



PAN AMERICAN HEALTH ORGANIZATION  
WORLD HEALTH ORGANIZATION



## **48th DIRECTING COUNCIL**

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### **PAHO PROCUREMENT MECHANISMS FOR STRATEGIC SUPPLIES, INCLUDING VACCINES**

#### **Introduction**

1. The Pan American Health Organization (PAHO) has the mandate of providing cooperation and necessary technical assistance to the Member States to improve and maintain optimal levels of health in their populations.
2. Part of this assistance is creating and operating mechanisms for collaboration that facilitate timely, adequate and sustainable quality strategic supplies for the implementation of health programs.
3. Through resolutions of its Directing Council, PAHO has created and is operating the Reimbursable Procurement Mechanism and the Revolving Fund for Vaccine Procurement (RF), as well as the Regional Revolving Fund for Strategic Public Health Supplies (SF).
4. These procurement mechanisms guarantee the availability of strategic supplies, are an important element of the technical cooperation provided to the countries, and have contributed to the progress of disease prevention and control programs for the achievement of the Development Goals of the Millennium Declaration (MDG) and the goals set in the Strategic Plan of the Pan American Sanitary Bureau (PASB).
5. In 2004, the World Health Organization's Office of Internal Audit and Oversight (OIS/WHO) audited PAHO with the object of examining the management of the program for the procurement of public health supplies, as represented in the RF and the SF. The audit evaluated the efficiency of the process and the effectiveness of activities in achieving the objectives.

6. This audit concluded that: "...the RF has been extremely successful and appreciated by the countries and external partners, achieving all of its objectives while also contributing to AMRO/PAHO leadership role in the immunizations programme in the Americas. The close linkages between the RF procurement mechanisms and technical support to the countries, leading to successful implementation of both aspects, was evident. While recognizing that there are many aspects of the RF unique to vaccines, lessons from the experiences with the RF will be useful for other procurement funds and mechanisms."

7. The 2004 IOS/WHO audit report also notes that with respect to the Strategic Fund "*...there has been renewed interest and the current climate on the appropriate use of such a mechanism is timely and relevant in advancing access to essential medicines in an effective manner. It is also a very valuable tool for operationalizing the principles of equity, access, quality and sustainability for the supply of essential medicines to Member States in line with the Millennium Development goals. It further provides an opportunity to accelerate the achievement of programmatic objectives of technical units through the integration of AMRO/PAHO normative functions with its technical cooperation at the country level.*"

### **Reimbursable Procurement**

8. In 1951, the Directing Council, through Resolution CD5.R291, decided to create the "Reimbursable Procurement Mechanism," considering the need to institute a cooperation process that would facilitate Member States' access to basic supplies for health programs--supplies that, for a number of reasons, were hard to obtain.

9. PAHO undertakes reimbursable procurement on behalf of a Member State, acting as a facilitator between Member States and pre-qualified suppliers.

10. Reimbursable procurement is often the only viable alternative for PAHO Member States to gain access to drugs, diagnostic kits, reagents, equipment and other quality health supplies that are otherwise hard to obtain due to the countries' limited negotiating capacity, the limited availability of the supplies in the national market, and even donor requirements. Moreover, this procurement mechanism is fundamental to assist Member States to respond to public health emergencies.

11. Over the years, the Reimbursable Procurement Mechanism has served as a basis for and contributed to the creation of the RF and the SF.

### **PAHO Revolving Fund for Vaccine Procurement (RF)**

12. In 1977, by Resolution of the Directing Council (CD25.R27), the Expanded Program on Immunization (EPI) was created, and, as part of it, the PAHO Revolving Fund for Vaccine Procurement (RF) became a technical cooperation mechanism for reducing morbidity and mortality from vaccine-preventable diseases.

13. In 1979, with financial support from the governments of the United States, the Netherlands, and UNICEF, the RF was capitalized and began its operations. For almost 30 years, PAHO has been managing the Fund on behalf of the participating Member States.

14. From the outset the RF offered of six antigens; today the RF has expanded to include 28 antigens, as well as syringes, needles and products for the cold chain.

15. The RF is based on the principles of equity in access, adoption of global and regional standards in product quality, integration of national supply systems, Pan-Americanism, and transparency in procurement and supply management.

