit from a low base) almost three times the growth in GNI. Debt servicing has surged, fuelled by an increase in repayments to private creditors and China. As interest rates climbed in advanced economies, private creditors pulled out of LICs and LMICs and risk premiums rose, cutting off new credit. Thirty-nine countries – almost two-thirds of IDA-eligible countries – are now either in debt distress or at risk of it (World Bank Group, 2023). The G20 Debt Service Suspension Initiative (DSSI) provided a limited and temporary breathing space for some countries by postponing repayments, but the rescheduled interest and principal repayments are now adding to unsustainable debt burdens.

External debt servicing is now crowding out the investments needed to accelerate progress on poverty and hunger. Sub-Saharan Africa's scheduled repayments represent around 4% of GNI – almost double current spending on health (World Bank Group, 2023). Governments are facing an increasingly stark trade-off between debt servicing and spending on social protection, nutrition, health, and agriculture. External debt repayments for IDA-eligible countries average 16% of government revenue (double the level in 2015), diverting domestic resources away from domestic priorities. These are countries with some of the world's highest levels of poverty and malnutrition.[15] Nineteen countries are scheduled to spend more than one-quarter of revenue on debt servicing. These transfers exceed spending in areas such as social protection and basic health care. Were the cash transferred to poor families and children, rather than foreign creditors, it would make a significant dent in poverty and hunger. The IMF, the World Bank and UN agencies have all warned that current debt service liabilities in many LICs and LMICs are inconsistent with the SDG targets. Moreover, external debt cannot be viewed in isolation. Domestic debts have also been rising. In 2024, IDA-eligible countries are scheduled to spend a combined 7.5% of their GDP on domestic and international debt servicing, which is higher than their combined spending on health, education, and infrastructure.

Debt relief efforts have made limited progress. Current multilateral debt governance frameworks are geared towards countries facing problems with official (Paris Club) lenders and

[15] Data based on scheduled debt servicing reported by the World Bank and IMF revenue date at: https://debtjustice.org.uk/press-release/lower-income-country-debt-payments-set-to-hit-highest-level-in-25-years.

multilateral debt**.** Shifting debt profiles have weakened the relevance of these arrangements. Much of the increase in debt stock over the past 15 years was contracted on commercial terms in sovereign bonds and markets. Around 40% of IDA-eligible debt servicing is now directed to commercial creditors. China has also emerged as a major creditor, blending commercial credits with more concessional development finance. The absence of a comprehensive debt relief framework spanning all creditors – including commercial creditors and China – has left debtor countries in a weak bargaining position, and blocked debt relief efforts. The Common Framework developed by the G20 in 2020 has delivered only limited results, with only four countries applying for treatment – and only one (Zambia) securing an agreement across Paris Club and non-Paris Club official creditors (though without the participation of private creditors). Many debtor countries have been averse to seeking restructuring because of concerns over potential credit downgrades, which would in turn exacerbate underlying debt problems. In effect, the failure to develop a debt reduction and restructuring framework has forced governments to default on investments in poverty reduction to avoid a default on external debt.

Unsustainable debt is reinforcing liquidity constraints and limiting fiscal space. Many countries are now operating in a debt trap. External creditors are absorbing a large share of a small revenue base, and access to affordable credit is limited. Borrowing costs remain elevated. Even non-distressed countries in sub-Saharan Africa face average Eurobond yields of 12% (compared with 7% pre-crisis) (IMF, 2023). Efforts to strengthen liquidity through IMF Special Drawing Rights (SDRs) have so far been met with limited success (see below). Aid and concessional finance flows remain limited.

There may be opportunities for the Global Alliance to convert that danger into an opportunity for investment. Debt reduction under the Heavily Indebted Poor Countries (HIPC) Initiative, launched by the World Bank and the IMF in 1996, played an important role in releasing finance for investment in priority social areas. Although there is no comparable framework for commercial debt, past debt relief models, such as the Brady Plan, resulted in deep discounts on private creditor claims. Similar measures, coupled with increased concessional financing, are needed today. Integrating debt swaps into wider debt relief operations could also help mobilise new and additional resources for SDGs 1 and 2.

Recent ‘debt-for-nature’ and ‘debt-for-climate’ approaches could be used more widely. These deals have combined a reduction in debt stock with commitments to transfer part of the savings into specified nature, climate, and conservation budgets. The arrangements have been underpinned by international guarantees. To highlight three prominent examples:

- In 2023, Ecuador's government repurchased $1.6 billion of debt for $656 million with revenue from a new sovereign bond – the Galapagos Bond – issued at lower interest, backed by political risk insurance from the US International Development Finance Corporation (IDFC), an $85 million guarantee from the Inter-American Development Bank, and a group of private reinsurers (Inter-American Development Bank, 2024). Lifetime savings in debt servicing are estimated at over $1 billion, with $323 million directed over the next 18 years to marine conservation, including $12 million annually to capitalise an endowment for the Galapagos Life Fund.
- In September 2022, the government of Barbados completed a $150 million debt conversion deal under which relatively expensive debts were replaced by cheaper ‘blue loans’ guaranteed by the IADB and The Nature Conservancy (TNC), with around $90 million in savings earmarked for conservancy programmes (TNC, 2023).
- In Belize, TNC lent funds to the government to buy back a $553 million ‘superbond’ – the entire stock of external commercial debt – at a discounted price of 55 cents on the dollar. The deal was financed by an issue of ‘blue bonds’ issued at low interest rates and long maturities, underwritten by risk guarantees from IDFC. The savings have been earmarked for marine conservation (Jiang and Cao, 2024).

In each of these cases, debt discounts made possible by the risk guarantees have expanded the fiscal space available to governments, releasing public financing for investments in conservation. While the precise recipes for different programmes have varied, the ingredients are broadly similar. National governments have committed to debt swaps as part of a wider restructuring operation. Innovative risk guarantees provided by the IADB and the IDFC have reduced the costs of refinancing debt. TNC’s programme Blue Bonds for Ocean Conservation has combined finance with support for governance of finance released through the debt swaps.

