

A conversation with Dr. Marcy Erskine and Dr. Melanie Renshaw, October 11, 2016

Participants

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Note: These notes were compiled by GiveWell and give an overview of the major points made by Dr. Marcy Erskine and Dr. Melanie Renshaw.

Summary

GiveWell spoke with Dr. Erskine of IRFC and AMP and Dr. Renshaw of ALMA and RBM to learn more about gaps in funding for long-lasting insecticide-treated nets (LLINs). Conversation topics included the recent replenishment of The Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund), gaps in LLIN program funding in 2018-2020, and ways to fill future funding gaps for LLIN programs.

The Global Fund replenishment for 2018-2020

The target for the Global Fund replenishment for 2018-2020 was \$13 billion, and \$12.9 billion has been pledged.

It is likely that there will be slightly less funding per country in this replenishment cycle than the previous one, because there is less funding available overall.

Allocation for malaria

43 countries are expected to submit proposals to receive malaria funding. The fraction of overall Global Fund funding that will be allocated to malaria is expected to remain the same as in the past – i.e., a third. However, it is possible that some countries may decide to allocate more of their funding to HIV or tuberculosis and less to malaria.

Planning and proposals process

Funding for specific interventions will be determined through the following process:

1. **Allocations per country** – The amount allocated to each country for 2018-2020 will be announced on December 15, 2016. Per-country allocations are unlikely to change after this time.
2. **Planning and proposals for diseases and interventions** – After per-country allocations are announced, countries will begin putting together

proposals for the specific diseases and interventions they plan to target with their allocations. The majority of countries will need to submit their proposals for malaria-related spending – including proposed LLIN allocations – by March 20th, 2017. The technical review panel will review the proposals prior to approval.

Until this process is complete, it is difficult to estimate the size of the investment that countries will make in LLIN programs for 2018-2020. It is therefore difficult to predict what the global gap in funding for LLIN programs will be during this funding cycle.

Guidance on interventions

The Global Fund has encouraged countries to focus on cost-effectiveness and impact, and to think in terms of developing a holistic health system. However, countries do not receive direct guidance from the Global Fund on the specific interventions that should be funded.

Impact of smaller per-country allocations on LLIN programs

During the planning and proposal-drafting process, countries typically plan their budgets for artemisinin-based combination therapies and rapid diagnostic tests in the public sector before planning for LLIN programs. Combined with the likely decrease in overall funding per country, this could lead to decreased spending on LLIN programs.

Future gaps in LLIN funding

2017

The gaps in funding for LLIN programs in 2017 in the current Global Fund cycle will mostly be filled. The major exception is Nigeria, where a government contribution is pending approval by the Ministry of Finance. If it is approved, this contribution is expected to fill most of the remaining gap in funding.

The Democratic Republic of the Congo (DRC) was able to cover gaps by restructuring a past grant, which resulted in savings that will go towards approximately 15 million extra LLINs in 2017. However, the DRC is unlikely to secure additional funding at this scale in the next Global Fund cycle in 2018-2020.

2018 to 2020

Going forward, it is likely that some countries – possibly as many as 10 – will have LLIN gaps in 2018-2020.

Nigeria and the DRC

Dr. Renshaw expects that Nigeria and the DRC will have funding gaps for LLINs in 2018-2020, due to several factors:

- No single country can claim 10% or more of the overall Global Fund allocation for a specific disease. However, Nigeria and the DRC both have large populations and will likely require more funding than this cap allows. It is not yet known how much this cap on funding will impact these two countries. Until then, the extent of the funding gap remains uncertain.
- There are chronic LLIN shortages in both countries. The DRC is currently facing shortages due to the unpredictable growth and migration of its population. Some donors have attempted to address these shortages, but there is room for more funding here.

In addition to the Global Fund, other funders – e.g., the U.S. President’s Malaria Initiative (PMI) and the United Kingdom’s Department for International Development (DFID) – have worked to fill funding gaps in these two countries as much as possible. However, it is unlikely that their contributions will fully close funding gaps in the future.

