



The Revolving Fund as a Cooperation Mechanism for Immunization Programs in the Americas

--- FAQs ---

Introduction

The Revolving Fund of the Pan American Health Organization (PAHO) is a cooperation mechanism for the joint procurement of vaccines, syringes, and related supplies for participating Member States.

Through the Revolving Fund, for over 30 years, participating Member States have ensured a continuous supply of high-quality products at the lowest possible price for their immunization programs thanks to the economies of scale that these Member States provide.

Based on the principle of equity, and thanks to economies of scale, all participating Member States have access to the same products, offered through the Revolving Fund at the lowest price, which is a single price independent of the country's size or economic situation.

These features have been key to the success of immunization programs in the Americas, enabling the Region to become the first in the world to eliminate indigenous polio and measles viruses, and the one that has made the greatest strides toward the elimination of rubella and congenital rubella syndrome (CRS). Not only has the Revolving Fund been vital to ensuring high coverage by vaccination services in the Americas, it has also contributed to this Region's leadership in the introduction of new vaccines.

All participating Member States contribute 3.5% of the net purchase price to a common fund. Of this contribution, three percent is used entirely as working capital to offer a line of credit to Member States that may require it, and 0.5% is used to cover the administration

costs of purchasing activities. The line of credit enables a Member State to pay the Revolving Fund within 60 days of receipt of the products.

Through a multidisciplinary professional team in the areas of immunization, procurement, vaccine quality control, finance, and legal affairs, the Revolving Fund manages the planning and consolidation of demand, negotiations with producers, placement of purchase orders, coordination with suppliers and monitoring of shipments, as well as financial aspects involving paying suppliers and billing countries. It does so in accordance with its Operating Procedures¹.

The Revolving Fund has been a critical factor in making the Region of the Americas a global role model for the success of immunization programs and for its successful introduction of new vaccines. For this reason, promoting its achievements and protecting its well-being is in everyone's interest.

Bellow we share the most frequently asked questions and answers (FAQs), to provide a greater understanding of the Revolving Fund's significance to the Region.

¹ Operating Procedures of the Pan American Health Organization's (PAHO) Revolving Fund for the Purchase of Vaccines, Syringes, and Other Related Supplies. Available at: http://www.paho.org/English/AD/FCH/IM/RF_OperatingProcedures_e.pdf.

FAQs

Who owns the Revolving Fund and what is the source of the funds for procuring products through this mechanism?

The Revolving Fund belongs to the PAHO Member States. PAHO serves as the secretariat that manages the negotiation and procurement processes on behalf of the participating Member States. Almost 100% of the resources that countries use to purchase what they need through the Revolving Fund come from their national budgets. For this reason, by securing the lowest prices, the Revolving Fund fosters the financial sustainability of national immunization programs.

What requirements should Member States meet to participate in the PAHO Revolving Fund?

To participate in the Revolving Fund, PAHO Member States should meet three basic requirements: their immunization program should have a 5-year plan of action; there should be a line item in the national budget for the procurement of vaccines, syringes, and supplies to support its program; and, finally, there should be a person or an entity responsible for running the program. Moreover, participating Member States should contribute 3.5% of the net value of each purchase made and be up-to-date with their credit payments.

How does the negotiation process between the Revolving Fund and the producers work?

The Revolving Fund annually issues a public bid solicitation, based on the annual consolidated demand from the participating Member States. The bid solicitation specifies not only quantities of vaccines, syringes, and related supplies, but also the quality characteristics, presentations, and conditions required by PAHO.

The bid solicitation is sent to producers, inviting them to submit a bid that meets the annual demand. Following the deadline for the close of the bidding, the bids are opened and disclosed in the presence of the participating producers.

Based on the lowest price, the quantity offered, and the producer's quality and service record, producers are selected to cover the annual demand that has been calculated. To guarantee the supply, PAHO selects at least two producers, whenever possible, to cover the demand calculated for each product.

How is the PAHO Revolving Fund able to offer a single, lowest price to participating Member States?

Based on its annual demand forecasting, the Revolving Fund consolidates the requested quantities of all participating Member States into a single regional quantity for each product. The lowest prices are obtained thanks to the economies of scale this represents for producers, as well as, to the conditions, rules, and procedures PAHO has established for the Revolving Fund. A single price, for each product, is obtained from the averaging of the prices provided by the selected producers.

By agreeing to a single and lowest price for every product, countries can make the most of their national vaccine procurement budgets.

What does the 3.5% contribution on net purchases made by Member States participating in the Revolving Fund go towards?

