

Frequently Asked Questions (FAQs) about the Revolving Fund

The Revolving Fund of the Pan American Health Organization (PAHO) is a cooperation mechanism for the joint procurement of vaccines, syringes, and related supplies for participating Member States.

Through the Revolving Fund, for over 30 years, participating Member States have ensured a continuous supply of high-quality products at the lowest possible price for their immunization programs thanks to the economies of scale that these Member States provide.

Based on the principle of equity, and thanks to economies of scale, all participating Member States have access to the same products, offered

through the Revolving Fund at the lowest price, which is a single price independent of the country's size or economic situation.

All participating Member States contribute 3.5% of the net purchase price to a common fund. Three percent of it is used entirely as working capital to offer a line of credit to Member States that may require it and 0.5% is used to cover the administration costs of purchasing activities. The

line of credit enables a Member State to pay the Revolving Fund within 60 days of receipt of the products.

The Revolving Fund has been a critical factor in making the Region of the Americas a global role model for the success of immunization programs and for its successful introduction of new vaccines. For this reason, promoting its achievements and protecting its well-being is in everyone's interest.

Frequently asked questions (FAQs)

Who owns the Revolving Fund and what is the source of the funds for procuring products through this mechanism?

The Revolving Fund belongs to the PAHO Member States. PAHO serves as the secretariat that manages the negotiation and procurement processes on behalf of the participating Member States. Almost 100% of the resources that countries use to purchase what they need through the Revolving Fund come from their national budgets. For this reason, by securing the lowest prices, the Revolving Fund fosters the financial sustainability of national immunization programs.

What requirements should Member States meet to participate in the PAHO Revolving Fund?

To participate in the Revolving Fund, PAHO Member States should meet three basic requirements: the immunization program should have a 5-year plan of action; there should be a line item in the national budget for the procurement of vaccines, syringes, and supplies to support its program; and, finally, there should be an entity responsible for running the program. Moreover, participating Member States should contribute 3.5% of the net value of each purchase made and be up-to-date with their credit payments.

How is the PAHO Revolving Fund able to offer a single, lowest price to participating Member States?

Based on its annual vaccine and syringe demand forecasting, the Revolving Fund consolidates the requirements of all participating Member States into a single regional order for each product. It obtains the lowest prices thanks to the economies of scale this represents for producers and to the conditions, rules, and procedures PAHO has established for the Revolving Fund.

By agreeing to a single, lowest price for every product, countries can make the most out of their national vaccine procurement budgets.

How does the negotiation process between the Revolving Fund and the producers work?

The Revolving Fund issues a public bid solicitation annually, based on the annual consolidated demand from the participating Member States. The bid solicitation specifies not only quantities of vaccines, syringes, and related supplies, but also the quality characteristics, presentations, and conditions required by PAHO.

The tender is sent to producers, inviting them to submit a bid to meet the annual demand. Following the deadline for the close of the bidding, and in the presence of the participating producers, the bids are opened and disclosed.

Based on the lowest price, the quantity offered, and the producer's quality and service record, producers are selected to cover the annual demand that has been calculated. To guarantee the supply, PAHO assigns at least two producers, whenever possible, to cover the demand calculated for each product.

Why the 3.5% contribution on net purchases made by Member States participating in the Revolving Fund?

Of the 3.5% of the net value of products that is contributed by the Member States each time they make a purchase through the Revolving Fund, 3% goes to the common capital fund, which is used by PAHO as working capital to provide a line of credit to participating Member States, and 0.5% goes to the costs of administrative and purchasing activities.

The capital fund makes it possible to pay producers before receiving reimbursement from Member States, which have a 60-day grace period.

Frequently asked questions (FAQs) cont'd

When Member States acquire vaccines and supplies through the Pan American Health Organization (PAHO), is the Revolving Fund functioning as a supplier to the countries?

PAHO is not the vaccine supplier. As part of PAHO's technical cooperation, countries may purchase through the PAHO Revolving Fund, which assumes the functions of negotiation, administration of purchase orders, and coordination of shipments, as well as the financing functions of payment to suppliers and collection. For all Member State purchase transactions, the producer appears as the supplier and seller, and the country as the buyer. The producer is responsible for the quality, safety, and effectiveness of the products sold to the purchasing country.

How does PAHO ensure that the vaccines and syringes acquired through the Revolving Fund are of high quality, safe, and effective?

The vaccines and syringes offered through the Revolving Fund are products that have been prequalified by the World Health Organization (WHO). Prequalification verifies that the WHO principles and specifications for Good Manufacturing Practices and Good Clinical Practices are complied with, guaranteeing that the vaccines and syringes used in national immunization services are safe and effective for the recommended groups, and that they also comply with particular operational specifications for presentation and packaging.

The Revolving Fund also offers some products that are not priorities for the WHO prequalification system, and as a result are not evaluated for prequalification. For these products to be accepted, they must be approved by a reference regulatory agency: FDA (Food and Drug Administration, USA), EMEA (European Medicines Agency, European Union), Health Canada (Canadian regulatory agency), KFDA (Korea Food and Drug Administration), or TGA (Therapeutic Goods Administration, Australia).

Do other Regions of the world have a mechanism similar to the Revolving Fund for the procurement of vaccines and supplies for public health systems?

For the time being, only the Region of the Americas has this centralized procurement mechanism; nevertheless, other WHO Regions are in the process of implementing similar mechanisms with support from WHO, PAHO, and other partners, using the PAHO Revolving Fund as a model.

Are national laws important to the operation of the Revolving Fund?

Through national laws, countries ensure the allocation of national funds for the procurement of vaccines, syringes, and related supplies, thereby ensuring the financial and operational sustainability of immunization programs.

How does the Revolving Fund contribute to the introduction of new vaccines in country immunization programs?

PAHO has a technical team to support individual countries with the evaluation of cost-effectiveness and technical preparations necessary for the introduction of new vaccines. Once a country decides to introduce a new vaccine into its program, it can do it through the Revolving Fund, provided the vaccine is prequalified by the WHO. Every time a country introduces a new vaccine into its program and procures it through the Revolving Fund, it strengthens the Fund's economies of scale increasing affordability.

How much could a participating country save by purchasing through the Revolving Fund, compared to purchasing directly from manufacturers?

According to studies, a country that purchases through the Revolving Fund can save at least 11% compared to purchasing directly from the manufacturer. Compared with countries outside the Region, the price differential could be up to twice as much.

Participating in the Revolving Fund not only offers better financial conditions, but also provides access to the vaccine supply, especially for countries that would have major difficulties purchasing them on their own, given the low volumes that they need.

Moreover, by purchasing through the Revolving Fund, countries obtain vaccines and syringes that are prequalified using WHO safety and effectiveness standards.

Does the Revolving Fund promote the production of vaccines and syringes in the Region of the Americas?

Vaccines and syringes are acquired from different producers around the world, through the Revolving Fund, provided they meet the technical specifications established by the Revolving Fund and offer favorable financial conditions for Member States.

The Revolving Fund does not participate in projects or programs for vaccine production in the Region. However, it does offer new producers in any region of the world the opportunity to participate in the bidding process, provided that they meet the established requirements. ■

Source: PAHO's Revolving Fund, FAQs. Available from: http://new.paho.org/hq/dmdocuments/2010/RevolvingFund_FAQs_ENG.pdf.