

## **AMF Update – 28 November 2013**

### **Distribution update – taking longer than anticipated**

We had hoped by now to conclude agreements to allocate the majority of nets we are currently able to fund. Despite our best efforts, however, we have not been able to do so.

This is because we have not been able to reach a net distribution agreement with an appropriate level of accountability and transparency.

As you know, these are key considerations for us as theft of nets at a material level can occur with large net distributions. If there were no, or limited, concerns over the potential material misappropriation of nets, it would be very easy to hand over funds for them.

This statement does not indicate those potential partners with whom we have been discussing potential distributions tolerate the theft of nets. It does indicate we have not been able to achieve an agreement that would give access to information, enabling us to independently verify that nets would be distributed as intended, so we could report that to donors.

Most recently, we made a significant time investment in Sierra Leone, including visits to the key stakeholders. We offered to fund 3.1 million out of a total need of 3.4 million nets, to protect 6 million people, but we were not able to reach an agreement that satisfied everyone. The Sierra Leone government was able to gain access to support from the UN Global Fund and we wish them well in their future plans.

### **However, we anticipate allocating our funds in the near future**

We are currently assessing a number of potential distributions and some discussions are far advanced. We will announce agreements as soon as they are reached.

We will not unnecessarily risk donor funds and we will ensure nets are distributed accountably.

We see accountability as one of the major challenges of international aid and we are working with partners who share similar objectives as ours.

### **We have room for more funding**

AMF has room for more funding.

We anticipate allocating our current funds in the near future. As we cannot agree to fund nets until we have funds in-hand - and we expect to continue to focus on large-scale distributions - continued fund flow is important to allow us to consider a number of distributions that require nets. We currently have \$12m in-hand we can use to fund net distributions. We are considering distributions which will require up to \$40m.

### **The lack of AMF funding non-net costs has not been a barrier to distributions**

In Sierra Leone, a potential partner with in-country presence had agreed to fund non-net costs for the nets to be provided by AMF (more below). In several other countries where potential distributions were discussed, non-net costs were similarly funded by other partners. In current discussions regarding two distributions, it has been established that non-net costs will be paid by another partner.

## Other partners are able to fund non-net costs

A large-scale distribution will typically involve multiple funding partners and AMF does not see it as necessary for AMF to fund all costs of a distribution. Other partners in-country are able to - and do - fund non-net costs. In Sierra Leone, AMF offered to contribute \$10m of funding to a nationwide programme costing some \$16-17m. Other partners with significant in-country presence were able to fund other costs. One partner agreed to fund the non-net costs associated with AMF-funded nets. AMF seeks to ensure that major (i.e. government) funders with substantial in-country staff, take responsibility for tracking and auditing non-net expenses, and believes that the most practical way to do this is to ensure that those major funders allocate their funds to non-net costs.

It is easier to track and audit the use of funds (in a way that e.g. avoids bribery) in the case of net purchases, than in the case of other costs (particularly costs of distribution and evaluation). AMF has the technical capacity for the former, but not for the latter, where in-country presence, or a highly accountable in-country partner is vital. This has legal implications. AMF has received professional audit guidance stating that paying for substantial non-net costs could incur legal requirements to audit the funds; such a stipulation would go beyond AMF's technical capacity.

However, this does not mean AMF cannot and does not fund non-net costs.

AMF recognized several years ago that where a distribution might not take place, or could be held up due to a lack of funding of non-net costs by other partners, we would step in and fund those costs, as long as a reliable in-country distribution partner had been identified who could meet AMF's regulatory reporting needs. AMF has funded all non-net costs for the distribution of 400,000 nets in Malawi and makes public [significant detail of these costs](#).

## Core values

From AMF's inception in 2005, we have been clear to everyone about our core values of accountability, efficiency and transparency. We have held to these despite working in challenging environments, and done so by working with partners who share similar objectives.

There are always willing recipients of nets and we could pass a large sum of money to a net distribution relatively quickly. However, this needs to be balanced against the need to be accountable and transparent in the way those nets are distributed and then used. Generally, large distributions are more cost-effective than small ones.

These are relevant considerations, as misappropriation of nets at a material level can occur with large net distributions. There is a meaningful body of evidence that shows this has occurred.

Receiving information that shows a distribution of nets has been carried out as intended is perfectly achievable. Relevant information is often gathered as a consequence of the way a distribution is organised, with household-level information gathered and used in the household-level distribution of nets. AMF's approach is to request such information be accessible. We believe it should be a standard element of reporting on a distribution.

We see monitoring of continued net use as extremely important. Post-distribution, a high level of use is the greatest single factor that ensures the continued, excellent effectiveness of the nets.