Of the 3.5% (of the net value of products) that is contributed by the Member States each time they make a purchase through the Revolving Fund, 3% goes to the common capital fund to be used by PAHO as working capital to provide a line of credit to participating Member States, and a 0.5% contributes towards the administrative and purchasing activity costs.

The capital fund makes it possible to pay producers before receiving reimbursement from Member States, which have a 60-day grace period.

When Member States acquire vaccines and supplies through the Pan American Health Organization (PAHO), is the Revolving Fund functioning as a supplier to the countries?

PAHO is not the vaccine supplier. As part of PAHO's technical cooperation, countries may purchase through the PAHO Revolving Fund. The Fund assumes the responsibility for negotiation, administration of purchase orders, and coordination of shipments, as well as the financing functions of payment to suppliers and collection. For all Member State purchase transactions, the producer appears as the supplier and seller and the country as the buyer. The producer is responsible for the quality, safety, and effectiveness of the products sold to the purchasing country.

How does PAHO ensure that the vaccines and syringes acquired through the Revolving Fund are of high quality, safe, and effective?

The vaccines and syringes that are offered through the Revolving Fund have been prequalified by the World Health Organization (WHO). Prequalification verifies that they comply with the principles and specifications for Good Manufacturing Practices and Good Clinical Practices established by the WHO. This guarantees that the vaccines and syringes used in national immunization services are safe and effective for the recommended groups, and that they also comply with particular operational specifications for presentation and packaging.

The Revolving Fund also offers some products that are not considered as priority for the WHO prequalification system, and as a result are not evaluated for prequalification. For these products to be accepted, they must be approved by a reference regulatory agency: FDA (Food and Drug Administration, USA), EMEA (European Medicines Agency, European Union), Health Canada (Canadian regulatory agency), KFDA (Korea Food and Drug Administration), or TGA (Therapeutic Goods Administration, Australia).

Do other Regions of the world have a mechanism similar to the Revolving Fund for the procurement of vaccines and supplies for public health systems?

For the time being, only the Region of the Americas has this centralized procurement mechanism; nevertheless, other WHO Regions are in the process of implementing similar mechanisms with support from the WHO, PAHO, and other partners, using the PAHO Revolving Fund as a reference model.

What is the relationship between the PAHO Revolving Fund and initiatives such as the GAVI Alliance (Global Alliance for Vaccines and Immunization)?

The GAVI Alliance is a public-private initiative that, according to pre-established selection criteria, helps countries with low per capita income to obtain access to new vaccines, using economic subsidies from donors. In the Americas, six countries currently receive assistance from GAVI: Bolivia, Cuba, Guyana, Haiti, Honduras, and Nicaragua. The Revolving Fund coordinates operationally with GAVI and other initiatives so that these countries can have access to predetermined new vaccines.

Are national laws important to the operation of the Revolving Fund?

Through national laws, countries ensure the allocation of national funds for the procurement of vaccines, syringes, and related supplies, thereby ensuring the financial and operational sustainability of immunization programs.

How does the Revolving Fund contribute to the introduction of new vaccines to country Immunization Programs?

PAHO has a technical team to support countries with the evaluation of cost-effectiveness and technical preparations necessary for the introduction of new vaccines. Once a country decides to introduce a new vaccine into its immunization program, it can do so through the Revolving Fund, provided the vaccine is prequalified by the World Health Organization. Every time a country introduces a new vaccine into its program and procures it through the Revolving Fund, it strengthens the Fund's economies of scale increasing affordability.

How much could a participating country save by purchasing through the Revolving Fund, compared to purchasing directly from producers?

According to studies, a country that purchases through the Revolving Fund can save at least 11% compared to purchasing directly from the producer. The price differential can be up to twice as much, when compared with countries outside the Region

Participating in the Revolving Fund not only offers better financial conditions, but also provides access to the vaccine supply. This is especially true for countries that would have major difficulties purchasing them on their own, given the low volumes that they need.

Moreover, by purchasing through the Revolving Fund, countries obtain vaccines and syringes that are prequalified under the World Health Organization's safety and effectiveness standards.

Does the Revolving Fund promote the production of vaccines and syringes in the Region of the Americas?

Through the Revolving Fund vaccines and syringes are acquired from different producers around the world, these must meet the technical specifications established by the Revolving Fund and offer favorable financial conditions for Member States.

The Revolving Fund does not participate in projects or programs for vaccine production in the Region. However, it does offer new producers from any region of the world the opportunity to participate in the bidding process, provided that they meet the established requirements.