Current approaches appear to attach a (fully justified) weight to marine conservation and climate change, but no weight to the eradication of poverty and hunger. The Global Alliance could play a role in changing this picture. In principle, there is no reason why the MDB system and development finance institutions could not provide risk guarantees for restructuring operations that release finance for SDGs 1 and 2. The World Bank could play an expanded role in this area. So could European development finance institutions: over 40% of the new finance commitments undertaken by the 15 largest in 2023 were in Africa. There are national and international NGOs that could play the role of TNC, but with a focus on poverty and hunger. The case for ‘debt-for-social-protection’ swaps or ‘debt-for-school-feeding’ swaps is surely no less compelling than the case for ‘debt

debt-for-climate' swaps. TNC's Blue Bonds for Ocean Conservation programme aims to place 600,000km² under conservation. Perhaps the Global Alliance could coordinate an effort across national governments, MDBs, development finance institutions, and NGOs to target debt swaps for extending social protection to another 400 million people by 2030; or provide targeted school feeding to reach another 100 million children.

Debt swaps are not a substitute for debt relief and/or increased access to affordable finance – and some debt swaps are better than others. Most debt swaps have been geared towards small-scale operations that deliver limited support and have little or no impact on fiscal space. Some members of the Paris Club, a group of major creditors, have waived repayment obligations to release some limited finance for priority areas. In many cases, the funds are channelled through (high-cost) UN agencies, rather than national budgets, which limits national ownership. Several have been criticised for facilitating spending in a specified area, while failing to release additional budgetary resources; having a negligible effect on overall debt burdens; and implementing funding in ways that undermine government delivery systems. Analysis by the IMF cautions that debt swaps are rarely likely to be a better option than comprehensive debt restructuring (where debt is not sustainable) or grant aid (IMF, 2023; Essers et al., 2021; Bolton et al., 2022).

4.1.3 Speeding up the recycling of SDRs

Special Drawing Rights (SDRs), the IMF's reserve asset, represent another potential source of financing for SDGs 1 and 2. In August 2021, the IMF issued its largest ever allocation of SDRs, with $650 billion provided to Member Countries in a post-Covid effort to support recovery. Because new SDRs are allocated in proportion to existing IMF quotas, rich countries with little need of new liquidity secured the largest share (47% went to the G7 countries), while poorer countries facing the tightest liquidity constraints were allocated much less (Africa received 5%). In 2021, the G20 pledged to recycle $100 billion of the new $650 billion allocation of IMF Special Drawing Rights to LICs and LMICs.

The reallocation of SDRs represents an important source of affordable development finance. SDRs do not change a country's net wealth, but they do provide a reserve asset reflected in balance-of-payments reports. Poorer countries with limited liquidity could exchange SDRs for hard currencies at interest rates well below those they face in sovereign bonds and other commercial markets. The resulting finance would expand the fiscal space available to governments, creating opportunities to finance initiatives that roll back poverty and hunger.

There has been progress in delivering on G20 SDR pledges, but resources are trickling through to developing countries too slowly. Estimates from the French Treasury for April 2024 indicate

that SDR pledges for developing countries amounted to $108 billion (4P Progress Report, 2024). There is scope for going further. Some high-income countries have indicated that they will allow 40% or more of their new SDR assets to be recycled, but most have pledged at far lower levels. The bigger problem is an institutional bottleneck in delivery. Advanced economies currently recycle (or on-lend) their SDR resources through two IMF facilities, the Resilience and Sustainability Trust (RST) and the Poverty Reduction and Growth Trust (PRGT). The RST, which was created specifically to facilitate the rechannelling of SDRs, has received pledges of around SDR 31 billion. However, disbursements have been relatively slow. As of April 2024, only 15 countries had applied for RST funding, with approved disbursements amounting to around half-a-billion SDRs. Support through the PRGT is constrained by shortfalls in financing for the interest rate subsidies the IMF needs to extend interest free loans. Accessing SDR resources through the RST and the PRGT requires countries to have in place IMF programmes, which may act as a deterrent for some countries.

Recycling SDRs would be through the MDB system would help speed implementation and generate multiplier effects. While the IMF's facilities can release reallocated SDRs on a dollar-for-dollar basis, MDBs can leverage SDRs to mobilise additional funding. While there is a large unmet demand for additional MDB financing, both concessional and non-concessional, lending through the IMF concessional facilities is not limited by the overall level of finance available, but by demand from governments and a lack of funding to subsidise interest rates. The AfDB and the IADB have proposed using SDRs to underpin a hybrid capital instrument that could be used to strengthen their capital base and mobilise around four times the value of loaned SDR resources. Under another proposal, the World Bank would issue SDR-denominated bonds, enabling countries with surplus SDRs to purchase them with the accrued interest offsetting holding costs and the World Bank converting the SDRs into hard currency, which it would then on-lend (Setser and Paduano, 2023). While there are complex technical issues to be addressed, they could be swiftly resolved without compromising the reserve asset status of SDRs.

4.1.4 International taxes

International tax cooperation has taken some major steps forward in recent years. Many of the measures introduced or under consideration are long overdue to prevent abuses of tax systems around the world. There may be some scope for reforms to contribute to expanded SDG 1 financing, but the benefits for LICs and LMICs may be limited.

Various initiatives are under implementation or consideration. The OECD's Two-Pillar Solution on international corporate taxation, to which 145 countries have signed up, includes (Pillar 1) reallocating

tax rights on the largest multinationals to countries where they have business activities and earn profits (based on sales), and (Pillar 2) sets a minimum 15% corporate tax rate. While Pillar 1 needs an international tax treaty to come into force, Pillar 2 can be unilaterally implemented and comes into force this year (OECD, 2021).

