Pan American Health Organization Revolving Fund

What is the Pan American Health Organization Revolving Fund?
For almost thirty years, the Pan American Health Organization (PAHO) — the World Health Organization (WHO) Regional Office for the Americas — has been managing a Revolving Fund (RF) on behalf of participating countries in the Americas, for the supply of quality vaccines and syringes through bulk purchasing arrangements. There are currently 37 countries participating in the RF and the economies of scale achieved have resulted in affordable prices for each product procured on behalf of those countries. The RF was established in 1977 with the PAHO Directing Council subsequently authorizing an initial working capital grant of US$ 1 million to begin vaccine procurement operations. The working capital of the RF has grown significantly over the years through increased volumes of vaccine purchases and the compounding effect of a 3% service fee applied to each order. The RF now stands capitalized at just over US$ 34 million and, in 2005, had total expenditures in purchase orders of over US$ 154 million, representing approximately 60% of total regional public sector vaccine procurement. Almost 60% of the doses procured by the PAHO RF in 2005 were sourced from developing country vaccine producers, representing approximately 25% of the Fund’s total procurement costs.

How does the Revolving Fund work?
The financial arm of the RF provides a line of credit for countries to facilitate placement of orders for vaccines. By offering the option of payment in local currency, the RF improves access for member countries to the international vaccine market. One critical requirement of the RF is that countries pay their invoices within a 60 day period. Those that do not are not permitted to place further orders until arrears have been settled. Compliance with this process is essential for replenishing the working capital of the RF.

Outcomes
Orders for vaccines through the RF are in accordance with country plans of action for immunization activities. Following the establishment of the RF, the accuracy of forecasting of vaccine needs and budgets for vaccine purchases at country level increased, as a result of stringent forecasting requirements supported by technical assistance from PAHO, and a consequent decrease in price fluctuations. By helping to ensure an uninterrupted supply of affordable vaccines, the RF has been instrumental in supporting PAHO/WHO Member States’ immunization efforts. Polio
has been eradicated, measles eliminated and high rates of vaccination coverage have been achieved against other diseases as well, producing an umbrella of protection for the Region’s children. The RF has increased vaccine supplier confidence, through better forecasting accuracy and prompt payment terms. Greater demand certainty has been critical to an expansion of regional production capacity, which in turn has been key to the success of the RF. Importantly, the RF has catalyzed the sustained introduction of new and underutilized vaccines, including measles-mumps-rubella (MMR), hepatitis B, *Haemophilus influenzae* type b (Hib) and seasonal influenza, and will be instrumental in the Region’s efforts to eliminate rubella and congenital rubella syndrome by 2010.

**Current challenges and future focus**

New vaccines against regional priority diseases at or near market readiness, including those caused by rotavirus, pneumococcus, and human papillomavirus, present countries and the RF with significant challenges due to the much greater cost of these high technology products. The RF has initiated measures to improve overall vaccine supply chain efficiency and to support country efforts to minimize transaction costs for vaccine procurement. In addition, PAHO is working with Ministers of Health to maximize country participation in the RF for the procurement of these products when they become available. Building on past successes with MMR, pentavalent Hib and seasonal influenza vaccine introduction, the RF is focusing on accelerating sustainable access to these new generation vaccines, for all people at risk in the Region. As managed by PAHO, the RF provides a platform for public sector immunization programmes and industry to work towards common objectives. It is this common vision that will enable the rapid introduction of new, important vaccines and contribute to the achievement of several of the Millennium Development Goals.