16. As a result of technical work with the PAHO Member States, regional and national plans of action for immunization were drawn up that have made it possible to strengthen the operations, infrastructure, and capacity of the EPI Program. This has led to better forecasting of vaccine requirements and is contributing, among other things, to a more orderly market and a consequent decline, and less fluctuation, in vaccine prices.

17. The RF has been vital to the immunization efforts of the Member States of PAHO, helping to guarantee an uninterrupted supply of quality vaccines. Polio has been eradicated, measles eliminated, and high vaccination coverage against other vaccine preventable diseases achieved, resulting in protection for the peoples of the Region.

18. The RF has provided PAHO Member States with a stable, timely supply of quality vaccines, a common fund with the benefits of large-scale procurement, a line of credit, and efficiencies for Member States derived from pooled procurement. With the prospect of more reliable demand, vaccine producers, in turn, can formulate their capital production, delivery, and investments plans with greater accuracy and security.

19. The RF has served as a catalyst for the sustained introduction of new and underutilized vaccines such as those that protect against measles, mumps, and rubella (MMR); yellow fever, hepatitis B, *Haemophilus influenzae* type b (Hib), seasonal influenza, rotavirus, and pneumococcus (heptavalent vaccine).

20. Resolution CD47.R10 of the 2006 Directing Council urged Member States to utilize the PAHO RF to purchase new and underutilized vaccines and requested the Director to promote greater participation by Member States in the RF. This is part of the Regional Strategy for Sustaining National Immunization Programs in the Americas

21. The RF provides a platform for the public sector immunization programs in the Member States, other institutions working in this area (UNICEF, GAVI, World Bank and IDB, amongst others), and vaccine manufacturing industry, to work together to achieve common objectives.

### **Regional Revolving Fund for Strategic Health Supplies (SF)**

22. During the 42nd Meeting of the PAHO Directing Council, and based on the success of the PAHO Revolving Fund for Vaccines, the Regional Revolving Fund for Strategic Public Health Supplies (SF) was established to support Member States in the procurement and management of strategic supplies and medicines such as those used in the treatment of HIV, TB and malaria, for those used in the prevention and control of neglected tropical diseases such as leishmaniasis, and for insecticides.

23. The SF is a technical cooperation mechanism that aims to strengthen capacity in procurement and supply management at the national level. It provides support to countries in improving their planning capabilities for the use of supplies, assessing the determinants of product demand such as product selection, product needs estimation, financing and pricing, as well as evaluating supply determinants such as the structure and management of the supply system, the regulatory framework relating to public procurement, product warehousing and distribution, product quality control, and rational use of products.

24. The SF is based on the principles of equity in access, adoption of global and regional standards in product quality, integration of national supply systems, Pan-Americanism, and transparency in procurement and supply management.

25. In September 2004, the 45th PAHO Directing Council adopted a Resolution (CD45.R7)<sup>1</sup> to promote access to strategic public health supplies and medicines in the Region of the Americas. As a key component of the strategy, Member States endorsed the proposal to strengthen regional procurement mechanisms including the PAHO Strategic Fund. The Directing Council noted that: “The [Strategic] Fund’s development will strengthen Member States capacity in programming, planning and purchasing; it will facilitate the achievement of economies of scale by consolidating product demand and will promote continuity in supply through the development of a cyclical purchasing system”.

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<sup>1</sup> <http://www.paho.org/english/gov/cd/CD45-10-e.pdf>; <http://www.paho.org/english/gov/cd/CD45.r7-e.pdf>;

26. Since 2004, PAHO Member States have restated the importance of the SF in a series of follow-up Resolutions adopted in the 46th<sup>2</sup> and 47th<sup>3</sup> Directing Councils, as well as through sub-regional meetings of Ministers of Health in Central America, and the Andean region.

27. By supporting Member States in issues of procurement and supply management of public health supplies, the SF is contributing to the achievement of public health objectives presented in the Development Goals of the Millennium Declaration, the PAHO Regional HIV/STI Plan for the Health Sector 2006–2015<sup>4</sup>, the WHO Global Strategic Plan for Malaria 2005–2015<sup>5</sup>, and the Regional Strategy for Tuberculosis Control 2005–2015<sup>6</sup> and the Global Plan to Stop TB 2006–2015.