The 'billionaire tax' proposed by the EU Tax Observatory on Tax Evasion is another approach that has gained some traction. The Observatory has proposed a global minimum tax on billionaires equal to 2% of their wealth. This could raise more than $200 billion a year (EU Tax Observatory, 2023).

Other international tax proposals have a long history. These include emissions levies on shipping and aviation, taxes or voluntary levies on oil and gas production and methane emissions, and financial transaction taxes.

All these approaches have merits, but most are not international with respect to their prospective revenue streams. They are instead national tax proposals, with governments free to choose whether to implement them and where the revenues would be spent. The vast majority of the finance generated would accrue to the largest economies, where the economic activity being taxed takes place, rather than to the countries with the greatest need for fiscal support to fight hunger and poverty. For example, less than 0.5% of the global billionaire tax would accrue to African countries, and only 3% to Latin American countries (EU Tax Observatory, 2023). There is certainly no guarantee that revenues would be allocated to global priorities, whether climate or the fight against poverty and hunger.

Global tax cooperation should be seen largely as a complement to investing in the development of national tax systems. That said, there are areas in which strengthened cooperation could yield some striking financial results. The IMF estimates that African countries are losing up to $730 million a year in corporate income tax revenues through profit shifting by multinational companies in the mining sector (Albertin et al., 2021). Targeted measures to reduce this flow could help finance SDG priorities.

4.1.5 Repurposing subsidies

The 'affordability' of official development financing for an enhanced SDG initiative must be assessed against spending in other areas. Currently, large volumes of scarce financial resources are directed towards subsidies that offer limited benefits and cause considerable public harm. Repurposing these subsidies could make a contribution to SDGs 1 and 2, though the political complexities are real and difficult to navigate.

Two sets of subsidies figure prominently in international dialogue on repurposing:

- **Support for agriculture**: These subsidies were estimated at $817 billion in 2022 for the OECD and 11 emerging markets. Much of the support is directed to larger farms and environmentally harmful practices (OECD, 2024; Damania et al., 2023).
- **Support for the production and use of fossil fuels**: Rising energy prices led to a sharp increase in the costs of support measures for fossil fuels in 2022, with the fiscal costs doubling to $1.4 trillion (OECD, 2023).

However egregious the spending on subsidies, the scope for converting it into investments in SDGs 1 and 2 may be limited. The political economy of subsidy reform and the success of protest movements contesting reform have made governments hesitant to act. The G20 first committed to 'rationalise and phase out of inefficient fossil fuel subsidies' in 2009 and that pledge has been repeated many times. However, energy subsidies remain largely intact (OECD, 2023). Agricultural subsidies tracked by the OECD have declined only modestly in real terms.

There are exceptions to the rule. Indonesia's experience is instructive. In 2015, the government removed subsidies for fossil fuels in a carefully planned 'big bang' reform, transferring the savings – around $15 billion at current prices, or 10% of the overall budget – to social protection, health, agriculture, and education, generating highly visible benefits (Pradiptyo et al., 2016). Because high-income groups had been securing the bulk of the benefits from subsidies, the repurposing of subsidies also reduced income inequality.

Applying the principles of the Indonesian reform to a wider global poverty and hunger initiative would provide a boost to financing for poverty and hunger. Donors could redirect the savings into efficient financing mechanisms, such as the IDA. National governments could expand the budget envelopes for SDGs 1 and 2. The politics are difficult – but the potential benefits for poverty and hunger are considerable.

4.1.6 From global action to national delivery

The whole international development finance system needs to evolve and align with the development imperatives facing governments. If the world is to get on track for the SDGs, including those on poverty and hunger, and tackle climate change, systemic reforms will be required. At the same time, there is scope to get more out of official development finance. The current system achieves a great deal, but it is hard to escape the conclusion that the aggregate impact for SDGs 1 and 2 is less than the sum of its parts. Changing that picture must start at the country level.

The combination of aid fragmentation and weak coordination weakens the efficiency of aid. Around 2000, many aid donors shifted the locus of financing towards budget support. The aim was to

align resources behind nationally owned programmes by channelling resources through domestic budgets, rather than off-budget project vehicles. Budget support became one of the primary mechanisms for acting on the 2005 Paris Declaration on Aid Effectiveness. Evaluation evidence points to positive results (DEval, 2017). The withdrawal from budget support has contributed to the fragmentation identified in Section 3. Today, too much official development finance is delivered through weakly coordinated projects, raising transaction costs for governments, weakening national ownership, and diminishing benefits, including those for poverty and hunger. There is a strong case for returning to the aid effectiveness principles that led to the adoption and implementation of budget support. While that option may be challenging for many donors, more effective donor coordination within countries and internationally is vital if efforts to accelerate progress on SDGs 1 and 2 are to succeed.

The G20's Country Platform approach is well suited to the development of a global initiative on SDGs 1 and 2, providing a link from global action to national delivery. The country platforms are intended to foster national ownership, develop national solutions, and coordinate a range of actors behind well-defined objectives. To date, development of these platforms has tended to focus on climate finance, but the Global Alliance could work with national governments to pilot approaches aimed at more effective coordination and resource mobilisation related to poverty and hunger. The integrated governance environment developed by Brazil to oversee the Zero Hunger programme could serve as a model (see Section 1) (Inter-réseaux Développement Rural, 2012). An initiative could initially be piloted in a small group of seven to 10 countries.

In any scenario for accelerating progress towards the SDG 1 and 2 targets, increased finance will be critical. One question that arises is whether a dedicated global fund could rapidly mobilise new resources. Obvious reference points are the global health funds – Gavi and the Global Fund – established in the early 2000s as a political response to the recognition that existing mechanisms were unfit for purpose. What emerged were enormously successful international public-private partnerships that pooled resources to achieve a well-defined purpose (Jaupart et al., 2019).

