

# Access to Vaccines in the Americas and PAHO Revolving Fund

**Session: Vaccine Market Intelligence, 23 October 2019**

***Developing Countries Vaccine Manufacturers Network***

***20<sup>th</sup> Annual General Meeting***

***Rio de Janeiro, Brazil***

**John Fitzsimmons**

**Chief, PAHO Revolving Fund for Vaccines**

# Agenda

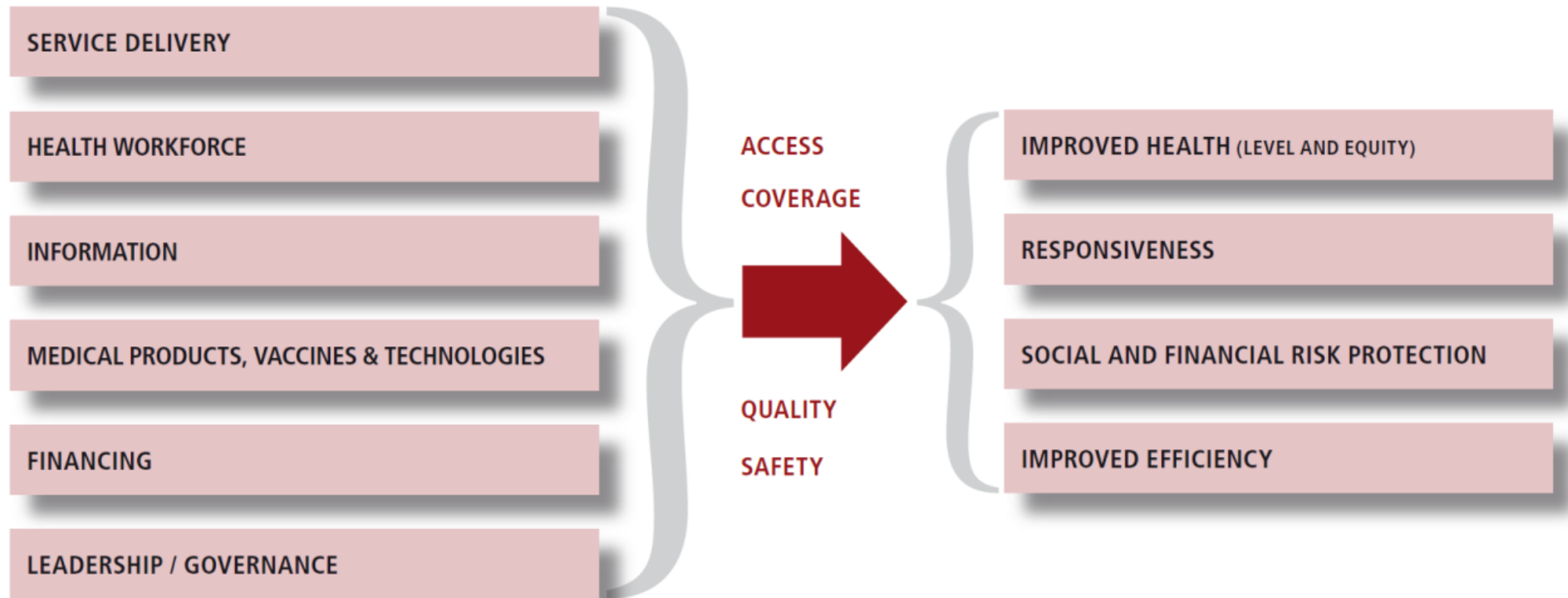
- **Overview of the PAHO Revolving Fund as a Pillar of Technical Cooperation to Member States**
- **Access Challenges: Measles Containing Vaccines**
- **Implementation of RF Assessment (2018) and Recommendations (2019-20)**

# Overview of the Revolving Fund (RF)

# THE WHO HEALTH SYSTEM FRAMEWORK

## SYSTEM BUILDING BLOCKS

## OVERALL GOALS / OUTCOMES



**SUSTAINABLE DEVELOPMENT GOALS**



THE WORLD HEALTH ORGANIZATION IS WORKING AROUND THE WORLD SO THAT ALL PEOPLE AND COMMUNITIES RECEIVE THE QUALITY SERVICES THEY NEED, AND ARE PROTECTED FROM HEALTH THREATS, WITHOUT SUFFERING FINANCIAL HARDSHIP.

