



Pan American Health Organization



Regional Office of the
World Health Organization





Review of the Charge Assessed on the Procurement of Public Health Supplies for Member States

**146th Session of the Executive Committee
Document CE146/28
21-25 June 2010**



**Pan American
Health
Organization**

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Mission of the Pan American Health Organization

“To lead strategic collaborative efforts among Member States and other partners to promote equity in health, to combat disease, and to improve the quality of, and lengthen, the lives of the peoples of the Americas.”



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Mission of the Pan American Health Organization



Critical to the achievement of this mission is the support by the Pan American Sanitary Bureau (PASB) to the Member States through technical cooperation for public health programs in the procurement of:

- Vaccines and syringes
- Diagnostic kits
- Medications
- Medical supplies and equipment



Procurement on Behalf of Member States

These procurement activities have been supported by three PAHO procurement mechanisms which have experienced overall significant growth during the last ten years:

- Reimbursable Procurement on Behalf of Member States
- Revolving Fund for Vaccine Procurement
- Regional Revolving Fund for Strategic Public Health Supplies

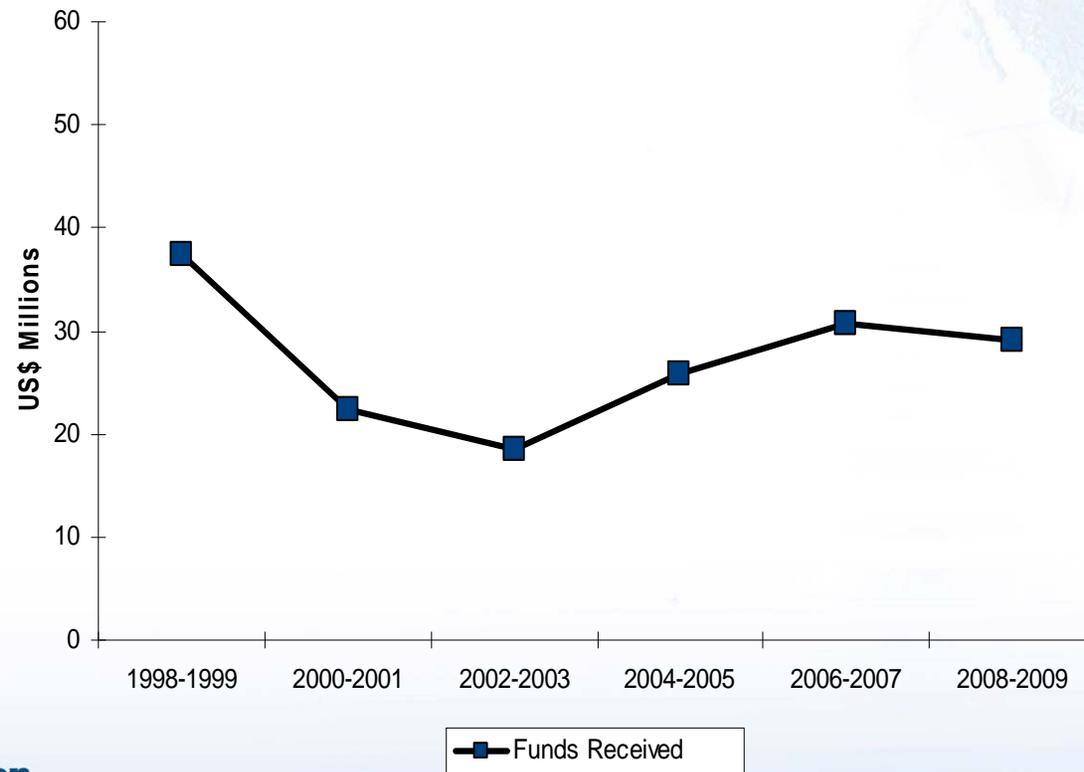


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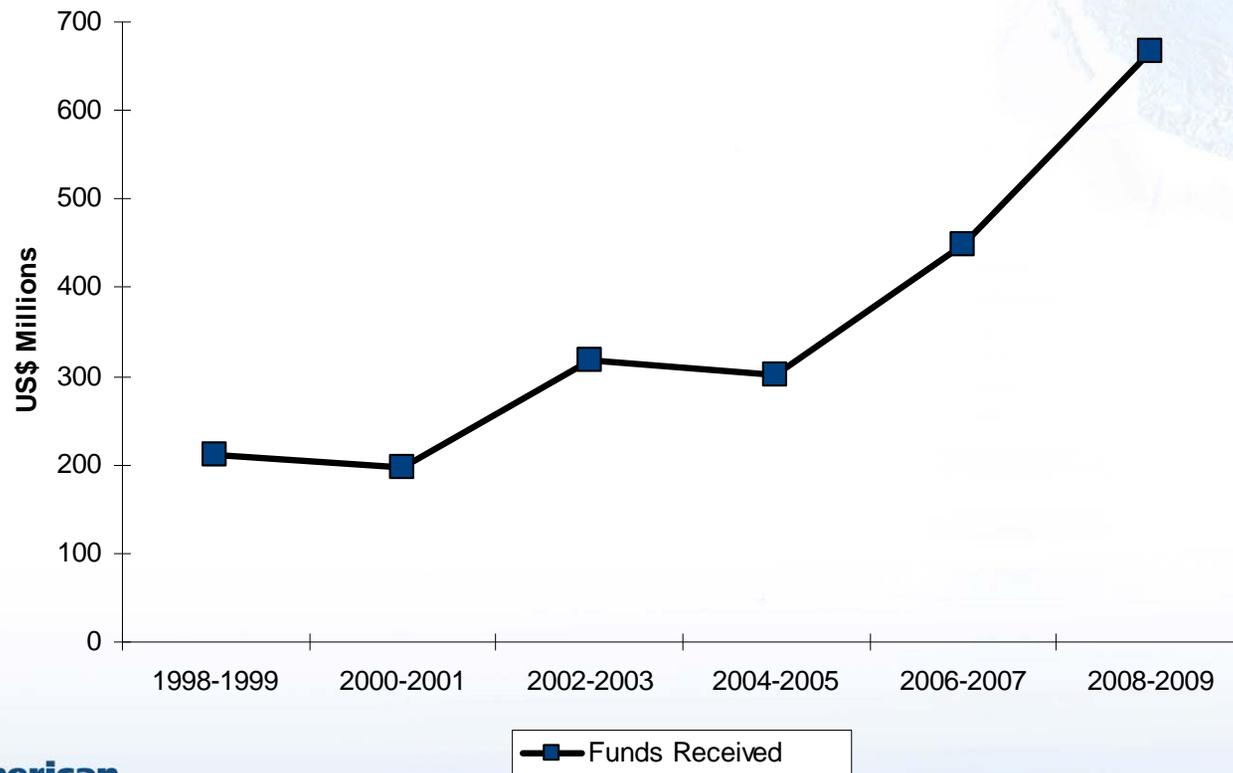


