The PAHO Revolving Fund for vaccine procurement

Pillar of the regional and comprehensive approach on immunization in the Americas

DCVMN 15th Annual Meeting, 2014
New Delhi, India, 28-29 October
Outline

• Background of the PAHO Revolving Fund
• Benefits and contributions to the Region
• Challenges of the global context
• Moving forward
Background
What is PAHO?

• The Pan American Health Organization (PAHO) is the oldest international public health agency in the world founded in 1902.

• It is the specialized, public health, technical cooperation agency of the Inter-American System.

Specialized Agency of the Organization of American States

Inter-American System

PAHO

Regional Office of the World Health Organization

UN System
The Americas

Population (2012): 953,733,000
Average annual birth rate: 15,547,000

PAHO
35 Member States
4 Associated Members
12 Territories
(6 UK, 3 French, 3 Netherlands)
Immunization Program in the Americas

- It is a health activity of strong social acceptance
- Strong technical support based on evidence
- Genuine and effective cooperation with partners
- Pan Americanism and solidarity
- Thousands of public health workers are committed and proud of the program
### Regional Elimination Goals

**Table 1: Vaccine preventable diseases (VPDs) goals and milestones by WHO Region**

<table>
<thead>
<tr>
<th>Immunization Goals and Indicators</th>
<th>World Health Organization Regions</th>
</tr>
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<tbody>
<tr>
<td>DTP3 Coverage (2013) (6)</td>
<td>90%</td>
</tr>
<tr>
<td>% Member States with Hib containing vaccine</td>
<td>100%</td>
</tr>
<tr>
<td>Rubella and CRS Elimination Goals and Milestones (9)</td>
<td>Rubella eliminated (2009)</td>
</tr>
</tbody>
</table>
Member States commitment at Regional and country level

Strong social acceptance

Epidemiological surveillance

Strong technical support based on evidence

Access to affordable quality vaccines and supplies

Introduction of New vaccines

Elimination of vaccine preventable diseases (VPDs)

Financial Self Sustainability

Partnerships

Pan Americanism & Solidarity

✓ The Expanded Program on Immunization (EPI) of the Americas is created: Regional Immunization Program

✓ As part of the EPI, the Revolving Fund for Vaccine Procurement was launched in 1979 as a procurement mechanism for essential vaccines, syringes and other related supplies without interruption
“Pillar of the comprehensive and regional approach on immunization”

The PAHO Revolving Fund

1979: 35 Years

46 vaccines
29 syringes and cold chain products

31 providers

41 countries and territories in Latin America and the Caribbean

Vaccination coverage in the Americas
93%
for diphtheria-tetanus-pertussis

Over 95% of vaccine costs covered with national funds

15 million people vaccinated through the fund in 2013

Working capital of more than 120 million 60-day credit line to countries
The PAHO Revolving Fund
2004 - 2013 Annual Purchase
The PAHO Revolving Fund

Key processes and coordination

Manufacturers
Biologicals & supplies
  - Supply
  - Quality
  - Logistics

Demand Planning & Consolidation

Bid Solicitation

Award and supply allocation

Purchase Order

Payment to suppliers and invoicing

Delivery Coordination and monitoring

Ministries of Health
(through PAHO country offices)
  - Demand plans
  - Payments
  - Shipment arrival confirmation
  - Distribution & delivery

Information & Coordination
PAHO REVOLVING FUND TEAM

Immunizations (FGL/IM)
- Demand Planning &
- Team Coordination
- Contact with Countries

Procurement (PRO/RF)
- Bid Strategy
- Procurement process
- Logistics
- Contract / Suppliers Management

Finance (FRM)
- Capital Fund Administration
- Account management
- Payment to suppliers

Legal (LEG)
- Legal advisory

Quality (HSS)
- Contact with WHO (PQ)
- Vaccines Technical Evaluation
Benefits and contributions
Introduction of new vaccines
PAHO Revolving Fund participant countries and territories (Sep 2014)
Use of Seasonal Influenza Vaccine and Formulation in the Americas (2013)

Source: Country reports to PAHO, MOHs Webpage, PAHO/WHO Surveys

Changed from Northern to Southern Hemisphere:
- Nicaragua (2007)
- Colombia (2007)
- El Salvador (2011)
- Guatemala (2012)
- Cuba (2014)
- Honduras (2015)
## PAHO Revolving Fund
### Seasonal Influenza Vaccines (2014)
#### Participating countries/territories