THAT'S WHAT WE CALL  
**UNIVERSAL HEALTH  
COVERAGE**



# PAHO Technical Advisory Group (TAG) Meeting Recommendations on PAHO RF, Cartagena, July 2019

- TAG encourages PAHO to keep updating countries on vaccine markets and to implement proactive responses to specific vaccine issues.
- TAG encourages PAHO to continue supporting global efforts to improve access to affordable vaccines, including regional pooled procurement initiatives beyond PAHO Member States.
- TAG welcomes the report of the RF Assessment and supports the transformational program of work to increase the efficiency and further enhance the support of the RF to countries while maintaining its core principals.
- TAG urges countries to make their payments to the RF in a timely manner.

# The PAHO Revolving Fund Approach in the Americas

## Ensuring Timely and Sufficient Vaccine Supply

### PAHO's Sustainability Model for National Immunization Programs

National Plans:  
Vaccine Forecasts  
(PAHO 173)



#### Revolving Fund Mechanism:

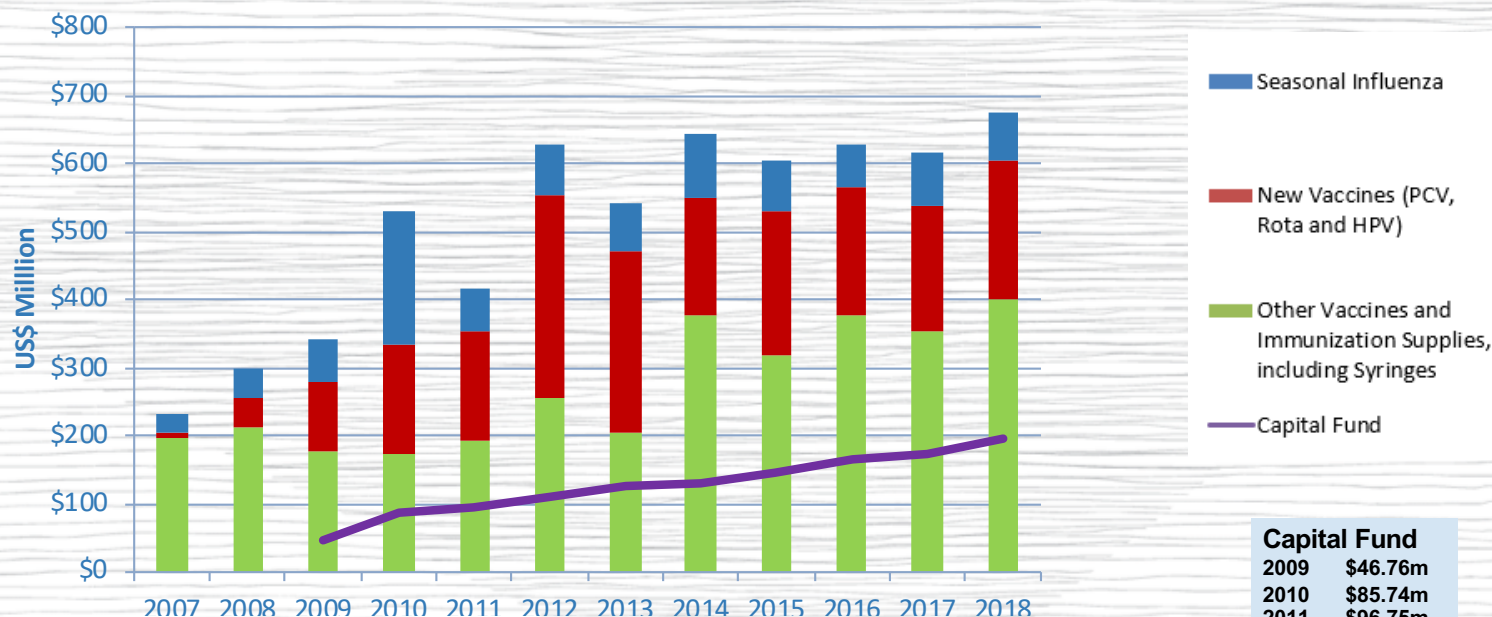
"Facilitating Access" to Vaccines  
at Affordable Prices