Reimbursable Procurement on Behalf of Member States



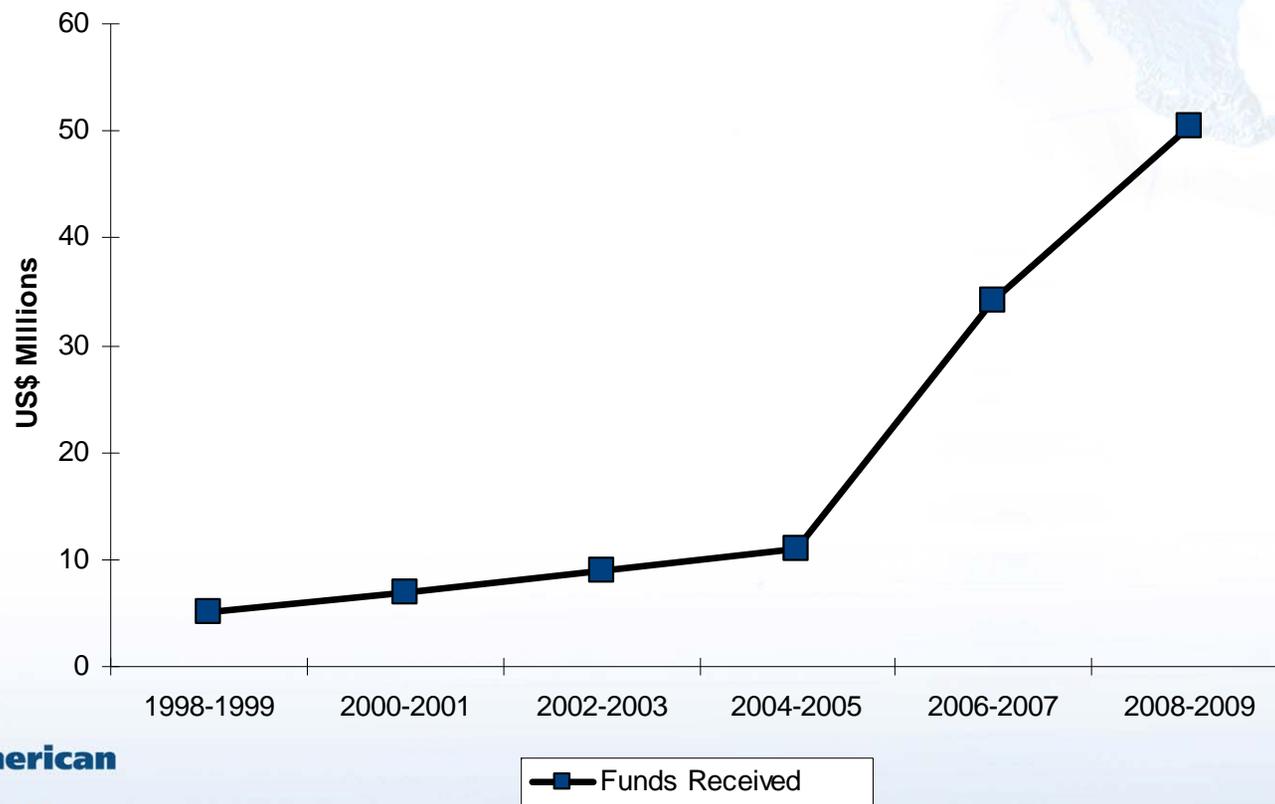


Revolving Fund for Vaccine Procurement



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Regional Revolving Fund for Strategic Public Health Supplies



Charge Assessed on the Procurement of Public Health Supplies for Member States

Name of Mechanism	3% Charge Amount in 2008-2009	Crediting of 3% Charge
Reimbursable Procurement on Behalf of Member States	\$750,361	Special Fund for Program Support *
Revolving Fund for Vaccine Procurement	\$17.24 million	Capitalization Account of the Revolving Fund for Vaccine Procurement
Regional Revolving Fund for Strategic Public Health Supplies (Strategic Fund)	\$937,546	Capitalization Account of Strategic Fund

* The 3% charge is deposited in this fund and is available to defray administrative costs related to procurement activities.



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Comparison with United Nations Agencies

Organization	Charge	Remarks
WHO	3 – 7%	Money received from Governments (3%), money received from Global Fund, World Bank, etc. (7%), no charge for emergency supplies.
UNICEF	3 – 8.5%	UNICEF is required to recover its costs from providing Procurement Services by charging a handling fee, which varies according to the supplies or services required.
UNOPS	N/A	UNOPS recovers its cost by charging a handling fee.
UNFPA	5%	Fee charged by UNFPA acting as procurement and supply agent for a Government or other third party (the 5% applies to the total cost of supplies <i>plus</i> freight and insurance cost).



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Summary: Background

In light of...

- the dramatic growth in the procurement of public health supplies through the Pan American Sanitary Bureau's three procurement mechanisms on behalf of the Member States, and
- the progressive insufficiency of adequate financial resources for the administrative services which support the procurement activities



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Proposal

- **To increase the current three percent (3%) charge assessed on the procurement of all public health supplies for Member States by one-half of one percent (0.5%) to a total of three and one-half percent (3.5%)**
- **To credit the additional 0.5% to the Special Fund for Program Support Costs to defray the administrative costs of procurement activities for the three procurement mechanisms.**



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