28. To date, eighteen Member States have signed specific agreements with PAHO to participate in the SF.<sup>7</sup>

29. Since 2006, country support has been provided under the SF in the strengthening of national procurement and supply systems in El Salvador, Honduras, Nicaragua, Dominican Republic, Ecuador, Bolivia, Paraguay and Brazil. Supply systems assessment were conducted in Dominican Republic, Honduras, Nicaragua and Ecuador focusing on supply of HIV/AIDS medicines. Technical support was also provided to principal beneficiaries of Global Fund financed projects in Ecuador, Honduras, Nicaragua, Haiti, and Bolivia in the development and implementation of procurement plans.

30. The SF also provides support to the AMI/RAVREDA Malaria Initiative, National Tuberculosis programs and the PAHO's Technical Advisory Committee on HIV/AIDS-STI. In addition, the SF provided support to sub-regional mechanisms of integration in Central America (COCISS and RESSCAD) on issues related to access to high cost strategic public health supplies in priority disease areas.

## Annex

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<sup>2</sup> <http://www.paho.org/english/gov/cd/CD46-20-e.pdf>;

<sup>3</sup> <http://www.paho.org/english/gov/cd/CD47.r7-e.pdf>;

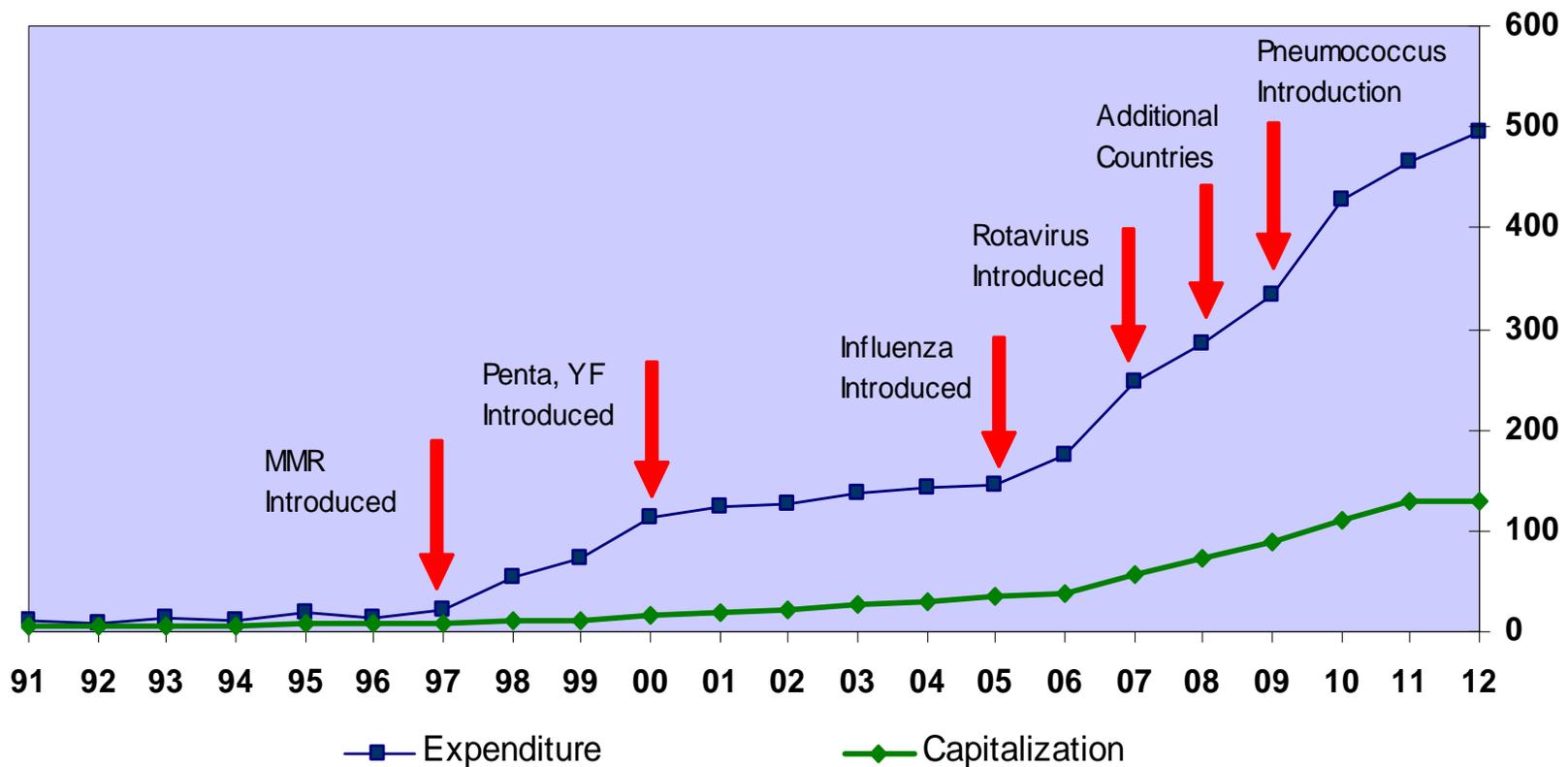
<sup>4</sup> <http://www.paho.org/english/gov/cd/CD46.r15-e.pdf>;

