

## Making malaria affordable

An innovative programme has been developed that brings six major manufacturers together to produce quality-guaranteed medicines at prices within the reach of ordinary people

Six manufacturers of medicines have signed agreements with the Global Fund to Fight AIDS, Tuberculosis and Malaria to make quality-assured malaria treatments more affordable under an innovation programme called the Affordable Medicines Facility – malaria (AMFm). This pact is the first stage in a pilot programme that will also use international financing to dramatically subsidise effective anti-malarial drugs resulting in a massive reduction in cost. The programme is supported by a range of organisations and managed by the Global Fund.

Close to 1 million people die of malaria every year, most of them are children under the age of 5, and more than 250 million individuals are infected with malaria annually. In recent years, effective malaria medicines have been made available for free in many public health clinics. In combination with national campaigns to provide universal coverage of long-lasting insecticide-treated bed-nets, this approach has reduced malaria deaths by between 50 and 90% in some areas where both are widely available.

The difficulty of public health systems keeping free malaria treatment up-to-date and in stock, as well as the inaccessibility of public health centres to many, lead to malaria patients paying from their own pocket for drugs available in nearby shops or stalls. More than 60% of malaria patients in sub-Saharan Africa buy their anti-malarial treatment from the private sector. The numbers are 85% and 95% in the Democratic Republic of Congo and Nigeria, respectively.

Artemisinin combined therapies (ACTs) are the most effective malaria medicines, but they are costly. They are 10–40 times more expensive when sold through the private sector than older less effective drugs such as chloroquine. Consequently most customers are choosing the cheaper treatment despite it being inadequate, due to the increasing drug resistance of the malaria parasite. Currently only one in every five patients treated for malaria has access to ACTs. Many also buy oral artemisinin monotherapies which, unlike ACTs, include artemisinin without a partner drug. This practice increases the risk of widespread resistance of the malaria parasite to artemisinin.

### What the AMFm is about

Price is a barrier to access to ACTs<sup>1</sup> and access is poor. In the Africa Region, only 14 countries reported distributing enough ACTs to treat at least 50% of reported malaria

This article has been written by the Communications Department at the Global Fund headquarters in Geneva.

cases in the public sector, and only five countries reported distributing enough ACT to treat all reported malaria cases in 2008.

The essence of the AMFm is that a factory-gate global subsidy, with measures to support its implementation, will increase access to life-saving ACTs through public and private sector channels, and, by displacing oral artemisinin monotherapies from the market, help delay the onset of resistance to the artemisinin in ACTs.

A pilot project for the AMFm is now underway and will include eight countries: Cambodia, Ghana, Kenya, Madagascar, Niger, Nigeria, Tanzania (mainland and Zanzibar), and Uganda. It will run for 2 years, following which the Board of the Global Fund will decide whether to expand it to a global scale.

### Factory-gate price reductions

Six pharmaceutical companies have agreed to reduce the price they charge non-governmental buyers. In the past, private sector wholesalers were charged more than those in the public sector. For example, a private entity might pay US\$4 per ACT treatment and public buyers around US\$1 (prices vary according to package



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A shop-keeper in Nigeria who has received training on selling ACTs over the counter

and manufacturer). Following AMFm negotiations both public and private entities are charged the same price by the manufacturer.

The manufacturers are Ajanta Pharma, Cipla, Guilin, Ipca, Novartis, and Sanofi-Aventis. All meet the Global Fund's quality criteria for supplying ACTs to first-line buyers. The Clinton Foundation negotiated the agreements, which provide the terms and conditions under which the manufacturer would sell eligible ACTs to first-line buyers.

'These agreements bring us closer to the day when all who need malaria medicines will get them at affordable prices,' says Global Fund Executive Director Michel Kazatchkine. 'Thanks to the cooperation of many partners, manufacturers of quality-assured malaria medicines and leadership by countries, we will make malaria deaths history.' The manufacturers have also agreed not to market any oral artemisinin monotherapies, which are undesirable because they increase the risk of widespread resistance to the artemisinin in ACTs.

