A conversation with Melanie Renshaw on May 23, 2014

Participants

• Melanie Renshaw – Chief Technical Advisor, African Leaders Malaria Alliance (ALMA) and Co-Chair, Roll Back Malaria Harmonization Working Group
• Natalie Crispin – Research Analyst, GiveWell

Note: This set of notes was compiled by GiveWell and gives an overview of the major points made by Dr. Renshaw.

Summary

GiveWell spoke with Dr. Renshaw about potential funding shortfalls for long-lasting insecticide-treated nets (LLIN) in Africa. In short, there remain significant gaps in funding for LLINs.

Global Fund funding for LLINs

[The Global Fund to Fight AIDS, Tuberculosis, and Malaria is by far the largest funder of LLINs so much of the discussion focused on its resources.]

2014 replenishment

Countries received new funding allocations from the Global Fund in February 2014. Countries will submit concept notes (details of how they will spend the funding the Global Fund has allocated to them) in 2014 and beyond. The concept notes will determine what portion of each country’s total allocation will be used for fighting malaria, including LLINs. Dr. Renshaw will be updating the LLIN gap analysis as the concept notes become available.

There is significantly less funding available from the Global Fund for malaria than was initially expected. Based on a replenishment target of US$15 billion, Roll Back Malaria had expected that anti-malaria programs would receive at least $3.5–4 billion in new resources from the Global Fund in 2014-2016. The Global Fund had requested $15 billion from its donors for this period and it had been agreed that 32% of the Global Fund’s funding would be allocated to malaria. However, in the replenishment, the Global Fund received $12 billion in total and with resources being allocated for operational costs (approximately $1 billion), $4 billion to cover the unfunded overhang from the previous period (more on this below), and $1 billion to special projects, 29% was then allocated to malaria. Malaria programs in Africa received in total about $1.6 billion in new funding.

Unfunded overhang

The Global Fund recently changed its financial practices. Previously, it could borrow forward on future replenishments but the board of the Global Fund recently changed this, so that the Global Fund will only allocate funds that it already has. The Global Fund has $4 billion in unfunded expenses from the previous funding period, which it will pay in this funding period. This has reduced the available funding for new programs.

This also means that the Global Fund needs to make its existing funds last through the end of 2017, but it expects to receive its next replenishment toward the end of 2016.
Dr. Renshaw and key malaria partners are working with the Global Fund to encourage enhanced flexibility in allocating money. This includes, for key countries with serious funding shortfalls, that grants should end in December 2016 rather than December 2017, so that the funding for 2017 can come from the next replenishment that is expected in 2016. The Global Fund has already agreed to do this for countries where it can be demonstrated that the funding gap would force reductions in the scale of its programs. This plan would reduce the funding gap for 2014-2017 from 528 million nets ($2.64 billion) to 300 million nets ($1.5 billion).

Variation in funding needs across countries

The amount of money that a country receives for anti-malaria programs is based in part on the amount of money it received for anti-malaria campaigns in the previous 4-year period. This means that a country that had two campaigns in the previous period would receive more money than a country that had one. Because LLIN campaigns occur every three years, a country that had two campaigns in the previous 4-year period will have one in the current period, and vice versa. Countries that have two campaigns in this period but only had one in the previous period may experience funding shortfalls.

Other funders

The World Bank Booster Program for Malaria Control in Africa was providing around 18 million LLINs per year and has recently ended. This program accounted for most of the World Bank’s support for LLINs. The World Bank now focuses more on results-based funding, rather than purchasing LLINs and other commodities. The World Bank may allocate some additional funding to LLINs, but likely not at the same level as it did previously.

The Roll Back Malaria gap analysis assumes that the President’s Malaria Initiative (PMI) will continue funding LLINs at previous levels.

The UK Department for International Development (DFID) has provided significant funding for LLINs, but is unlikely to increase its funding further.

There remain significant gaps in funding for LLINs, and Dr. Renshaw would be pleased to see GiveWell continue to help fill these gaps.

LLIN procurement

Dr. Renshaw does not believe that production capacity will be a bottleneck for LLIN campaigns. The Global Fund previously used a monthly bidding system for LLIN production, but it has changed to pre-booking production on an annual basis through a pooled tender. In 2014, the Global Fund tendered for the production of 90 million LLINs. This creates greater predictability for manufacturers, helps the Global Fund maintain a consistent supply, and has led to manufacturers increasing production of LLINs.

Estimating non-net costs

The gap analysis includes both the cost to purchase LLINs and non-net costs, such as shipping and distribution. In cases where national governments provided data on non-net
costs, this data was used in the analysis. In other cases, non-net costs are assumed to $2.50 per LLIN, which is the historical average.

Non-net costs can vary significantly across countries. For example, in Angola and DRC, non-net costs may be more than $5.

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