



Pan American  
Health  
Organization



World Health  
Organization  
REGIONAL OFFICE FOR THE  
Americas

Strategic  
FUND



Washington, D.C. September, 2015

## PAHO Strategic Fund: A Regional Platform to Improve Access to Public Health Supplies

### What is the PAHO Strategic Fund?

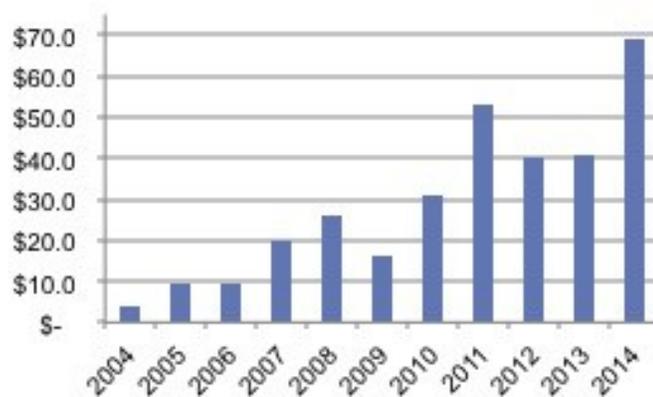
The PAHO Regional Revolving Fund for Strategic Public Health Supplies, also known as the **Strategic Fund**, was created in September 2000. Since then it has been **providing technical cooperation and support** to countries in the Americas as a means to ensure access to quality, safe and effective essential and strategic medicines and other critical public health supplies such as insecticides and diagnostics.

The demand for the products procured through the Strategic Fund has increased significantly over the years.

### The Strategic Fund has four main objectives:

1. Improve access and availability of Strategic Public Health Supplies in Member States
2. Help strengthen national capacity in supply management (planning, procurement, management and sustainability) of Strategic Public Health Supplies
3. Promote principles and concepts of quality in the procurement and management of Strategic Public Health Supplies
4. Strengthen priority health programs at national level and promote application of normative mandates of PAHO/WHO

Procurement (US\$ Millions) (2004 - 2014)



## How does the Strategic Fund Work?

The Strategic Fund is contributing to the **availability, quality and affordability** of strategic public health supplies in the Americas. The Strategic Fund realizes these goals through:

- Achieving economies of scale: by pooling the demand from a number of countries and issuing international tenders, the Strategic Fund promotes competition among quality assured suppliers and procures larger volumes at competitive prices.
- Using stringent quality standards: the Strategic Fund assures the quality of the commodities that it procures on behalf of Member States through a comprehensive approach that includes the WHO prequalification program, collaboration with National Regulatory Authorities of Regional Reference and PAHO led quality-assurance processes.
- Providing financial support: the Strategic Fund provides financial support to Member States through the Fund's capitalization account which can advance resources in order to ensure continuous supply and prevent stock-outs. This account originates from the 3% contributions that Member States provide with each purchase.
- Improving availability of products: Medicines such as second-line tuberculosis treatments, neglected infectious diseases medicines or pediatric antiretrovirals are some examples of products that have limited availability in certain markets that the Strategic Fund supplies for Member States.

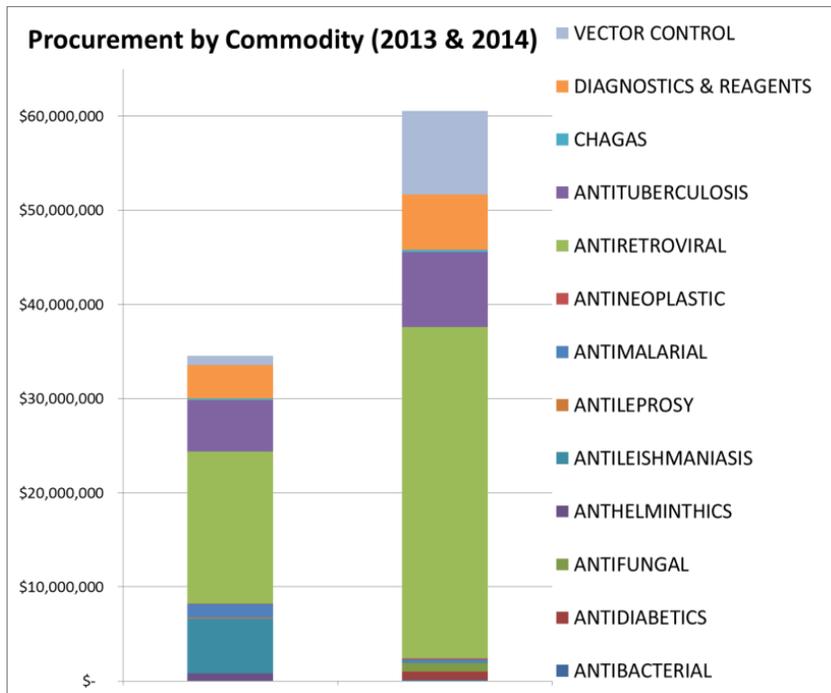
## Which countries utilize the Strategic Fund?



- Currently, 25 Member States have signed agreements with PAHO to participate in the Strategic Fund; 19 of these countries are actively using the Fund to procure strategic public health supplies

## What products can be procured through the Strategic Fund?

The Strategic Fund has traditionally provided support to increase access to products to diagnose, treat and prevent communicable diseases such as medicines and diagnostics for HIV/AIDS, malaria, tuberculosis and neglected infectious diseases in addition to insecticides to combat vector-borne diseases.



