

## **A conversation with Melanie Renshaw on October 17, 2013**

### **Participants:**

- Melanie Renshaw, Co-Chair, Roll Back Malaria Harmonization Working Group, Chief Technical Advisor for the African Leaders Malaria Alliance
- Josh Rosenberg, Research Analyst, GiveWell
- Elie Hassenfeld, Co-Executive Director, 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 to determine the current size of the global funding gap for malaria nets.

### **Current net gap**

There is currently a gap of approximately 22 million nets for 2013 and 69 million nets for 2014, with the gap increasing in future years. Combining 2013 and 2014 there is a current net gap of approximately 90 million nets through the end of 2014. The Global Fund new funding modality is likely to close at least 60% of this gap, leaving a gap of 32 million nets.

Assuming a cost of \$5.80 per net distributed – which includes both the costs of the net and all costs associated with distributing it – there is a gap of approximately \$185 million. Donors are strongly encouraged to contribute costs for both the procurement and distribution of the nets, significantly reducing transaction costs for countries.

This gap analysis assumes that we should provide 1 net for every 1.8 people in areas at risk for malaria. It includes all nets that have been financed, even if they have not yet been distributed.

The Roll Back Malaria Harmonization Working Group (<http://www.rollbackmalaria.org/mechanisms/hwg.html>) published its latest net gap update in September and expects to publish its next update in April 2014.

### **Future prospects for closing the gap**

Dr. Renshaw is optimistic that the gap will be closed. The gap above does not include potential funding from "flexible" funders (like the UN Foundation), which sometimes fill

specific-country gaps. Other partners such as DFID are also expected to fill additional gaps moving forward.

An alternative way to fill the gap will be if countries front-load Global Fund funding, shifting 2016 commitments to earlier years if it will enable them to close the net gap, hoping to raise additional funds in future years. Countries have done this in the past.

### **Drivers of changes in the net gap**

The Global Fund significantly reduced funding for nets in 2011, '12, and '13 because it received less funding than expected due to the global economic crisis and it slowed disbursements of existing funds due to concerns about improper spending. These factors caused the net gap to rise. This year, the Global Fund has provided interim funds, allocating approximately \$600 million to fund replacement LLINs; this allocation was responsible for significantly reducing the 2013 and 2014 net gap. Additionally, due to renewed donor confidence in the Global Fund and a recovering global economy, contributions to the Global Fund are increasing. Now that the Global Fund is again allocating significant funds to nets, the net gap should remain smaller than it has been in the recent past.

Another driver of the reduced gap was a change in the price of nets. Previously, nets cost \$7.50 to purchase and deliver and they now cost \$5.80. The major driver of this change was the reduced cost of purchasing nets. This may fall further, but Dr. Renshaw does not believe it is likely to fall significantly.

### **Production Capacity**

Dr. Renshaw believes that net suppliers will scale back up to their pre-2011 capacity in response to the Global Fund's increased disbursements and the Global Fund's new "pooled procurement" system, which will pool all funding for nets and distribute net orders more evenly throughout the year.

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