Year-end funding gaps

It is difficult to determine if the previous year-end gaps in funding for LLINs will recur at the same scale and frequency going forward. This will depend on when countries implement net campaigns and how they spend their funding over the course of the three-year Global Fund cycle – e.g., year-end gaps may not occur in 2018 if countries frontload their spending but may emerge earlier if funds are spread evenly over three years. If countries spend a large proportion of their funding in 2018, larger gaps may emerge in 2019 and 2020.

Factors that may contribute to continued gaps in funding for LLINs

- **Increased demand for LLINs** – The total number of LLINs requested per country might increase by about 5-10% compared to previous funding cycles. In the past, the number of nets needed per country was estimated by dividing its population by 1.8. However, some countries experienced LLIN shortages because they were working with inaccurate or outdated census data. Countries are now building in extra buffer in their calculations, to ensure that stock does not run out in the middle of LLIN campaigns. Since the cost of LLINs is not expected to decrease in the future, there may not be savings from this area that can be redirected into filling funding gaps in LLIN programs.
- **Increased cost of distribution** – Some countries have underestimated the cost of LLIN distribution in the past. Even if they are repeating programs that were run in the past, countries may need to spend more to deliver LLINs going forward.
- **Some countries requesting next-generation LLINs** – The Global Fund reserves approximately \$800 million for catalytic investments – i.e., investments for programs and activities not adequately accommodated for in countries’ allocation proposals. RBM has proposed using some of these funds to cover the additional cost of next-generation LLINs. This is still pending

approval. UNITAID may match this contribution, which could help ensure that countries requesting next-generation LLINs for specific areas can acquire them.

- **Price of oil** – Nigeria and Angola, amongst other countries, are struggling to meet the co-financing requirements of Global Fund funding because of declines in the price of oil. This may impact their ability to acquire their full malaria allocations from the Global Fund. The current requirements, to secure the “willingness to pay,” state that at least 15% of a country’s total allocation for a specific disease must be co-financed by that country. If a country is not able to meet the 15% co-financing requirement, it does not receive 15% of its total disease allocation.
- **Need to replace LLINs distributed in past campaigns** – Funding is needed to replace LLINs distributed by organizations such as the Against Malaria Foundation (AMF) in the past. RBM has been encouraging the Global Fund to fund replacements for LLINs that were previously financed.
- **Difficulty of filling gaps that arise later** – Gaps in funding are easier to fill if they are identified early in the planning process. However, organizations working in this area – e.g., AMF – typically focus on filling gaps in specific countries and may not have a global view of potential gaps in all LLIN programs. This makes it difficult to anticipate and find funding for all gaps as they emerge. During the previous Global Fund funding cycle, \$300 million in incentive funding was available early in the process, which was used to fill gaps as they arose. This funding saved months of time on restructuring programs later down the line, but it will not be available in the 2017-2019 Global Fund cycle.

Ways to fill LLIN funding gaps

Direct country contributions

Some funders of LLIN programs – e.g., PMI and DFID – choose the specific country where their contribution will be spent. If these or other organizations were to substantially increase funding for LLINs in a specific country, it would have the following impact on Global Fund funding in that country:

- **Reallocation within malaria spending** – The Global Fund allocation for LLINs in the country would likely shift to cover other malaria interventions or operational costs for malaria programs (or to tuberculosis or HIV/AIDS programs).
- **No overall reduction in per-country funding** – The Global Fund would not scale back its allocation or reallocate funds to a different country unless it determined that all essential services were being met and the country had surplus funding. Dr. Renshaw does not know of any countries receiving Global Fund funding that have met these criteria. In the past, some countries initially appeared to have a surplus of funds, but it was later determined that this was a miscalculation.

Donating LLINs to the Global Fund

Donating LLINs to the Global Fund could be the most effective way to narrow the LLIN funding gap. In the past, some net providers donated 1-2 million LLINs to the Global Fund, and these were then allocated to fill gaps in key countries. If, e.g., 50 million LLINs were donated to the Global Fund, they could be used to fill gaps as they occur. Creating this stockpile of LLINs would not necessarily lead to a reduction in Global Fund funding for LLINs or a reallocation of funding from LLINs to other malaria interventions.

In addition to filling funding gaps, having an LLIN stockpile could lead to a faster and higher-quality planning process for countries in future Global Fund cycles.

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