United Against Malnutrition & Hunger

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Debt and Malnutrition: Ending the Doom Loop

Executive Summary

Around the world, hundreds of millions of people face a daily battle against malnutrition—a silent crisis that stunts lives, weakens communities, and traps generations in poverty. For many low and middle income countries (LMICs), a hidden barrier worsens this crisis: sovereign debt. Rising debt burdens in Bangladesh, the Democratic Republic of Congo (DRC), Ethiopia, Kenya, Malawi, Nepal, Nigeria, Pakistan, and Sierra Leone—the UK's flagship countries as designated in the 2021 Ending Preventable Deaths strategy[1] (now Healthy Women Children and Newborns - HWCN)—have forced cuts to vital nutrition programmes. Yet this doom loop is not inevitable: breaking it can protect nutrition, support growth, and advance sustainable development.

This report shows how debt pressures translate into malnutrition—and what can be done to break the loop. The sections that follow set out the channels, the evidence, and the reforms required.

Debt and Malnutrition: The Doom Loop

The central objective of this report is to highlight the often overlooked link between sovereign debt and malnutrition. The analysis reveals a troubling cycle, known as the doom loop, where rising debt burdens force governments to prioritise repayments over essential investments in nutrition, health, education, and social protection. As funding for these critical sectors declines, nutrition programmes are scaled back or abandoned, leaving millions more vulnerable to illness, poor health, and premature death.

This destructive cycle deepens poverty and directly undermines progress towards the Sustainable Development Goals (SDGs), particularly SDG 2 (Zero Hunger). It also threatens the UK's HWCN strategy, which aims to save lives by addressing the root causes of malnutrition. Yet this doom loop is not an inevitable fate—it is a challenge that can be overcome.

Breaking the doom loop can be transformative. Countries that protect nutrition investments, even during financial crises, can shield their populations from the worst impacts of debt. Well-nourished children

[1] FCDO - Ending Preventable Deaths Strategy

learn better, grow healthier, and become more productive adults. Healthier populations boost economic resilience, enabling governments to manage debt more sustainably.

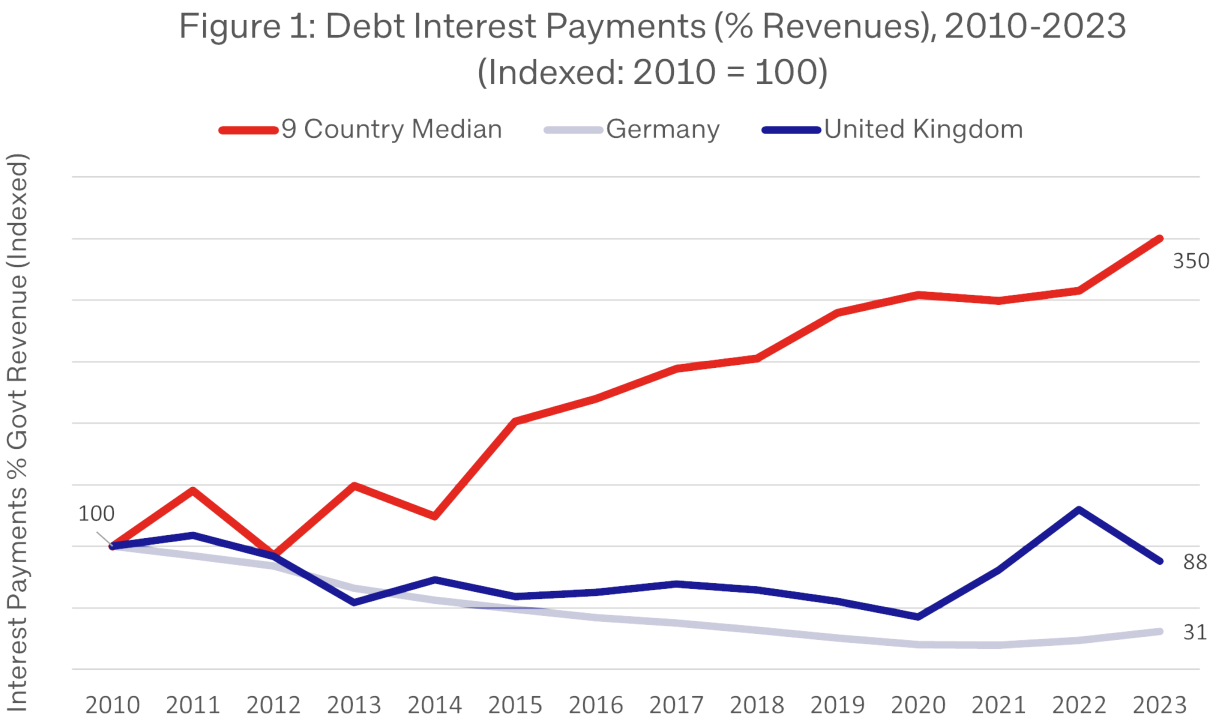
In 2023 alone, LMICs allocated over US$400 billion to debt repayments—more than they invested in essential social services like health and education.[2] This stark reality highlights the scale of the challenge but also the potential for change. With the right strategies, impossible trade-offs can become opportunities for growth. Breaking the doom loop is not just about avoiding harm—it's about unlocking a cycle of health, resilience, and sustainable development. With donor budgets tightening—including the UK's planned shift to 0.3% of gross national income (GNI)—debt reform and ring-fenced nutrition official development assistance (ODA) are critical to avoid further setbacks.