National Financing:  
Budgets & Legislation

### How?

- **Pooled procurement** approach – economies of scale
- **Apply tech criteria** to guide supply allocation minimizing risks of shortages; **coordinate** loans of vaccines to countries
- Keep countries **informed** on global vaccine market dynamics
- **Building capacity** in countries on demand planning and financial sustainability
- Monitor **technical eligibility** of vaccines & respond to claims
- **Leveraging** capital fund and credit line for country financing
- **Transform** customer value proposition, key processes, key resources & sustainability - turnover formula

# PAHO RF Procurement Value & Capital Fund (US\$), 2007-2018



## Working Capital Fund Objective:

Common fund that gives PAHO Member States access to financial credit to place vaccine procurement orders & to defer payment for 60 days following satisfactory receipt of order

## Source of Credit: 4.25% Contribution

3% of net value goods contributes to the working capital fund  
1.25% defray part of PAHO administrative & operating costs

## Capital Fund

2009	\$46.76m
2010	\$85.74m
2011	\$96.75m
2012	\$110.63m
2013	\$125.93m
2014	\$131.86m
2015	\$147.30m
2016	\$163.83m
2017	\$180.00m
2018	\$196.00m



# Access Challenges: Measles Containing Vaccines

# Challenges for the supply

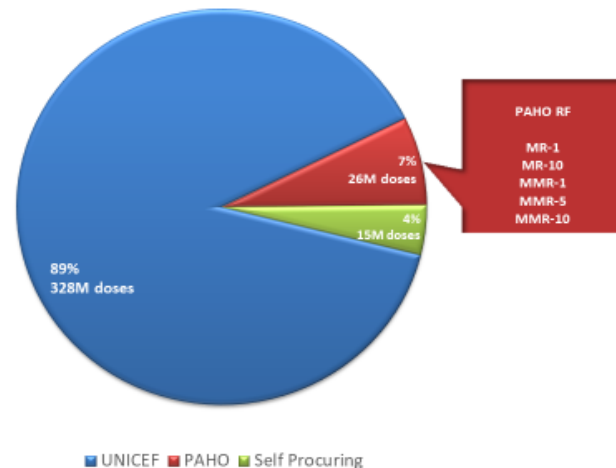
- Stagnant/decreasing coverage rates
- Global supply constraints for critical vaccines like IPV, Measles Containing Vaccines, Yellow Fever, HPV
- Concentrated (monopolistic) supply market for some products
- High prices for new vaccines
- Forecasting accuracy, programme planning and stock management
- Suboptimal production capacities and product portfolio for the national manufacturers in the Latin America



