

Increasing Access to Ready-to-Use-Therapeutic-Foods for the Treatment of Severe Wasting

Policy brief – December 2021

The Challenge and the Need for Action:

Wasting is one of the largest mortality drivers for children under 5, contributing to up to 2 million deaths annually. Urgent action is needed to achieve the World Health Assembly target for wasting by 2025: to reduce and maintain childhood wasting to less than 5%. In 2019, 47 million children were affected by wasting, of which 14.3 million were severely wasted, with further increases expected due to the pandemic.

Priority actions	Actions to avoid
1. Prioritize sustaining and increasing funding for RUTF – <u>from all sources</u> , including donor, domestic & co-financing ★	Do not let an emphasis on <u>domestic</u> resource mobilization lessen the urgency of <u>donor</u> resource mobilization
2. Increase focus on procuring from suppliers who provide best combination of price, performance, supply security	Do not prioritize local production as a goal to be achieved in all situations, but rigorously assess benefits and tradeoffs
3. Actively shape the emerging market of alternative formulations (AFs) to a highly curated set of cost-effective recipes; and invest in the needed evidence generation	Do not let hopes of new formulations in future distract from actions needed right now; and do not fragment the market by supporting non-superior formulations
4. Progressively strengthen local capacity, supply chains, and integrated systems needed for future RUTF markets	★ <i>highest impact action</i>

The world has the tools to prevent many of these deaths: ready-to-use therapeutic foods (RUTF) are a highly effective and cost-effective treatment with decades of proven success in curing acutely malnourished children. However, while the product in the market is generally high quality, well designed, and accepted well by children, the key actors in the RUTF market have failed to make RUTFs available to more than a minority of those who could benefit from this life-saving treatment: while the cost of the product has become incrementally more affordable over the past 20 years, funding for RUTFs only manages to cover roughly 25% of the potential need.

The biggest opportunity: addressing the Financing barrier for RUTF access

Financing: Financing is the single largest addressable barrier in the RUTF market. Current financing covers at most 25% of U5s who need treatment. At current prices ~\$400M more would be needed for cartons of RUTF (excluding other treatment costs) to raise coverage to 90% for a single year, on top of ~\$175-200M estimated as spent on RUTF today. Donors are by far the largest source of finance, and showed an ability to scale up funding for wasting significantly since 2015. Short-term humanitarian aid is larger than long-term development funding despite high wasting burden in non-emergency settings. Current domestic financing is low; there is optimism about future growth, but historically domestic financing has struggled to grow despite high ambition on all sides.

- **Action #1: Prioritize sustaining and increasing funding for RUTF - from all sources**, including donor resources, domestic resources and co-financing. Coordinated action at national level is needed to increase longer-term, on-budget aid for nutrition. Co-financing arrangements should be explored and refined over time, so that countries with different levels of fiscal space can benefit. Domestic financing will be increasingly important in the long term for sustaining RUTF availability, and tailored efforts should be made to influence domestic financing and prioritize RUTF appropriately within existing domestic health financing mechanisms. However, particularly in the short term, an **emphasis on domestic resources should not lessen the urgency of donor resource mobilization**. Donors have a major part to play, and small shifts in donor resources can have outsize influence on market outcomes.

Additional market barriers and opportunities to address:

Demand, Procurement, Supply Base: Procurement from inefficient suppliers is a modest market barrier that can largely be addressed unilaterally. UNICEF procures the large majority of RUTF in the market. UNICEF’s procurement strategy does not fully optimize for cost and performance due to an emphasis on local producers and other priorities. This leads to some supply fragmentation and some procurement from producers with lower scale and higher prices, unfavorable production economics and/or business environments (including tariffs).

- **Action #2: Increase focus on procuring from suppliers who provide best combination of price, performance and supply security**, potentially with more consolidated regional supply. UNICEF and funders should emphasize cost-effective production, with support to diversified regional suppliers to invest in scale and export capability. **Local production should not be treated as an objective in itself; the benefits and tradeoffs should be considered rigorously** on a case-by-case basis. Prices are often ~10% higher than average, and many proposed benefits in favor of local production (e.g. reduced carbon footprint, improved lead times, robustness to disruption, stimulation of local economy) are weak whenever local producers are heavily reliant on imported inputs. Governments can help improve competitiveness, e.g. by reducing tariffs.

Alternative formulations: Alternative formulations (AFs) present some modest medium-term opportunities - and also challenges. New recipes offer hope for modest gains in effectiveness and/or cost but have a limited evidence base on impact and on ‘real world’ cost savings at scale. Introduction of multiple AFs could further fragment market, complicate procurement and supply planning, and erode theoretical cost savings. With WHO only willing to consider AFs with non-inferior efficacy, and UNICEF only willing to buy cheaper products than the present formulation, current market shaping policies cut off two avenues for cost-effective innovation: slightly inferior but much cheaper products, or slightly more expensive products with substantially better outcomes.

- **Action #3: Actively shape the emerging market of alternative formulations to a highly curated set of cost-effective recipes; and invest in evidence generation** needed to accelerate approval of AFs and pick the very best options. Realizing maximum cost efficiencies relies in part on not eroding gains to scale; realizing maximum benefits relies on rapid approval, introduction and scaleup of the best formulations. Cost-effectiveness should be emphasized more in approval and procurement policies of WHO and UNICEF. AFs **should not be seen as a silver bullet** and **stakeholders should collectively avoid encouraging proliferation of non-superior formulations that fragment the market without adding distinctive value.**

Regulation and quality: Despite some unusual aspects, regulatory issues are not a major short-term market constraint; but will become more important as the market evolves. Multiple actors are involved in regulation, including a de facto quality assurance role for UNICEF some consider problematic. The foundational document for RUTF regulation is a cross-agency joint UN statement, and processes for updating global RUTF regulations are not always considered fair and transparent by all actors, which could theoretically have a chilling effect in long term market evolution. RUTF have been less of a focus at country level to date than some commodities given UNICEF procurement and import; if countries take on much greater responsibility for financing/procurement and deployment, gaps in national (/regional) systems will become the most salient regulatory issue to resolve.

- **Action #4: Progressively strengthen local capacity, supply chains and integrated systems for future RUTF markets.** National stakeholders should look at where changes may be needed for the national regulatory system and for better management of RUTF (e.g. inventory data visibility, address supply chain leakage), and take action at the appropriate time with support (if needed) from technical partners. These improvements will be increasingly critical if the market moves towards a more localized model of financing / procurement. In the meantime, global actors should take actions to reach consensus and build trust in global processes.

Additional considerations:

Some stakeholders have suggested other actions could have a strong positive impact (e.g. establishing an global quality assurance role independent of UNICEF; lowering stringency of quality control standards; adding RUTF to the WHO model EML and advocating for inclusion in all national EMLs; providing extra support or consideration to local producers to overcome efficiency challenges; more transparent global procurement forecasts). In our analysis, we were not able to find a clear and positive return on investment for these actions.

This work was conducted independently by a team at Results for Development Institute (R4D) led by Jack Clift under the general direction of Cammie Lee with managerial and technical contributions from Chia-Ying Lin, Rachel Huynh, Yodi Tesfaye, Pili Mmbaga, Fantaye Tekla, Brooke Detweiler and Augustin Flory, and financial and technical support from the Children’s Investment Fund Foundation (CIFF) and Eleanor Crooke Foundation (ECF).

For more details on the recommendations and analysis in this policy brief, please see the larger slide deck at www.r4d.org