The Scale and Structure of Sovereign Debt

Since 2010, sovereign debt in LMICs has surged. Across the nine flagship countries, debt stocks have grown by nearly 250%, far outpacing economic growth. The fiscal impact is visible in interest bills: in 2023, Kenya, Malawi, and Nigeria each spent over a quarter of government revenue on interest, and Pakistan approached 60%. As Figure 1 shows, the median interest-to-revenue ratio for the nine countries has more than tripled since 2010 (index ≈ 350), while the burden has declined in the United Kingdom and Germany.[3]

The problem is not only the size of the bill—it is what is owed and to whom. A large share of liabilities sits with private creditors on costlier, shorter-maturity, foreign-currency terms, with limited transparency and few avenues for orderly restructuring—unlike the lower-cost, longer-term concessional loans from multilaterals. This mix magnifies rollover and exchange-rate risk: when currencies weaken, dollar-denominated payments surge in local-currency terms. In Pakistan, where the rupee has depreciated sharply against the US dollar over the past decade, the local cost of servicing foreign-currency debt has soared.

[2] World Bank - International Debt Report
[3] UNCTAD - A World of Debt 2024 Dataset



LMICs face surging interest payments as a share of government revenue.

These structural features reflect broader inequities in the global financial system. High-income governments borrow at low rates, while many LMICs pay 8–15% on comparable borrowing versus 2–4% for richer countries, and shallow domestic capital markets push them toward costlier external and private creditors. The result is higher servicing costs, repeat rollovers, and fiscal consolidation that crowds out spending on health, education, and nutrition programmes.

But this crisis is not inevitable. By reforming how debt is managed, countries can turn debt from a barrier into a tool for growth. Greater transparency in lending, fairer creditor practices, and restructuring that protects social and nutrition investments can restore fiscal space. Linking debt relief to measurable outcomes—such as improved nutrition—helps ensure that debt reductions directly benefit populations.