## Global Imbalance between Supply and Demand - PAHO



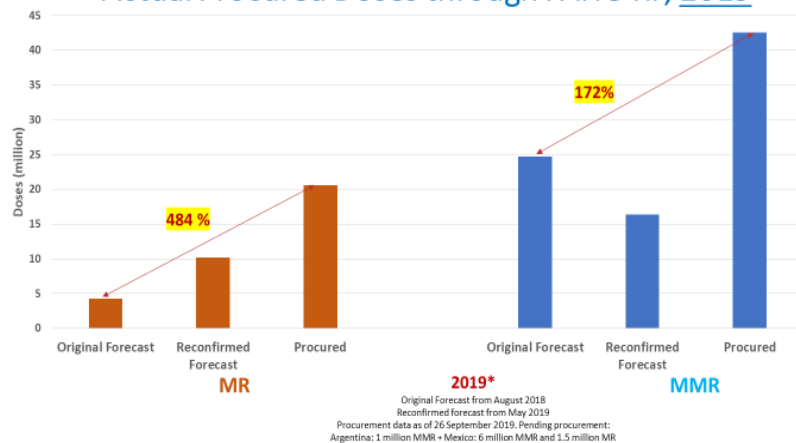
## COMPARISON OF FORECASTED VOLUMES: UNICEF AND PAHO REGION IN 2019



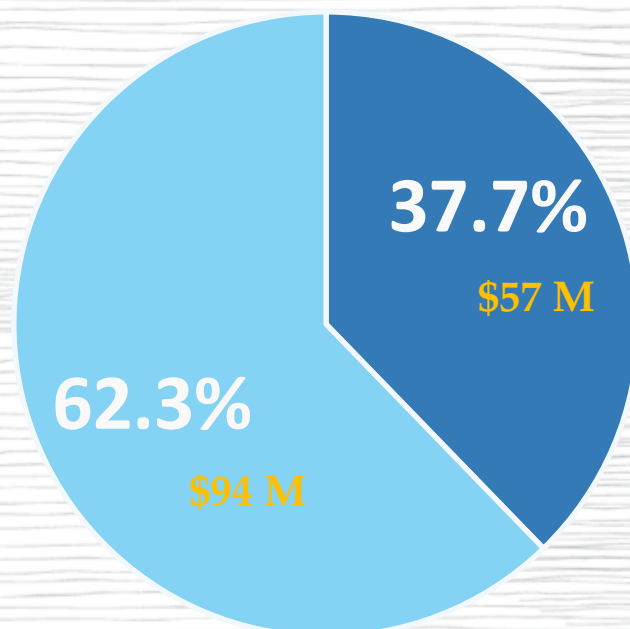
## Demand Outlook for Measles Containing Vaccines (MCV), 2019

- Demand for MCV in Region has **increased dramatically**
- PAHO's demand represent **10%** of the combined global demand from UN procurement mechanisms.
- Planned global measles campaigns can **reduce availability**.
- More accurate **forecasting**, regular **monitoring** of stock levels and **timely decisions** on procurement are essential.
- PAHO's **credit line** used to finance MCV

## Measles Containing Vaccines Fluctuation in Forecasted vs Actual Procured Doses through PAHO RF, 2019\*



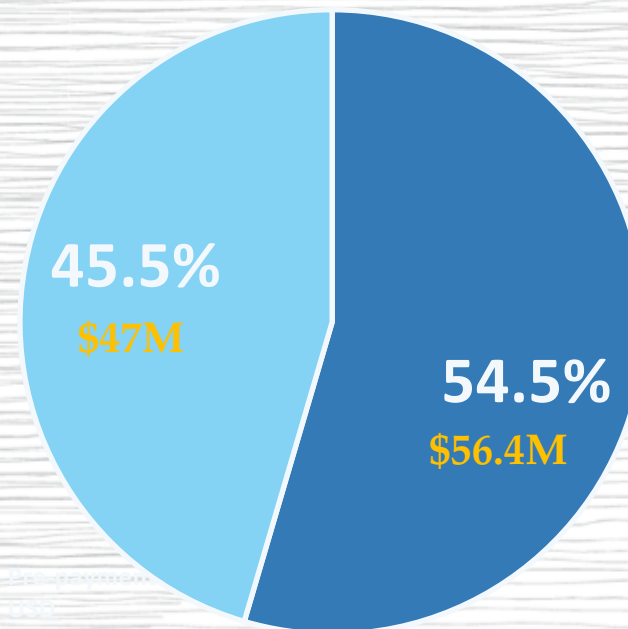
## Financing for the Procurement of Measles Containing Vaccines, PAHO RF, 2018-19



**2018**  
**Total \$151M**

■ Credit line  
(in million  
USD)

■ Pre-payment  
(in million  
USD)



**2019\***  
**Total \$103.4M**

\* As of 27 Sept. 2019

# Proposal for Joint Forecasting for Vaccines\*

## ✓ What we will do together

**Coordinated approach** to demand planning

Development of **Regional solidarity** strategies

**Coordination of demand planning** with suppliers & supplier visits (sometimes)

Alignment on **key supplier performance metrics**

Sharing of **synthesized market intelligence** and general supplier performance

**Sharing information** on stock levels and procurement pipeline

Providing **improved demand visibility** for multi-year planning

## ✗ What self-procuring countries will do themselves

**Long-term agreements** with manufacturers

Managing **overall procurement operations with the suppliers** (Price, lead-time, delivery etc.)