<sup>5</sup> <http://www.paho.org/English/GOV/CSP/csp27-09-e.pdf> ;

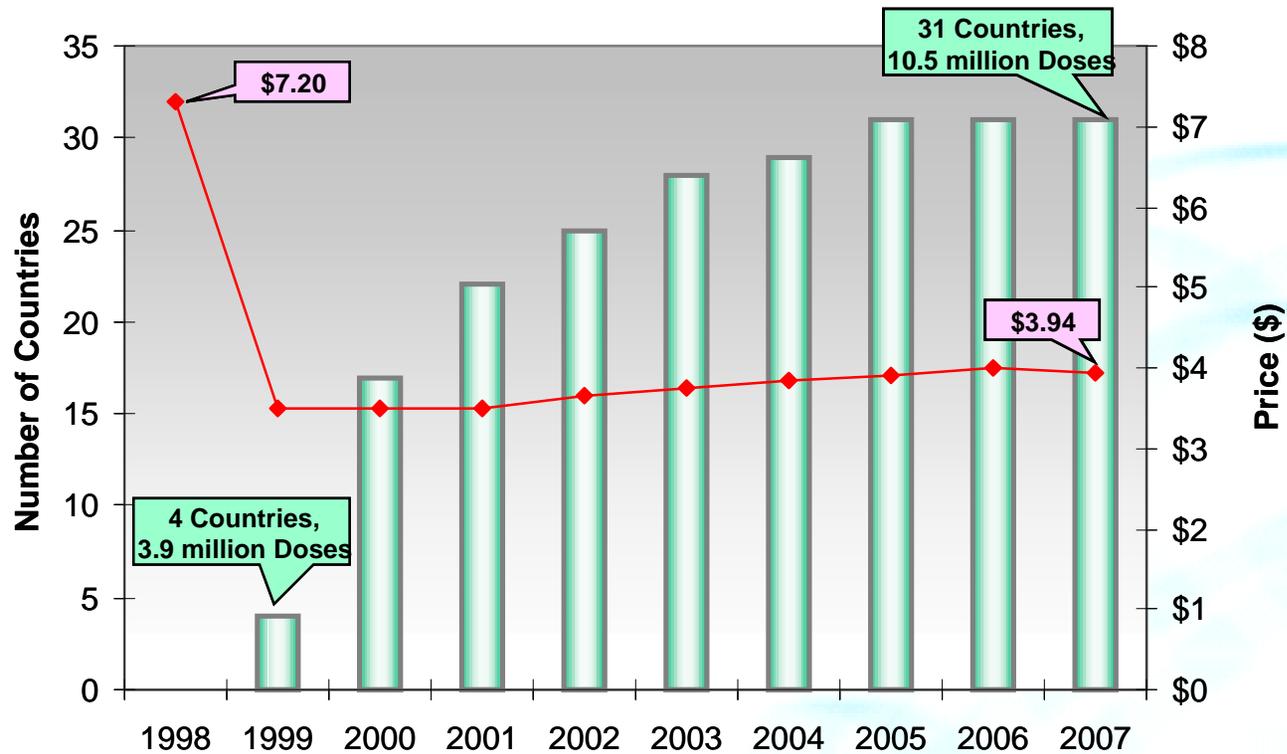
<sup>6</sup> <http://www.paho.org/english/gov/cd/CD46.r12-e.pdf>;

<sup>7</sup> Barbados, Belize, Bolivia, Brazil, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, and Uruguay.