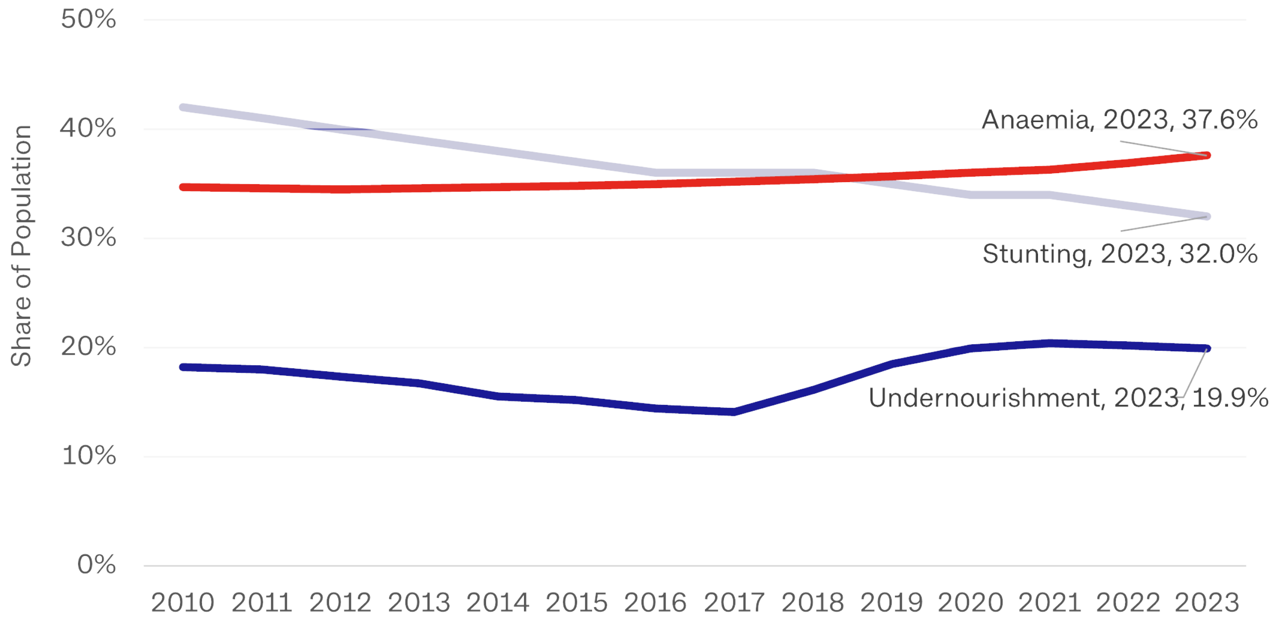
By reforming how debt is managed, countries can turn debt from a barrier into a tool for growth.

The scale and structure of sovereign debt are daunting, but they also highlight the potential for change. With the right strategies, debt can be managed to drive health, resilience, and sustainable development.

Debt's Direct Impact on Malnutrition

Malnutrition is not simply a shortage of food; it is a loss of human potential that weakens health systems, undermines learning and productivity, and traps households in poverty. In the nine countries analysed, the burden is widespread and multidimensional: **stunting** affects about one in three children under five, **anaemia** affects nearly two in five women of reproductive age, and **undernourishment** affects roughly one in five people.

Figure 2: Trends in Nutrition Indicators - 9 Country Medians 2010-2023



Stunting declines; Anaemia in women rises; Undernourishment turns upward.

Figure 2 summarises these trends. Since 2010, stunting has declined, but anaemia in women has risen and undernourishment has rebounded after a 2017 trough—reaching 32.0%, 37.6%, and 19.9% respectively in 2023.[4] This divergence matters: gains in child growth are being offset by deteriorating diet quality and women's nutrition—conditions that intensify when budgets are squeezed, food prices surge, and frontline services falter.

[4] Medians across nine countries. Undernourishment: total population - FAO Data; Stunting: children under 5 - WHO Data; Anaemia: women 15-49 - WHO Data.

High sovereign debt burdens directly undermine efforts to reduce malnutrition through three interconnected pathways:

- Crowded-out public spending. Governments facing substantial debt repayments experience drastically reduced fiscal space, forcing them to slash essential budgets for health and nutrition services. However, nutrition is foundational—when it is protected, even amid financial challenges, populations can maintain strength and resilience, and societies are better equipped to withstand shocks.

- Price and affordability shocks. Elevated debt levels fuel economic instability, manifesting through inflation and currency depreciation. This dramatically increases the cost of essential food items, particularly nutritious foods like fruits, vegetables, dairy products, and protein sources. By stabilising debt and ensuring responsible lending, countries can reduce these economic shocks, making healthy diets more affordable for millions.