In 2013, PAHO decided to expand the role of the Fund in prevention and treatment of noncommunicable diseases (NCDs). As a result, the Strategic Fund now offers Member States an increasing number of medicines to treat cancer, diabetes and hypertension. In 2014, the Strategic Fund issued long-term agreements (LTAs) for 23 medicines for the treatment of these NCDs.

While diagnostics and insecticides have also been actively requested by Member States, the Strategic Fund is continuously expanding access to high-quality medicines and other public health supplies in response to Member States' needs.

## What are the other benefits for Member States when using the Strategic Fund?

In addition to procurement, Member States receive support in:

- Supply chain management issues including demand planning, programming, forecasting and distribution
- Quality assurance for products procured through the Strategic Fund
- Rational use of medicines and other products

## How does a Member State procure through the Strategic Fund?

All PAHO Member States are eligible to participate in the Strategic Fund. The formal steps to be followed are presented here:

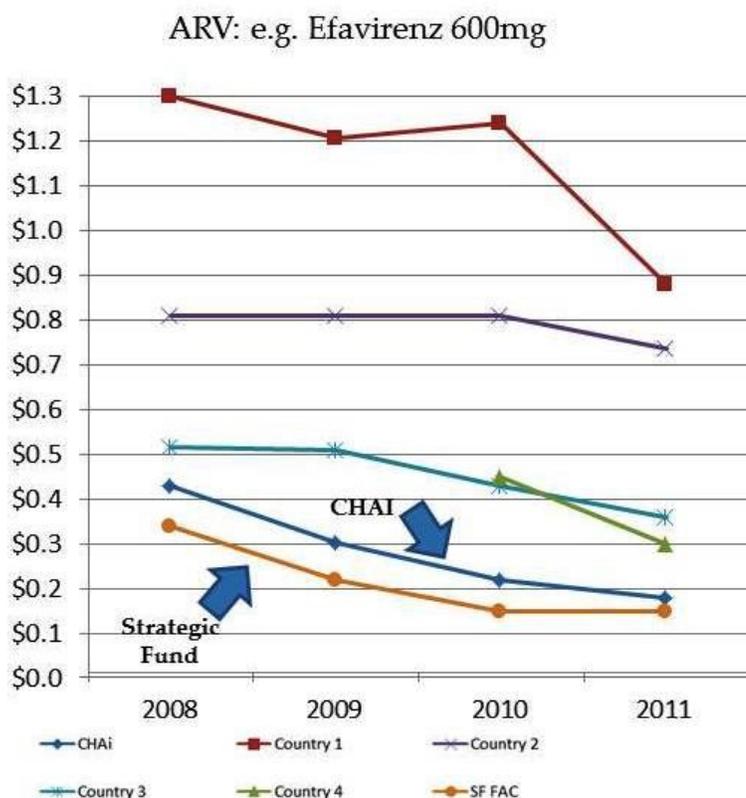
- The Ministry of Health signs a standard agreement with PAHO. The agreement does not represent a commitment to procure by the country but ensures eligibility to do so when needed.

- Once the country decides to procure a specific product, it first needs to clearly estimate the demand and place an official request for procurement through the PAHO country office. PAHO will then obtain a price estimate from the supplier and send it to the country for approval. The price estimate will include the cost of goods, shipping to the port of entry and insurance (usually 10-15% of cost of goods). Additionally, PAHO adds 4.25% to the cost of goods, 3% being allocated to the capitalization account, while the remaining 1.25% covers service costs.
- Upon receipt of the country approval and funds, PAHO issues the purchase order and coordinates delivery with the supplier and country.
- Once the goods arrive to the country, the final step is the nationalization, storage and distribution of the goods that are under the responsibility of Member States with technical support from PAHO when appropriate.

PAHO is available to provide further clarifications and assist Member States through this process. For further information on the PAHO Strategic Fund medicine list, prices and other references please visit: [www.paho.org/strategicfund](http://www.paho.org/strategicfund)

### The Impact of the Strategic Fund on Prices

The Strategic Fund is effective in procuring at affordable prices, particularly generics. Competition in the pharmaceutical market exerts downturn pressure on prices and competitive prices are obtained through pooling of regional demand and performing international tenders.



### NCD: e.g. price comparison in CARICOM

| Medicine                          | SF Price (US\$)* | Country 1 ** |        | Country 2 ** |        |
|-----------------------------------|------------------|--------------|--------|--------------|--------|
|                                   |                  | Price (US\$) | % Diff | Price (US\$) | % Diff |
| Cytarabine (100 mg, Pwdr for Inj) | \$3.40           | \$12.74      | 275%   | \$3.51       | 3%     |
| Docetaxel (20 mg/ml, Inj)         | \$5.95           | ---          | ---    | \$89.00      | 1395%  |
| Doxorubicin (50 mg, Pwdr for Inj) | \$8.35           | \$8.80       | 5%     | \$13.75      | 65%    |
| Etoposide (20 mg/ml, Inj)         | \$2.38           | \$3.60       | 52%    | \$3.56       | 50%    |
| Ifosfamide (1 g, Pwdr for Inj)    | \$17.76          | ---          | ---    | \$28.00      | 58%    |
| Vinblastine (10 mg, Pwdr for Inj) | \$2.94           | \$9.94       | 238%   | \$5.20       | 77%    |

\* PAHO SF price is an estimate of the cost based on Long Term Agreements (LTAs) with manufacturers including freight, shipping and insurance up to port of delivery. Also includes 3% contribution to the PAHO Capitalization Account and 1.25% PAHO administrative fee. In all cases product are subject to a quality assurance process.

\*\* Country prices reflect cost of delivery to port and does not include taxes/fees from customs and delivery.

Comparación de precios de Efavirenz entre mecanismos locales y el Fondo Estratégico 2008-2011. Porrás A et al, in preparation.