Execution of **purchase orders**

\* Adapted from consolidated ARV demand planning initiative between Global Fund, PEPFAR and 11 Countries

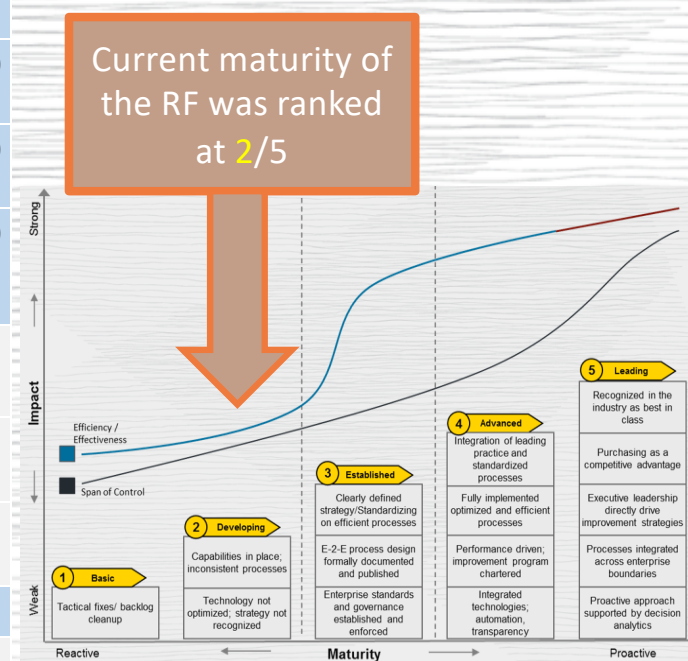


# Implementation of RF Assessment (2018) Recommendations (2019-20)






# Four Components of the RF Assessment & EY's Maturity Model

Customer Value Proposition (CVP)		Key Processes (KP)		Key Resources (KR)		Sustainability and Turnover Formula (STF)	
Understanding Member States' Needs	5.0	Regional Demand Planning	2.0	Purpose	5.0	Demand Growth	2.00
Quality Portfolio	5.0	Bidding	2.0	Talent	4.0	Operational Expenses	2.50
Low Cost Price	4.0	Procurement	2.0	Ways of Working	2.0	Financial Asset Turnover	2.00
Access to Credit Line	4.0	Total P/O Management	2.0	Technology	2.0	Operational Performance Measurement	1.50
Immunization Market Intelligence	3.0	In-Country Logistics	1.0	Data	1.0		
Managing Total Immunization Cost	2.0	Claims	3.0	Financial Resources	2.0		
		Financial SC Processes	3.0	Alliances + Partnerships	5.0		
Level > Advanced		Level > Developing		Level > Established		Level > Developing	
CVP Score	3.8	KP Score	2.1	KR Score	3.0	STF Score	2.0
CVP Leading	5	KP Leading	5	KR Leading	5	STF Leading	5