- Service disruption and widening inequities. Debt-driven austerity disrupts nutrition services, further undermining delivery across the system. When nutrition programmes falter, entire health systems suffer as malnourished populations become more susceptible to disease, and educational outcomes deteriorate. In resource-strapped environments, community health workers and nutrition specialists become scarce, vital nutritional supplies run short, and frontline interventions falter. These disruptions disproportionately affect economically disadvantaged and vulnerable populations, further deepening existing inequalities and nutritional disparities.

But breaking this cycle is possible. Protecting nutrition investments, even during fiscal pressures, can transform these outcomes—enabling children to grow healthy, communities to thrive, and economies to become more resilient. Nutrition is not just a social investment—it is a catalyst for growth and development.

Addressing malnutrition effectively requires consistent, robust, well-funded programmes because nutrition is foundational. Health improvements, educational gains, and economic development cannot be achieved without it. Breaking the damaging connection between debt and nutrition is not just about avoiding harm—it's about unlocking a cycle of health, resilience, and sustainable progress. By reducing debt burdens and ensuring that debt policies protect essential nutrition investments, countries can turn crisis into opportunity—building healthier populations, stronger economies, and a more sustainable future.

Structural Barriers and Global Inequities

The global financial architecture systematically disadvantages LMICs, reinforcing structural inequities that exacerbate debt distress and undernutrition. Private creditors, who now represent a significant share of sovereign lending to LMICs, often operate with minimal transparency and accountability. Unlike traditional multilateral lenders, private creditors frequently refuse or delay participating in coordinated debt restructuring efforts, leaving debtor countries trapped in prolonged fiscal distress.

But this is not an unchangeable reality. Strengthening transparency and accountability in sovereign lending can transform these dynamics. By promoting voluntary disclosure of loan terms, encouraging fair creditor practices, and ensuring that debt restructuring protects social investments, countries can regain fiscal space and resilience.

The G20's Common Framework for Debt Treatments, designed to streamline debt relief, remains largely ineffective. Criticised for being slow, complex, and stigmatising, it deters countries from seeking relief, forcing them to continue unsustainable repayments. Ethiopia, for instance, waited years to receive debt relief, significantly limiting its ability to invest in critical social services. But reforming this framework—making it faster, fairer, and focused on protecting health and nutrition spending—can turn it into a tool for positive change.

Moreover, debt sustainability assessments by the International Monetary Fund (IMF) and the World Bank are fundamentally flawed, focusing narrowly on a country's capacity to keep repaying debts rather than the human impact of these payments. Countries like Kenya,

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Pakistan, and Ethiopia find themselves classified as having "sustainable" debt, even while cutting essential services to meet repayment obligations. But sustainability should mean more than avoiding default—it should mean ensuring that debt policies support human well-being and development.

Internal governance issues also undermine progress. Loan agreements are frequently negotiated without transparency or proper legislative oversight, leading to financial commitments disconnected from national development priorities. In Kenya and Pakistan, opaque debt agreements have led to financial obligations that undermine public investment in nutrition and social services.

But this cycle can be broken. Reforming the global financial system can reduce the burden of sovereign debt and create the conditions where borrowing can support long-term development. Greater transparency, fair creditor practices, and debt restructuring that protects essential services, particularly nutrition, can help ensure that debt supports economic and social development, rather than undermines it.

Protecting Nutrition: Fiscal and Structural Solutions

Addressing this crisis requires urgent, comprehensive reforms to sovereign debt management and international financial practices. In a constrained ODA context, this report advances a two-track response: (i) protect and prioritise nutrition ODA now; and (ii) reduce long-run ODA dependence by dismantling debt barriers, ensuring meaningful debt relief, and supporting domestic fiscal reforms. These reforms are not only about avoiding harm—they are about unlocking opportunities for health, resilience, and sustainable development. The recommendations that follow offer clear, practical steps to turn sovereign debt from a barrier into a driver of progress:

1. Protect Nutrition Investments During Budget Cuts and Economic Crisis.

   - **Embed nutrition-specific and nutrition-sensitive budget floors within IMF and World Bank-supported fiscal programmes.** This ensures that even in times of fiscal constraint, essential nutrition services are maintained, protecting child growth, maternal health, and community well-being.