Several credible proposals for dedicated hunger and poverty funds have been developed. One of them advocates the creation of a $2.5 billion Zero Hunger Alliance and Fund operating through a new public-private institution with a remit to support countries wanting to accelerate progress on SDG 2 (IFPRI, 2021). The proposed financing structure includes bond issues backed by reallocated Special Drawing Rights (SDRs).

Whatever the technical merits of the proposals, the case for establishing new global funds for SDGs 1 and 2 must pass a stringent credibility test. In an environment marked by the

fragmentation of official development finance, an increasingly complex aid architecture, competing SDG priorities, and a diminishing capacity for effective international cooperation, any proposal for a new fund needs to meet at least five criteria:

- Is there a clear value-added over current approaches and mechanisms?
- Does it have well-defined and achievable objectives?
- Is there a credible prospect of the approach securing political buy-in and galvanising national and international action?
- Is the approach technically feasible and implementable in countries with limited capacity?
- Can it be scaled up quickly enough to make a difference by the 2030 SDG deadline?

Few proposals would appear to meet all five of these criteria – but there are exceptions to the rule. Most proposals for generic global funds on food security, social protection, and nutrition have either failed to take off or secured limited traction. In many cases, the scope of what is proposed is too broad and ill-defined to mobilise support, other than among already committed coalitions. In others, the pathway to results is shrouded in uncertainties over delivery. With some justification, national governments and donors often see new global fund proposals as potential source of high transaction costs, skewed priorities, and further layers of fragmentation. One of the few proposals that appear to meet the criteria specified for a global fund on the eradication of extreme poverty has been developed by researchers at the Brookings Institution (see below).

Getting more out of current financing mechanisms and replenishment exercises is likely to yield more results in the near-term than protracted dialogue on new global funds. In many areas, the problem to be addressed is not a shortage of financing vehicles but a shortage of finance. For example, both the GAFSP and the GFF provide established mechanisms for rolling back poverty and hunger, yet neither operate at the scale or pace needed to drive deep and lasting change. The Child Nutrition Fund provides a practical, results-oriented framework to address one of the most pressing of all challenges – childhood wasting – yet the financing it is currently able to provide is limited. Beyond these specific initiatives, the Global Alliance could play a vital role in mobilising support for the replenishment exercises that will shape the concessional finance envelope through to 2030. The replenishment of IDA at the end of 2024 needs to be the largest ever – the World Bank President, Ajay Banga, has called for $30 billion in donor financing – to provide momentum to SDG financing (CGD, 2024). Future replenishments of the African Development Fund, the GFF and GFASP also provide opportunities.

An exception to the rule when it comes to creating new global funds could be a purpose-driven Fund to End Extreme Poverty. Researchers at the Brookings Institution have proposed a global financing instrument focused on cash transfers to people in extreme poverty (Kharas and McArthur, 2023). They highlight the new policy horizons opened by digital technologies and machine learning for cost-effective targeting, the scope for scale and early delivery, and the falling costs of eradicating poverty (see Section 2). As the authors put it: 'the targeting can be surgical, costs are modest, and implementation is now feasible.' Focusing on cash transfers targeted at countries and areas marked by extreme poverty, their proposal offers clear added value, combining well-defined objectives with feasible implementation. In terms of governance, the authors propose a new fund, but there is equally scope for delivering through the reform of current mechanisms and effective coordination in a virtual fund model. The Global Alliance could play a role in cutting through the inevitable institutional politics that might arise with the transition from concept to delivery.

The case for a global fund using cash transfers to eradicate poverty is powerfully reinforced by the weight of evidence. It is sometimes argued that social protection is beneficial but less effective in poorer countries and fiscally difficult to maintain. These claims are not well founded. The most comprehensive evaluations of social protection programmes have documented a consistent pattern of effective delivery in different settings. They reduce monetary poverty, improve health and nutrition, increase savings and investment, and strengthen participation in education (Bastagli et al., 2016; Grisolia, 2024). Beyond the benefits for immediate recipients, cash transfers generate multiplier effects for non-beneficiaries by creating demand for goods and services. One evaluation found multiplier effects for every $1 in cash transfers of $1.27 to $2.52 for countries such as Ethiopia, Kenya, and Malawi (Handa et al., 2018). Using Uganda as a case study, one research exercise examined the poverty-reduction effect of different scenarios for converting aid into cash transfers (Ulrich et al., 2024). In one scenario, where the entire aid envelope was directed to child grants, poverty fell by two-thirds.

None of this evidence should be interpreted as a case for neglecting other areas – or for over-emphasising cash transfers. Tackling the deficits in SDGs 1 and 2 requires investment in many areas, including health, education, water and sanitation, and inclusive growth. The role of cash transfers must be considered alongside other priorities. There are also healthy debates about the relative merits of conditional and unconditional cash transfers, the level of transfers, and approaches to targeting. Even so, it is difficult to escape the conclusion that a targeted focus on cash-for-poverty-eradication could deliver extraordinary results, renewing the SDGs and galvanising new coalitions for change. The experience of Togo discussed in Section 1 provides a microcosm of what is possible globally.

The Global Alliance could consider an approach that looks beyond the tired debate between proponents of 'vertical' and 'horizontal' funds to the creation of 'virtual funds' geared towards zero hunger and the eradication of poverty. As we have highlighted in this report, efforts to accelerate progress towards SDGs 1 and 2 are held back not by a shortage of special purpose financing vehicles, but by a deficit in financing the inefficiencies that come with fragmentation. Bluntly stated, there are too many funds delivering too little finance while imposing high transaction costs on recipient countries. Competitive fund-raising weakens incentives for cooperation and leaves a vacuum where there should be strategic coordination to advance shared goals. For practical purposes, there are no global action plans backed by finance for achieving zero hunger and the eradication of poverty. Attempting to fill the gap through institutional structures that duplicate the type of governance arrangements that characterise the global health funds is the SDG equivalent of a fool's errand. Political support for new large-scale global funds is non-existent, financing is limited, and with the notable exception of the Brookings Institution proposal, it is not clear why – or how – they would differ in remit from current mechanisms. 'Virtual funds' could offer an alternative, combining light-touch administrative arrangements with high-impact delivery.

