

**15th SESSION OF THE SUBCOMMITTEE  
ON PROGRAM, BUDGET, AND ADMINISTRATION  
OF THE EXECUTIVE COMMITTEE**

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**REPORT ON THE STATUS OF THE EMERGENCY LOAN FROM THE  
REVOLVING FUND FOR ACCESS TO VACCINES TO THE REGIONAL  
REVOLVING FUND FOR STRATEGIC PUBLIC HEALTH SUPPLIES**

**Background**

1. In May 2020, the Special Session of the Executive Committee of the Pan American Health Organization (PAHO) adopted Resolution CESS1.R1, Emergency Loan from the Revolving Fund for Access to Vaccines to the Regional Revolving Fund for Strategic Public Health Supplies. This Resolution called for a short-term internal emergency loan up to a maximum of US\$50 million<sup>1</sup> through a transfer of funds on a rolling basis from the Capital Account of the Revolving Fund for Access to Vaccines (Revolving Fund) to the Capital Account of the Regional Revolving Fund for Strategic Public Health Supplies (Strategic Fund). The main reasons for the internal loan were the increased projected needs for COVID-19 health supplies being requested by Member States that participate in the Strategic Fund and the limited balance available in the Capital Account of the Strategic Fund to support advanced procurement of those needs.

2. The purpose of this document is to report on the status of the internal emergency loan and on the actions taken to support Member States' efforts to facilitate access to critical COVID-19 medical supplies in accordance with Resolution CESS1.R1. Furthermore, this document also proposes the extension of the internal emergency loan to 31 December 2023. This will afford the Director the discretionary authority to approve the transfer of funds from the Capital Account of the Revolving Fund to the Capital Account of the Strategic Fund, when needed, up to a maximum of \$50 million, ensuring that the programmatic needs and operations of the Revolving Fund are not disrupted.

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<sup>1</sup> Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

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## Situation Analysis

3. The Strategic Fund continues to play an important role in supporting countries in their response to COVID-19 with respect to the provision of emergency medical supplies. As of 31 December 2020, the Strategic Fund procured \$235.7 million in medicines and public health supplies in 2020 on behalf of 25 Member States, constituting a threefold increase in the utilization of the Fund as compared to the same period in 2019. Key supplies provided through the Strategic Fund include personal protective equipment (PPE), in vitro diagnostics (IVDs), in particular, polymerase chain reaction (PCR) and antigen rapid diagnostic tests (Ag RDT), biomedical equipment, and medicines for critical care of COVID-19 patients. This benefitted an estimated 18.9 million people throughout the Region of the Americas. In addition, the Strategic Fund provided technical cooperation to address supply chain disruptions for essential medicines required by priority programs including HIV, tuberculosis, and malaria.

4. The Capital Account of the Strategic Fund provides PAHO Member States with a line of credit (LoC) to purchase strategic public health supplies, which Member States reimburse upon receipt of the supplies. Through increased utilization of the PAHO Strategic Fund, the Capital Account of the Strategic Fund increased to \$24.6 million as of 28 February 2021. Countries made use of the Capital Account of the Strategic Fund to rapidly access strategic public health supplies during the pandemic. The number of countries requesting use of the Capital Account increased by 45%, from 11 countries in 2019 to 16 countries in 2020. The average amount of each LoC requested increased by 25%, from \$113,908 per request in 2019 to \$142,921 per request in 2020. The total cumulative utilization<sup>2</sup> of the Capital Account increased 66%, from 92% in 2019 to 153% in 2020.

5. During 2020, the Capital Account was managed effectively to support Member States without requiring use of the internal emergency loan from the Revolving Fund to the Strategic Fund. This was achieved through optimal resource utilization based on prepaid procurement, improved coordination with Member States to support procurement and deliveries based on just-in-time principles,<sup>3</sup> and strengthened communication with suppliers to utilize multi-modal transportation (i.e., a combination of air, land, and ocean transport) to address the increased shipping and insurance costs due to the pandemic.

6. In January 2021, a Member State requested an increase in the LoC to \$5.5 million from the PAHO Strategic Fund Capital Account for the urgent acquisition of medicines for the critical care management of COVID-19 patients. As the requested amount exceeded the available balance in the Capital Account of the Strategic Fund at that point in time, an internal emergency loan from the Capital Account of the Revolving Fund to the Capital

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<sup>2</sup> Cumulative utilization is calculated by dividing the total cumulative amount of credit extended to Member States during the fiscal year by the closing balance of the Capital Account of that fiscal year.

<sup>3</sup> Just-in-time is a supply chain management strategy to send products just when needed based on the forecast in order to avoid additional storage costs and risk of product expiration.

Account of the Strategic Fund was processed in accordance with Resolution CESS1.R1, and will be repaid by end the of March 2021.

7. The internal emergency loan provision constitutes a critical tool for meeting the COVID-19 related needs in public health supplies of PAHO Member States. The loan, when needed, enables the procurement of vital emergency supplies through the Strategic Fund, such as essential medicines for critical care of COVID-19 and qualified, point-of-care, antigen-based COVID-19 tests that are now available through the Strategic Fund. The Pan American Sanitary Bureau (PASB) established the necessary planning and operational mechanisms to determine the amounts and timing of any transfer from the Revolving Fund to the Strategic Fund to better support the needs of Member States when required. PASB also provided the appropriate managerial and financial controls to ensure timely reimbursements to the Revolving Fund so that there is no impact on the ability of PASB to support Member States participating in the PAHO Revolving Fund.

### **Proposal**

8. In order to continue to meet the urgent demands in essential medicines and public health supplies of PAHO Member States during the COVID-19 pandemic, PASB proposes an extension of the internal emergency loan from the Capital Account of the Revolving Fund to the Capital Account of the Strategic Fund until 31 December 2023, under the same conditions as approved by Member States in Resolution CESS1.R1. To this end, a proposed resolution will be submitted to the 168th Session of the Executive Committee for consideration.

9. With the appropriate managerial controls in place and with continued improvements in the management of the Strategic Fund's Capital Account, a rolling transfer of funds from the Capital Account of the Revolving Fund to that of the Strategic Fund is not expected to have any negative impact on the ability of PASB to support Member States and their immunization programs. Furthermore, this proposed managerial arrangement will provide resources, when needed, on a rotating basis to meet the increasing demands on the Strategic Fund to better support Member States through the COVID-19 pandemic.

### **Action by the Subcommittee on Program, Budget, and Administration**

10. Pursuant to PAHO Financial Regulation 8.5, and in light of the emergency posed by the COVID-19 pandemic and the emerging trend of increased demand for support from the Strategic Fund, the Subcommittee is invited to take note of this report and consider recommending that the Executive Committee approve the extension to 31 December 2023 of the internal emergency loan provision from the Capital Account of the Revolving Fund to the Capital Account of the Strategic Fund.

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