### Massive buyer subsidy

After signing the price reduction agreements with manufacturers, the AMFm will pay a large part of the remaining price (i.e. make a 'co-payment') on behalf of eligible first-line buyers. First-line buyers for AMFm include international, regional, and national buyers from the public, private not-for-profit and for-profit sectors who purchase ACTs directly from the manufacturer, or procurement agents buying on their behalf. First-line buyers will pay the remainder of the manufacturer sales price for ACTs.

While adding a reasonable mark-up, private sector suppliers are required to pass the benefit of the co-payment on to individuals who buy their medicines in private shops. Public sector and NGO outlets will continue their practices of free distribution or distribution with modest charges, according to their policies. For those patients who pay for malaria treatment in the commercial private sector, it is expected that the final price of co-paid ACTs will become comparable to or approach those of chloroquine and sulfadoxine-pyrimethamine (about US\$0.50 per treatment). It is also expected that the final price will be much lower than the prices of oral artemisinin monotherapies and will therefore help drive these drugs out of the market.

### Support to country programmes

Countries that will receive support from AMFm will implement supporting interventions, such as training, supervision, marketing and information campaigns to assist the safe and effective implementation of the programme, as well as additional efforts to reach the more vulnerable populations.

### Funding

The AMFm has two streams of funds. A co-payment fund of US\$216 million, financed by the Bill and Melinda Gates Foundation, the Government of the United Kingdom, and UNITAID, will cover the subsidies. A second allocation of US\$127 million from the Global Fund will finance supporting interventions.

### Implementation

Essential preparations for the 2-year, eight-country AMFm pilot programme are complete for about half of the pilot countries, manufacturers are ready to supply quality-assured ACTs, and first-line buyers are signing undertakings with the Global Fund. On 30 June 2010, the AMFm had received its first order from a private importer in Ghana.

Previous pilot programmes have released results showing private sector subsidies of ACTs can dramatically increase uptake of the drugs. Medicines for Malaria Venture (MMV) and Population Services International launched the Consortium for ACTs Private-Sector Subsidy in Uganda with the Ministry of Health in October 2008. The pilot project brings ACT prices in shops in four districts down from US\$6–9 to US\$0.12–0.50; it also trains shop employees to distribute the drugs, and encourages patients to take this more effective treatment through a public awareness campaign. Findings show that the uptake of ACTs rose by up to 40% in some areas.

A study in Tanzania by the Clinton Foundation in 2008 looked at the effect of subsidies at the top of the supply chain to the price of drugs at customer level. Results showed pricing dropping from US\$10 to US\$0.50 or less in subsidised districts, increasing the uptake of ACTs and decreasing purchases of other medicines.

The AMFm programme is in line with other Global Fund-financed programmes in that it is designed to be adaptable and responsible and is subject to rigorous evaluation at every stage of the pilot programme. After 2 years, provided it is successful, a decision will be taken on whether to expand it globally.

### Challenges

As with any new venture introduced in complex country settings, AMFm faces implementation challenges, especially as it departs from traditional ways of financing. The challenges that are directly related to the design and execution of the AMFm include: the efficiency of the supply chain and passage of the subsidy to patients at the retail level; learning the most effective ways of expanding access to diagnostics; and reaching the poor with ACTs. Implementing countries, the Global Fund, and technical partners in the Roll Back Malaria Partnership (RBM) are working to address all challenges and to learn from them.

### Partners

The AMFm model was inspired by a 2004 report, *Saving lives, buying time*, published by the Institute of Medicine of the National Academies. Under the umbrella of RBM, and with financing from the Bill and Melinda Gates Foundation, the World Bank led the development of a policy endorsed by the board of the Global Fund in November 2008.

### Reference

- 1 ACTwatch Group. *Availability, volumes, price and use of antimalarials in 7 malaria-endemic countries*. 2009. Presentation at the 2009 MIM Conference in Nairobi, Kenya. Also available online at: <http://www.actwatch.info/home/home.asp>.