'Virtual funds' could combine the roles of a clearinghouse, a one-stop shop for LICs and LMICs seeking to accelerate progress towards the SDGs, and a strategic coordination mechanism for donors and development finance institutions. The history of the Education Fast Track Initiative (FTI), the precursor to the Global Partnership on Education, provides a useful analogy. At the World Education Summit in 2000, against a backdrop of slow progress towards the then Millennium Development Goal of universal primary education, governments undertook a commitment with resonance for today's SDGs and for the aims of the Hunger and Poverty Alliance: 'no country seriously committed to education for all will be thwarted by lack of resources in their efforts to achieve that goal.' (World Education Forum, 2000). The FTI was created as a unique compact to deliver on that commitment. Developing country governments demonstrating their commitment to universal primary education 'through efforts to radically transform their education systems' would receive support from partners who would unlock 'significantly increased resources' through coordinated action (Bermingham, 2007; World Bank, 2009). In the event, delivery was mixed at best – but the initial concept behind the FTI was that of a light-touch delivery strategic delivery mechanism to support developing countries with a clear commitment to shared goals. While duplication is not a credible option, the core principles underpinning the FTI could have contemporary relevance.

Establishing a 'virtual fund' on poverty and hunger could help drive results. Currently, LIC and LMIC governments seeking support for ambitious SDG 1 and 2 strategies are faced with the prospect of

separate negotiations with dozens of prospective donors and development finance institutions, along with the multiple reporting requirements. Perhaps housed in the G20 itself, a Global Alliance 'virtual fund' could take the form of a mechanism – a clearing house – through which countries can submit zero hunger and poverty eradication plans backed by clear national commitments, with a Global Alliance Secretariat playing a role not just in coordinating current financing, but identifying a small number of areas – such as social protection, school feeding, and smallholder agriculture (see below) – in which the G20 will play a more active role in mobilising new resources. Many other arrangements could be considered. However, if the aim is to deliver results rather than a protracted dialogue, there is a premium on avoiding grand institutional design and working through adaptations of existing structures.

4.1.7 Social protection and school feeding – priority areas for international cooperation

As highlighted in Section 1, social protection represents one of the most effective strategies to combat poverty and hunger. Brazil's Bolsa Familia programme stands out due to the scale and speed with which it generated results. Duplicating that success on a global scale is achievable. Much of the infrastructure is already in place. Social protection transfers have already reduced extreme poverty by one-third and the poverty gap by 45%, while reducing inequality (World Bank Group, 2018). Wider social protection interventions have a demonstrated capacity to rapidly improve children's health and nutrition. Yet one-fifth of the world's poor still lack access to social protection.

Official development finance can support the national efforts needed to change this picture. Ultimately, sustainable social protection programmes must be funded from national revenues, but external support can facilitate rapid scale-up. Loans from the IADB and the World Bank helped finance programmes in Brazil, Ecuador, and Peru. In the Philippines, the Pantawid Pamilyang Pilipino Program, now the fourth-largest conditional cash transfer programme in the world, has been funded by the Asian Development Bank and the World Bank. It is estimated to have lifted 1.5 million people out of poverty and has reduced stunting among children.

Support during the initial phases of programme development can be especially important in low-income countries. Ethiopia's long-standing Productive Safety Net Programme was initially fully funded through the pooling of $2.5 billion in support from 10 donors. It is now 14% financed by the government. Kenya's National Safety Net Programme was initially largely donor funded. In the last three years, the government has taken the lead in financing, adding 150,000 new households. Pakistan's Benazir Income Support Programme was initially supported by UK aid delivered through a

World Bank Trust Fund. It is now financed by the government and four major donors. In all of these and other cases, official development finance has simultaneously expanded the reach of social protection programmes, catalysed domestic financing, and delivered results.

Climate change has added a new layer of urgency to the case for a concerted drive to expand social protection. Adaptive social protection programmes provide a vehicle for delivering rapid and flexible responses to climate and other shocks. They are designed to build resilience, enabling households to prepare for, cope with, and adapt to economic stress, without being forced into strategies that reinforce poverty, such as the distress sale of assets (Bowen et al., 2020). Effective programme design can exploit synergies between social protection, disaster risk management (DRM), and climate change adaptation (Coudouel et al., 2022).

The Sahel Adaptive Social Protection Programme (SASPP) provides an example. Launched in 2014 in six Sahelian countries – Burkina Faso, Chad, Mali, Mauritania, Niger, and Senegal – the SASPP is a multi-donor trust fund managed by the Social Protection and Jobs unit of the West-Central Africa regional department of the World Bank. Programmes financed through the fund have registered many positive impacts in reducing poverty and improving nutrition and resilience. In Senegal, 13% of the poverty reduction between 2011 and 2019 can be attributed to the social protection programme (World Bank Group, 2024).

Properly financed adaptive social protection programmes could help reduce the stress on the humanitarian system, alleviating the suffering that comes with delayed action in the process. Putting in place a social protection structure through which financing can be scaled up during droughts and other extreme climate events can avert malnutrition and reduce poverty. Somalia's Baxaano programme demonstrates what can be achieved at relatively low cost (Box 2). Other measures such as rapid index-linked insurance payouts and financing for social protection through disaster risk management could also strengthen household resilience and reduce dependence on after-the-event humanitarian responses.

Some areas of social protection have tended to fall through the cracks between development finance policy sectors. School feeding is an example. Schools provide a unique platform for cost-effective delivery to millions of children living with poverty and hunger.