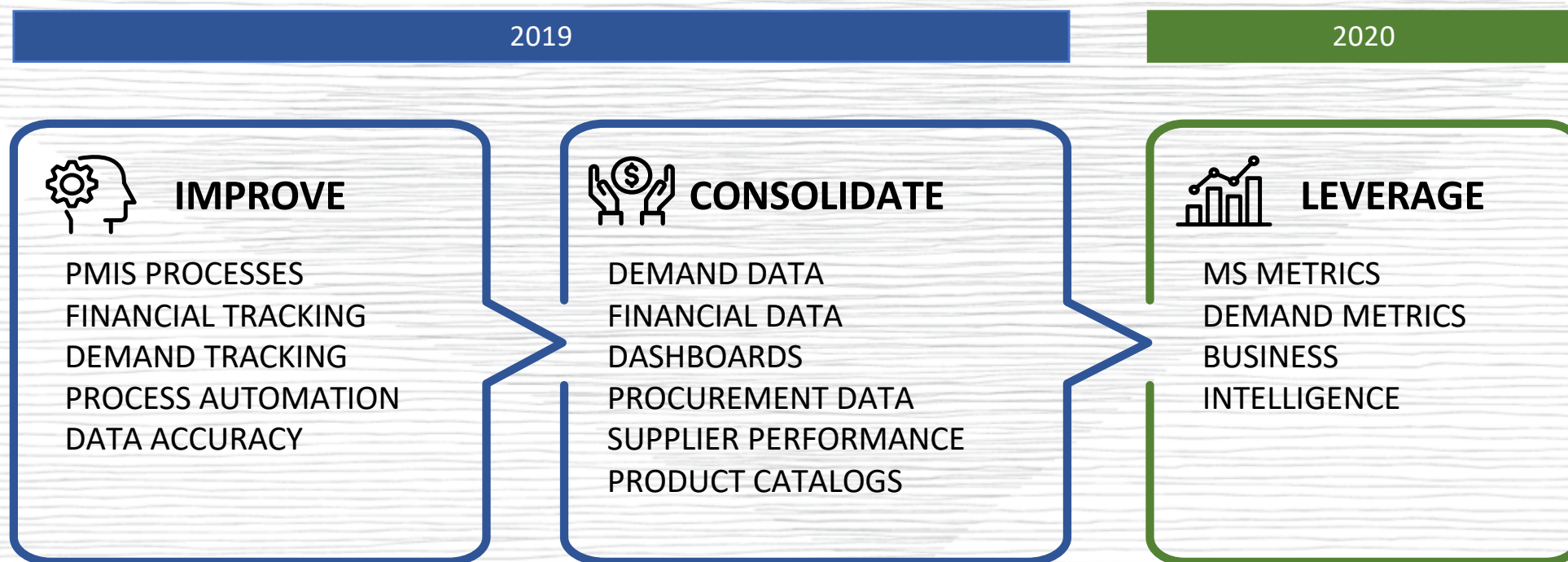


# PAHO's Technical Cooperation as a Market Shaper

PAHO Unit	Strategic Objectives	Technical Cooperation Activities
Revolving Fund*	<b>Strengthen key foundational elements for improved access</b> Systems/tools to support forecasting, data management and supply chain transparency	 <ul style="list-style-type: none"> <li>• <i>Improve demand forecasting and stock monitoring tools</i></li> <li>• <i>Calculate total immunization costs</i></li> <li>• <i>Implement lot tracking</i></li> <li>• <i>Develop product profiles</i></li> </ul>
	<b>Ensure continued availability &amp; affordability</b> Market transparency and competition, strategic procurement	 <ul style="list-style-type: none"> <li>• <i>Refine tender, contracting and strategic procurement practices</i></li> <li>• <i>Engage partners to monitor market information</i></li> <li>• <i>Conduct market landscape analyses</i></li> <li>• <i>Consider consolidated demand forecasting and coordinated ordering with partners</i></li> </ul>
	<b>Support efforts to stimulate innovation</b> Engage partners, recognize innovation in sourcing strategies	 <ul style="list-style-type: none"> <li>• <i>Strengthen networking with partners and suppliers (e.g. DCVMN and regional suppliers)</i></li> <li>• <i>Consider advanced procurement arrangements (e.g. pandemics)</i></li> <li>• <i>Consider use of credit line for financial incentives (e.g. pre-payments, buy-downs, etc.)</i></li> </ul>