- **Ensure nutrition budgets remain protected during fiscal adjustments, particularly in areas of greatest need.** Safeguarding nutrition funding means safeguarding the future, ensuring that children grow healthy and economies remain strong.

2. Deploy Targeted Official Development Assistance (ODA)

- **Ring-fence nutrition within a constrained ODA envelope.** Prioritise countries in or near debt distress, and favour grants or highly concessional finance to avoid adding to debt burdens while stabilising essential services during crises.
- **Finance the systems that keep services working:** last-mile supply chains (therapeutic foods, micronutrients, fortified staples), the frontline workforce and supervision, and real-time data to target and track results.

3. Promote Debt Transparency and Creditor Accountability

- **Advocate for voluntary disclosure charters, encouraging creditors to transparently report loan terms and impacts on nutrition.** Transparency empowers governments to make informed decisions and ensures that debt does not undermine social investments.
- **Support the creation of public debt registries that link debt obligations to social sector budgets.** This protects nutrition funding by making debt obligations clear, transparent, and accountable.

4. Link Debt Relief to Measurable Nutrition Outcomes

- **Pilot debt-for-nutrition swaps, channelling debt relief directly into proven nutrition interventions.** This transforms debt reductions into health gains, ensuring that debt relief translates into better nutrition and stronger communities.
- **Include measurable nutrition benchmarks in restructuring agreements.** This incentivises governments to prioritise nutrition as part of their fiscal recovery plans, creating a direct link between debt management and human well-being.

5. Reform Debt Sustainability Assessments (DSAs)

- **Revise IMF and World Bank frameworks to explicitly account for the costs of debt servicing on nutrition and social protection**

programmes. This ensures that debt sustainability is measured by its impact on people, not just by financial metrics.

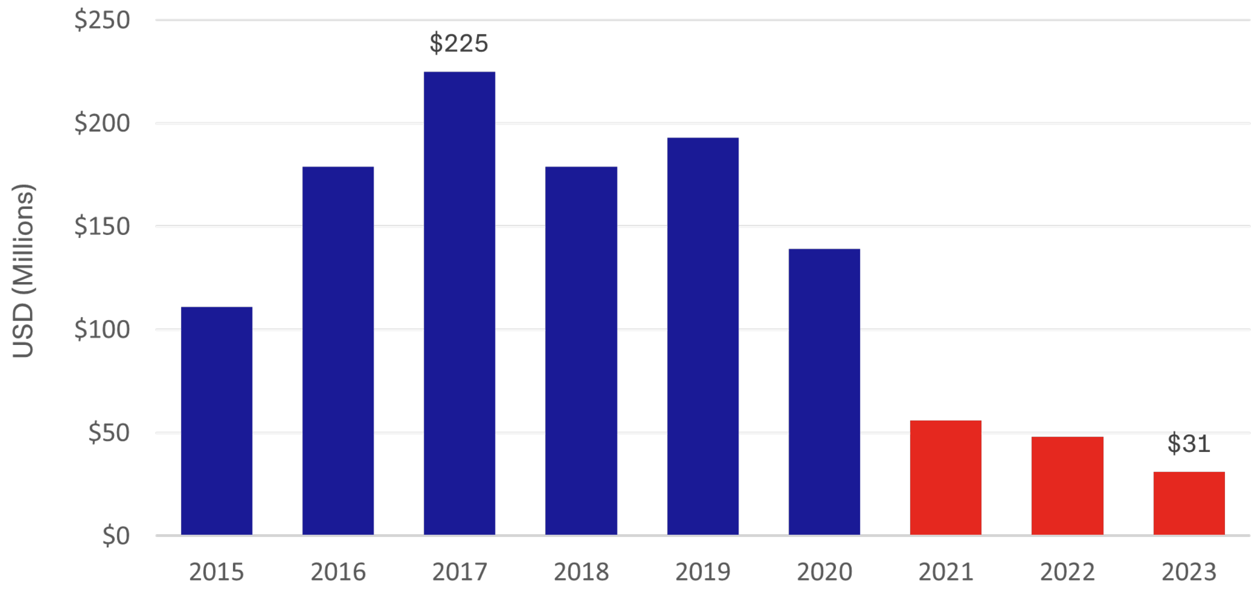
- **Integrate thresholds and metrics sensitive to nutrition and social vulnerability into DSAs.** This makes debt sustainability assessments more accurate, protecting essential services and ensuring that debt policies promote well-being.