There is compelling evidence (see Section 1) that well-designed school meal programmes can improve nutrition, reduce poverty, enhance learning, and strengthen food security (Watkins et al., 2020; Sustainable Finance Initiative for School Health and Nutrition, 2023). Procurement for school meals through home-grown school feeding programmes can create expand access to biofortified foods, support

healthy diets, and support small-scale agriculture. In Brazil, one-third of procurement is ring-fenced for smallholder farmers (De Silva et al., 2023).

Many governments are adopting and implementing ambitious strategies to expand the reach and improve the quality of school feeding programmes. An international initiative could support their efforts. Despite their fiscal constraints, many LICs and LMICs – Bangladesh, Honduras, Kenya, and Nepal among them – have set a course for universal school feeding by 2030. Their policies link education, food security, social protection, and support for smallholder agriculture. The School Meals Coalition, a government-led network now spanning 92 countries, has added to the momentum. Yet bilateral donors and MDBs have been slow to respond. In 2022, the overall development assistance effort was estimated at just $287 million – a very limited investment given the potentially high social and economic returns. This points to a large gap in international cooperation which the Global Alliance could help to fill. National revenue is the only secure foundation for school feeding programmes, but an expanded official development finance effort would create an enabling environment for governments to scale up their ambition. An initiative that sought to extend school meals to another 100 million children by 2030, targeting areas marked by high levels of food insecurity, could help accelerate progress on poverty and hunger, unlocking new opportunities for children to realise their potential (SFI, 2024 forthcoming). Working through the country platforms described earlier, the Global Alliance could mobilise additional development finance through aid, debt relief, and MDB support, expanding the options open to governments working to reach marginalised people.

Box 2 Somalia's Baxaano programme

In 2019, Somalia established its first government-led social protection programme, known as Baxnaano, with the support of a $65 million grant from the World Bank. The programme provides unconditional cash transfers linked to nutrition. Currently, it reaches 200,000 chronically poor and vulnerable households with children under five in 21 districts of Somalia.

Baxnaano has enabled the government of Somalia to extend the coverage of social protection. In the first two years of implementation, more than 1 million people, 9% of the population, received nutrition-linked unconditional cash transfers to meet basic consumption needs (World Bank, 2021 and 2022). The cash transfer programme was scaled up using its shock response component to deliver emergency loan transfers that protect food security and livelihoods for an additional 600,000 people during a major locust outbreak in 2020 (World Bank, 2021).

4.2 Smallholder farming – an unrealised force for combating hunger and poverty

Any financing agenda for SDGs 1 and 2 must address the current neglect of smallholder farmers and rural populations. Increased productivity among small-scale farmers is an engine for poverty reduction. It has the potential to lift millions of farmers out of poverty, generate strong rural-urban linkages, support the development of value chains, make food more affordable, and support the development of value chains. Over 80% of food grown in Asia and sub-Saharan Africa is produced by smallholders (FAO, 2012).

As in other areas, climate change is adding to the urgency of national and international action. More severe and protracted droughts, less predictable rainfall, more intense flooding, and increasing strain on water systems pose distinctive challenges for smallholder farmers, especially those lacking access to irrigation. If average global warming reaches 2°C, median crop losses across a group of food staples in Africa would range from 10% to 33%, depending on the strength of adaptation measures (Intergovernmental Panel on Climate Change, 2022).

Climate adaptation finance can help reduce the risks, but it is bypassing small-scale farmers. The Climate Policy Initiative estimates that smallholders (farmers operating on less than 2 hectares of land) currently receive around $5.5 billion, or 0.8% of tracked climate finance. That figure is far too low. MDBs and multilateral climate funds could be encouraged to scale up adaptation support, with a specific focus on the investments in rural infrastructure that are needed to reduce risk.

As carbon markets expand, there may also be opportunities for small-scale farmers to secure financing for production practices – such as restoring degraded land, tree planting, and regenerative agricultural methods – that sequester carbon.[16] However, smallholders face regulatory and risk-related barriers that could be lowered through international support for national and regional initiatives.

Investment in research and development (R&D) can help lessen climate risks, providing a global public good. Agricultural science and innovation are transforming food systems. Unfortunately, many governments have neglected investment in agricultural R&D, especially research on smallholder agriculture. The international community has also underinvested. The result is that opportunities to increase productivity and build defences against climate change are being lost.

[16] In Africa, where 316 billion tonnes of CO2eq is stored in topsoils and 43% of total CO2 emissions originate from land clearing for agricultural use.

CGIAR, the world's largest publicly funded agricultural research network, provides an opportunity to change this picture (Jayne et al., 2023). Its 15 research institutions have developed crop varieties that are higher yielding, more resistant to drought and pests, and more nutritious (Box 3).

Putting CGIAR at the centre of a global initiative meets the Alliance's criteria for policy action. Around 40 countries have contributed to the organisation's Trust Fund, and its donors include countries from the Global South, with India and Nigeria among the top seven bilateral donors. CGIAR's research structure links global centres of excellence to national research institutions and extension services. It has an unrivalled capacity to operate from the laboratory to the field.

Box 3 CGIAR – research that rolls-back hunger

CGIAR was founded in 1971 as the Consultative Group on International Agricultural Research. Much of its scientific effort has been directed towards food staple crops grown by smallholder farmers, including those working on land that depends on rain rather than irrigation. To take one example, New Rice for Africa – the crop known as NERICA – generates higher yields, matures earlier (with crops harvested during the 'hungry season'), has 25% greater protein content, and is more tolerant to climate stress than traditional varieties. Over 82 varieties have now been developed (Africa Rice Center, 2020). An evaluation in 2017 found that adoption of NERICA varieties had lifted 8 million people out of poverty (Arouna et al., 2017). CGIAR's International Maize and Wheat Improvement Center has developed more than 150 climate-resistant maize varieties, which are now grown by 200 million farmers in sub-Saharan Africa alone, raising yields by 30% to 50% in drought conditions (Krishna et al., 2023). The cost-benefit numbers are impressive. One study found that adopting CGIAR maize varieties in 18 countries produced economic benefits of around $1.3 billion against research costs in maize centres of $30 million (Krishna et al., 2023).