\*RF Assessment

# IT Transformation Objectives for Procurement Funds\*



\*Acknowledgments: FPL/IM, HSS/MT, IT, PRO, FRM, LEG, PBU, CMU, & RFV + SF



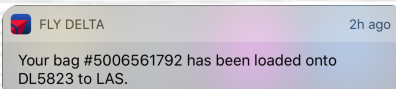
# CVP 2.0



## PATH TO A DIGITAL PLATFORM

TRACEABILITY  
AND  
CONNECTIVITY

think: DELTA AIRLINES



AUTOMATED  
REPLENISHMENT  
OF VACCINES

think: AMAZON DASH

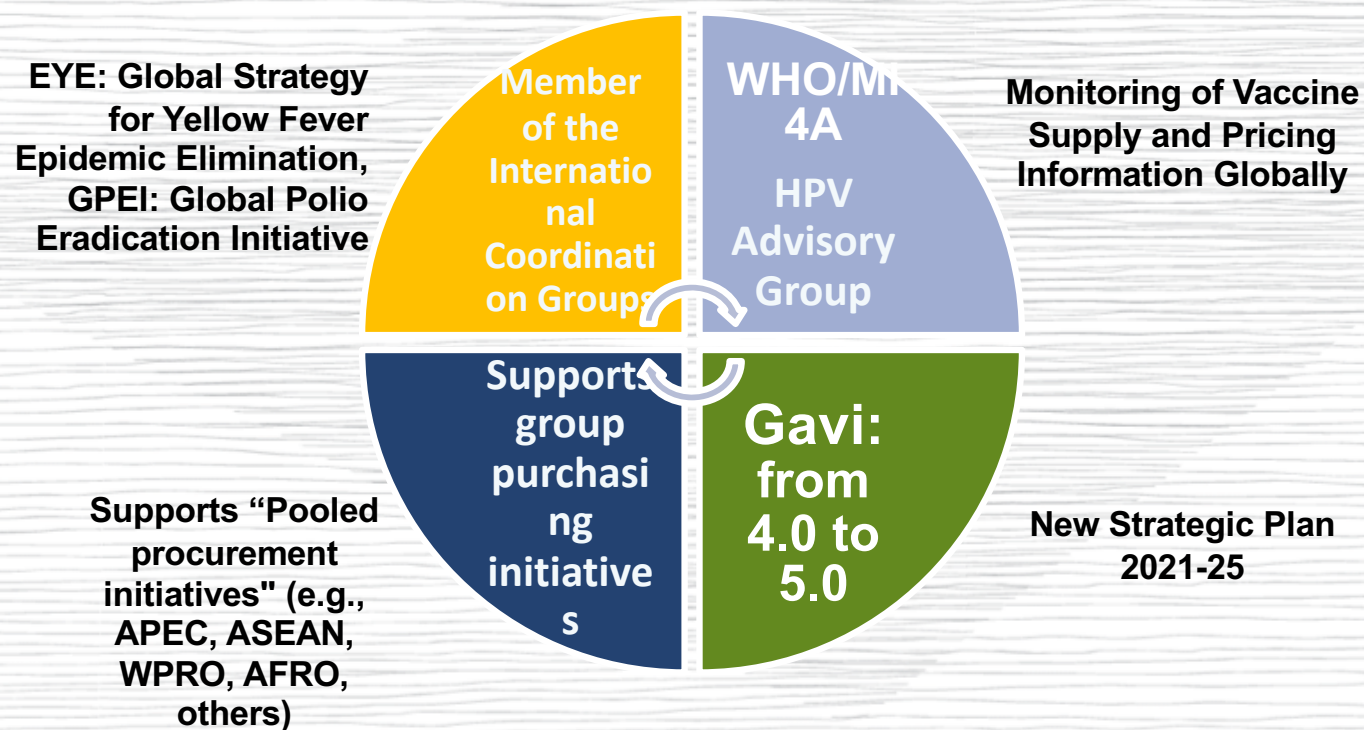


SUPPLY  
CAPACITY  
MONITORING

think: STUBHUB



# The Revolving Fund Collaborative Initiatives with Global Partners







Thanks!  
 ¡Gracias!  
 Merci!  
 Obrigado!

[www.paho.org/revolvingfund](http://www.paho.org/revolvingfund)