A Call for Action: UK's Leadership Role

The UK is uniquely positioned to champion these reforms, given its influence in global financial systems, its strategic interest in the countries highlighted, and its established commitment to nutrition and global health. Leadership should mean action: promoting faster, more transparent and fairer debt relief; ensuring creditor practices protect essential services; and linking debt restructuring to measurable nutrition outcomes—so countries can break the doom loop between debt and malnutrition and turn crisis into opportunity.

Figure 3 shows how recent budget decisions have affected basic-nutrition spending. During the years when the ODA target was 0.7% of GNI (blue bars), bilateral ODA for basic nutrition peaked at US$225m (2017) and was US$139m in 2020.[5] With the shift to 0.5% of GNI in

Figure 3: UK Bilateral ODA: Basic Nutrition, 2015–2023



UK aid cuts in 2021 corresponded with a 60% fall in basic nutrition ODA.

[5] OECD - Creditor Reporting System "Basic nutrition" covers programmes addressing malnutrition through micronutrient supplementation, child feeding promotion, food fortification, and nutrition monitoring in non-emergency contexts.

2021 (red bars), funding fell to US$56m—a drop of about 60% in a single year—and remained depressed in 2022 (≈US$46m) and 2023 (US$31m). The colour change in the bars marks this policy break.

Against this backdrop—and with ODA set to fall further to 0.3% of GNI by 2027—the UK should ring-fence its £1.5b nutrition commitment (2022–2030) and prioritise nutrition within a smaller aid envelope, while favouring grant-based or highly concessional finance for countries in or near debt distress, safeguarding frontline nutrition programmes during fiscal consolidations, and supporting domestic fiscal reforms to reduce long-run aid dependence.

The UK's leadership can set a global example: strategic investments in nutrition transform lives, strengthen communities, and boost economic resilience. Civil society, international partners, and affected countries should continue to hold the UK to its commitments, ensuring life-saving nutrition programmes are not sacrificed. When the UK leads with purpose, debt can become a bridge—linking women and children to health, opportunity, and sustainable development.

Conclusion

The intersection of debt and malnutrition is not merely an economic issue—it's a humanitarian crisis affecting millions. But this crisis can be transformed. Breaking the doom loop connecting sovereign debt and malnutrition can turn a vicious cycle into a virtuous one, where debt relief supports health, education, and economic growth. The recommendations in this report offer a clear roadmap. By protecting critical nutrition spending, aligning fiscal reform with social investment, promoting greater transparency and accountability, and reducing debt burdens, we can create a future where nutrition is not sacrificed to debt.

Breaking the doom loop connecting sovereign debt and malnutrition can turn a vicious cycle into a virtuous one, where debt relief supports health, education, and economic growth.

Achieving this vision demands bold, coordinated action. Governments must have the ability to prioritise human development over financial austerity. Creditors must take responsibility for fair and transparent lending. International organisations must ensure that debt sustainability is measured by human well-being, not just repayments. The time for decisive, collective action is now—lives depend on it.

Ready-to-use therapeutic food (RUTF) is manufactured by a factory in Kenya and stored in its warehouse.

Photo credit: UNICEF/TransLieu/Nyaberi

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Report written by Informed International

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Author: Cameron Ryall

Report team: Cameron Ryall, Nazir Ul Haq, Brian Obiero, and Lisa Zook

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