5 Conclusion

Accelerating progress toward the eradication of poverty and hunger would create far-reaching spillover benefits across the SDGs. It would unlock virtuous circles of development health, education, employment, and shared prosperity, building the skills and resilience needed to adapt to climate change and support a just green transition. Allied to wider measures combating extreme inequality, it would signal a return to one of the most widely cited but least realised SDG principles – leaving no one behind. The world in 2030 envisaged by the proposed Global Alliance would be fairer, less unequal, more sustainable – and more aligned with the SDG pledge undertaken in 2015.

Building that world will require new approaches that articulate problems clearly, offer credible solutions, establish political pathways for their implementation, and mobilise the funding required for delivery. This is analogous to what the economist Marianna Mazzucato describes as a ‘mission-oriented innovation policy’ (Mazzucato, 2017). She cites the Apollo mission to land on the Moon as an example of an approach that harnessed human, financial, and technological endeavour to a well-defined purpose. To stretch the analogy, the Global Alliance agenda represents a poverty and hunger moonshot for the SDGs.

The Alliance’s policy approach marries a moonshot ambition. It focuses on ‘public policies targeted at those more likely and/or less equipped to profit from growth processes and more likely to live in poverty and food insecurity, who face intersecting inequalities and are usually the worst affected by both idiosyncratic and covariate shocks, including climate-related risks and social, economic, and environmental shocks.’ The criteria set for inclusion include well-defined policy interventions; government leadership; national and international endorsement (from at least two countries and two international organisations); proven evidence of impact; targeting the poor and hungry; a primary focus on SDGs 1 and 2, while generating wider benefits.

This report has identified a number of areas that meet the criteria set. The financial mapping provided in Section 2 points to a very large gap between SDG 1 and 2 financing needs and what is delivered through the international development finance system. Closing that gap will require systemic reform and an expanded role for multilateral development banks, allied to new initiatives supported through

international cooperation but delivered through nationally owned programmes.

The targets for SDGs 1 and 2 are daunting – and they are slipping out of reach. Viewed from the vantage point of today's bilateral and multilateral architecture, they have started to look like impossible goals. But as Nelson Mandela once observed, 'It always seems impossible until it's done'.

Annex 1 Methodology

We construct our global hunger and poverty finance data from the OECD Creditor Reporting System (CRS) Purpose Codes. Table 1 provides the relevant codes. There are no fixed parameters for determining what counts as financing for SDGs 1 and 2. However, our methodology broadly follows approaches adopted in other exercises. Table 2 summarises the CRS reporting lines used in other studies looking at official development finance for food insecurity, nutrition, hunger, and agriculture.

Table 4 Official Development Finance for Global Hunger and Poverty – OECD CRS code

Calculating Global Hunger and Poverty Official Development Finance: OECD CRS codes NON-HUMNITARIAN INCLUSIVE GROWTH
Infrastructure - Roads
21020: Road transport
Agriculture and Fishing
31110: Agricultural policy and administrative management 31120: Agricultural development 31130: Agricultural land resources 31140: Agricultural water resources 31150: Agricultural inputs
31161: Food crop production
31162: Industrial crops/export crops 31163: Livestock 31164: Agrarian reform 31165: Agricultural alternative development 31166: Agricultural extension
31181: Agricultural education/training
31182: Agricultural research 31191: Agricultural services 31191: Plant and post-harvest protection and pest control
31193: Agricultural financial services 31194: Agricultural co-operatives 31195: Livestock/veterinary services 31310: Fishing policy and administrative management 31320: Fishery development
31381: Fishery education/training
31382: Fishery research

31391: Fishery services
32161: Agro-industries
32165: Fertiliser plants
32267: Fertiliser minerals
Rural Development
43040: Rural Development
NON-HUMANITARIAN BASIC HUMAN DEVELOPMENT
Basic Education
11220: Primary education
11230: Basic life skills for adults
11231: Basic life skills for youth
11232: Primary education equivalent for adults
12240: Early childhood education
11260: Lower secondary education
Basica Health and reproductive health
12220: Basic health care
12230: Basic health infrastructure
12240: Basic nutrition

Table 5 CRS budget lines used to track official development finance for poverty and hunger – selected studies

CRS Code	Code Name	L'Aquila Definition US 2012 report	CERES2030 Definition Ending Hunger	OECD AFF	OECD AFF+	EU Food and Nutrition Security	SUN Methodology (DAC Codes + word search of all other codes to find nutrition sensitive spending and project analysis)
11250	**School feeding**						
11330	**Vocational training**		Non-Core			Core	
11420	**Higher education**					Core	
12110	**Health policy and administrative management**					Core	Core
12220	**Basic health care**					Core	Core
12240	**Basic nutrition**	Core				Core	Core
12250	**Infectious disease control**						Core
12261	**Health education**						Core
13020	**Reproductive health care**					Core	Core
12281	**Health personnel development**						Core

14010	**Water sector policy and administrative management**			Core	
14015	**Water resources conservation (including data collection)**			Core	
14020	**Water supply and sanitation – large systems**			Core	
14021	**Water supply – large systems**			Core	
14030	**Basic drinking water supply and basic sanitation**			Core	Core
14031	**Basic drinking water supply**			Core	Core
14032	**Basic sanitation**			Core	Core
14040	**River basins development**			Core	
15110	**Public sector policy and administrative management**			Core	
15112	**Decentralisation and support to subnational government**			Core	
15150	**Democratic participation and civil society**			Core	
15160	**Human rights**			Core	
15170	**Women's rights organisations and movements, and government institutions**		Non-Core	Core	Core
15180	**Ending violence against women and girls**		Non-Core		
16010	**Social Protection**	Non-Core	Core	Core	Core
16050	**Multisector aid for basic social services**	Non-Core		Core	
16062	**Statistical capacity building**			Core	
21010	**Transport policy and administrative management**	Non-Core			
21020	**Road transport**	Non-Core	Non-Core	Core	
21030	**Rail transport**	Non-Core			
21040	**Water transport**	Non-Core			
21050	**Air transport**	Non-Core			
21061	**Storage**	Non-Core	Core		