<table>
<thead>
<tr>
<th>Season</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Pediatric &amp; Adult</td>
</tr>
<tr>
<td><strong>Southern Hemisphere 2014</strong></td>
<td>10 countries and territories</td>
</tr>
<tr>
<td><strong>Northern Hemisphere 2014 - 2015</strong></td>
<td>21 countries and territories</td>
</tr>
</tbody>
</table>

**Note:** 2014 Argentina, Brazil and Mexico have tech transfer agreements and do not participate in the RF
The challenges
## Vaccine Market Dynamics

Source: World Health Organization (WHO) Vaccine market dynamics
http://www.who.int/immunization/programmes_systems/procurement/market/individual_vaccine/en

<table>
<thead>
<tr>
<th>Vaccine Grouping</th>
<th>Traditional EPI Vaccines</th>
<th>Combination EPI Vaccines</th>
<th>Polio</th>
<th>New Vaccines</th>
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<tbody>
<tr>
<td><strong>Current Market Dynamic</strong></td>
<td>Vulnerable markets</td>
<td>Markets in Transition</td>
<td>(Globally) Competitive Markets</td>
<td>Limited competition markets</td>
</tr>
<tr>
<td><strong>Product example</strong></td>
<td>BCG, Measles, YF</td>
<td>DTwP</td>
<td>HepB, TT, Td</td>
<td>DTwP-HepB/Hib</td>
</tr>
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</table>

### Market dynamics with greatest challenges:

**Vulnerable markets:** vaccines with fragile supply base, prices of few cents per dose.

**Parallel Monopoly markets:** no more than 2 manufacturers per vaccine. Vaccines available not interchangeable. No new entrants in the short term (3 years). Limited price competition.
Vaccine Market Dynamics

• Additional challenges
  o Limited buffer stock with manufacturers/economic pressures on working capital (DTaP).
  o Global demand for vaccines is increasing faster than production capacity (Varicella).
  o PAHO regional demand competes with other regions supported by strong financial mechanisms (GAVI/UNICEF)
  o Continuous requests from manufacturers for long term demand visibility, considering long production cycles of vaccines (6-10 months)
Moving forward
Moving Forward: Focusing on key elements

- Solidarity
- Greater visibility and reliability of demand plans
- Appropriate procurement approach

= Secure supply at lower prices
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Focusing on key elements

- Solidarity
- Greater visibility and reliability of demand plans
- Appropriate procurement approach

= Secure supply at lower price
Keeping “Solidarity” in the top agenda of Member States

- **2013 Resolutions:**
  - **CD52R5** “Principles of the PAHO Revolving Fund for Vaccine Procurement”
  - **CD52/15** “Review of the Charge Assessed on the Procurement of Public Health Supplies for Member States”

- **2014 Report:**
  - **CD53/23** “PAHO Revolving for vaccine procurement: Challenges and Opportunities”
    - Pillar of the comprehensive and regional approach to immunization
    - Vaccine market dynamics
    - Solidarity and participation
    - Short and long term approaches
Solidarity + Greater visibility and reliability of demand plans + Appropriate procurement approach = Secure supply at lower price
Solidarity + Greater visibility and reliability of demand plans + Appropriate procurement approach = Secure supply at lower price
Procurement Strategy 2015-2017
Key Considerations

- Improve forecast/demand planning
- Review technical eligibility of vaccines
  - From 5 to 8 NRAs (Mexico, Cuba and Brazil included)
- 3 Tender categories: 1 Yr / 2 Yrs / 3 Yrs
  - 1 Year: Vaccines not widely used in the Region. New vaccines
  - 2 Years: Robust supply and competition
  - 3 Years: Vulnerable markets
- Earlier release of ITBs and awards
  - Moving tender process months earlier
- Longer-term contracts yield savings on costs, and improves supply security and relationship with vendors.
Final Thoughts

• The Revolving Fund: “An isolated vaccine procurement mechanism??”
  o Key on the elimination, control of VPDs and catalyst on the sustainable introduction of new vaccines
  o Pillar of the regional and comprehensive approach on immunization
  o In the top agenda of Member States

• “The vaccine market present particular dynamics requiring particular approaches”
  o “Solidarity of Member States + Increase planning capabilities + appropriate procurement approaches + partnerships =

The RF will continue being one of the pillars of success”
Thank You