# Growth of the Revolving Fund (RF)



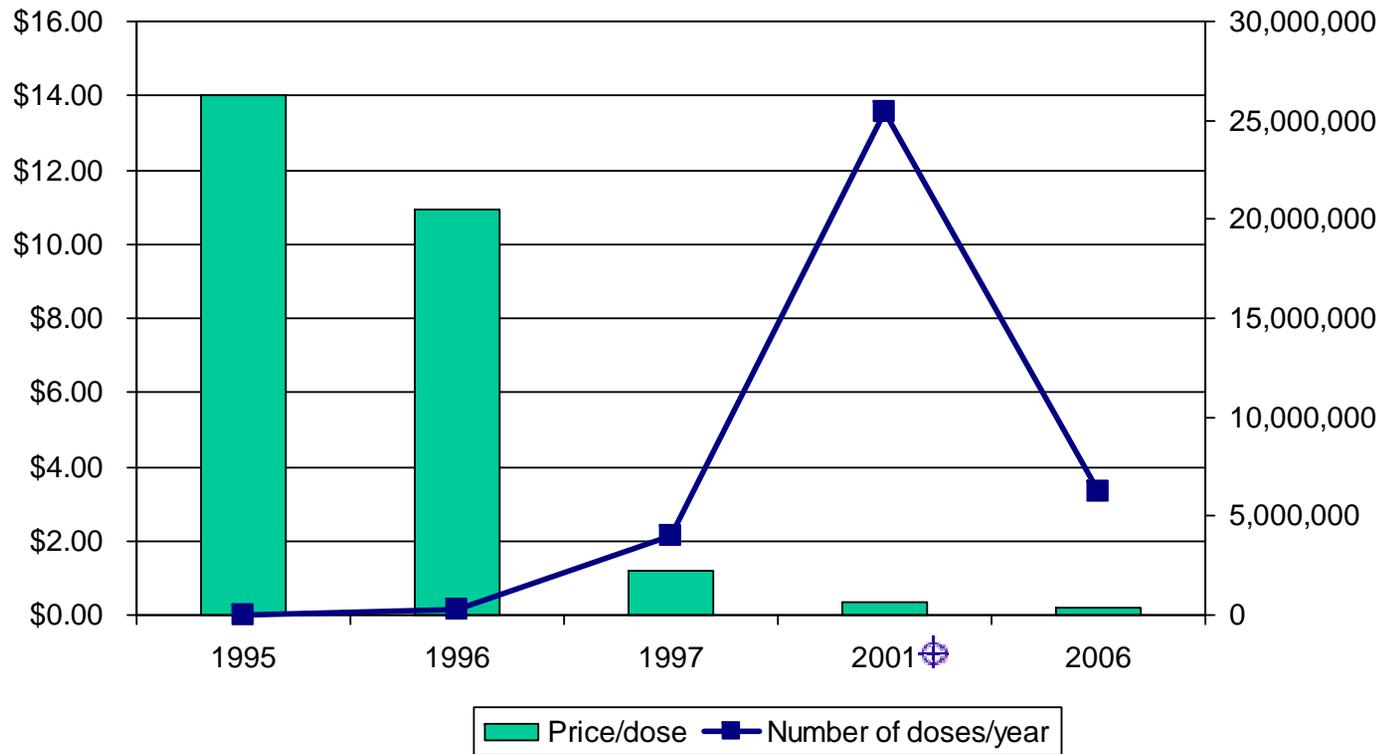
# Introduction of Pentavalent Vaccine in the Americas



Countries Purchasing

Price per dose

# Incorporation of hepatitis B vaccine in the Americas through RF



⊕ Since 2001, hepatitis B vaccine is component of pentavalent vaccine