21081	**Education and training in transport and storage**	Non-Core					
24030	**Formal sector financial intermediaries**					Core	
24040	**Informal/semi-formal financial intermediaries**					Core	
25010	**Business policy and administration**					Core	
31110	**Agricultural policy and administrative management**	Core	Core	Core	Core		Core
31120	**Agricultural development**	Core	Core	Core	Core		Core
31130	**Agricultural land resources**	Core	Core	Core	Core		Core
31140	**Agricultural water resources**	Core	Core	Core	Core		Core
31150	**Agricultural inputs**	Core	Core	Core	Core		Core
31161	**Food crop production**	Core	Core	Core	Core		Core
31162	**Industrial crops/export crops**	Core	Core	Core	Core		Core
31163	**Livestock**	Core	Core	Core	Core		Core
31164	**Agrarian reform**	Core	Core	Core	Core		Core
31165	**Agricultural alternative development**	Core	Core	Core	Core		Core
31166	**Agricultural extension**	Core	Core	Core	Core		Core
31181	**Agricultural education/training**	Core	Core	Core	Core		Core
31182	**Agricultural research**	Core	Core	Core	Core		Core
31191	**Agricultural services**	Core	Core	Core	Core		Core
31192	**Plant and post-harvest protection and pest control**	Core	Core	Core	Core		Core
31193	**Agricultural financial services**	Core	Core	Core	Core		Core
31194	**Agricultural co-operatives**	Core	Core	Core	Core		Core
31195	**Livestock/veterinary services**	Core	Core	Core	Core		Core
31210	**Forestry policy and administrative management**	Core		Core	Core	Core	
31220	**Forestry development**	Core		Core	Core	Core	
31261	**Fuelwood/charcoal**	Core		Core	Core		
31281	**Forestry education/training**	Core		Core	Core		

31282	**Forestry research**	Core		Core	Core	Core	
31291	**Forestry services**	Core		Core	Core	Core	
31310	**Fishing policy and administrative management**						Core
31320	**Fishery development**	Core		Core	Core		Core
31381	**Fishery education/training**	Core		Core	Core		Core
31382	**Fishery research**	Core		Core	Core		
31391	**Fishery services**	Core		Core	Core		
32110	**Industrial policy and administrative management**					Core	
32130	**Small and medium-sized enterprises (SME) development**					Core	
32161	**Agro-industries**	Core	Core			Core	
32165	**Fertiliser plants**		Core				
32182	**Technological research and development**		Core			Core	
32267	**Fertiliser minerals**		Core				
33110	**Trade policy and administrative management**					Core	
33120	**Trade facilitation**					Core	
33150	**Trade-related adjustment**					Core	
41010	**Environmental policy and administrative management**					Core	
41030	**Biodiversity**					Core	
41081	**Environmental education/training**					Core	
41082	**Environmental research**					Core	
43010	**Multisector aid**					Core	
43040	**Rural development**	Non-Core	Core		Core	Core	Core
43050	**Non-agricultural alternative development**		Core			Core	
43071	**Food security policy and administrative management**						
43072	**Household food security programmes**		Core				
43081	**Multisector education/training**					Core	

43082	**Research/scientific institutions**					Core	
51010	**General budget support-related aid**					Core	Core
52010	**Food assistance**	Core	Core		Core	Core	Core
72010	**Material relief assistance and services**						Core
72040	**Emergency food assistance**				Core		Core
72050	**Relief co-ordination and support services**						Core
	Reconstruction Relief & Rehabilitation						
73010	**Immediate post-emergency reconstruction and rehabilitation**						Core
	Disaster Prevention & Preparedness						Core
74020	**Multi-hazard response preparedness**						
91010	**Administrative costs (non-sector allocable)**					Core	
99810	**Sectors not specified**					Core	
CRS Code	**Code Name**	**L'Aquila Definition US 2012 report**	**CERES2030 Definition Ending Hunger**	**OECD AFF**	**OECD AFF+**	**EU Food and Nutrition Security**	**SUN Methodology (DAC Codes + word search of all other codes to find nutrition sensitive spending and project analysis)**

Annex 2

Table 6 Top 30 Countries receiving global hunger and poverty development finance

Top 30 countries receiving global hunger and poverty development finance (ODA+OOF) in 2022 (OECD, CRS, USD Millions, Current Prices)							
Country	ODA	OOF	Total	Country	ODA	OOF	Total
India	1338	3544	4882	Kenya	851	120	971
Egypt	238	2091	2329	Argentina	121	807	928
Indonesia	689	1552	2241	Yemen	868	10	878
Ethiopia	2080	0	2080	Uganda	792	80	872
Bangladesh	1453	568	2021	China (People's Republic)	104	754	858
Pakistan	1033	945	1978	Philippines	302	547	850
Brazil	483	1383	1866	Mozambique	824	6	830
Nigeria	1584	74	1658	Colombia	251	550	801
Ukraine	1179	470	1649	Niger	728	19	747
Turkiye	557	992	1549	South Africa	135	589	724
Morocco	540	932	1473	Viet Nam	606	111	718
Democratic Republic	1424	0	1424	Burkina Faso	658	58	716
Uzbekistan	416	616	1050	West Bank	705	8	705
Tanzania	910	73	1032	Cameroon	369	335	704
Afghanistan	973	0	973	Jordan	456	227	684

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