



**REPORT ON THE CHARGE ASSESSED ON THE PROCUREMENT OF PUBLIC HEALTH SUPPLIES
FOR MEMBER STATES**

Introduction

1. This document informs on the progress in implementing the charge assessed on the procurement of public health supplies facilitated by the Pan American Health Organization (PAHO) for Member States through the Regional Revolving Funds (RRFs), which comprise the Revolving Fund for Access to Vaccines (Revolving Fund), the Regional Revolving Fund for Strategic Public Health Supplies (Strategic Fund), and reimbursable procurement on behalf of Member States. It outlines the rationale for the charge and reports on the use of funds during the 2024–2025 biennium.

Background

2. The charge assessed on the procurement of public health supplies through the RRFs has evolved through various resolutions of the Governing Bodies of PAHO. In 2013, the 52nd Directing Council adopted Resolution CD52.R12, *Review of the Charge Assessed on the Procurement of Public Health Supplies for Member States (1)*. This resolution called for an increase in the charge assessed to the net cost of the products procured through the Revolving and Strategic Funds from 3.5% to 4.25%, maintaining the allocation of 3.0% to the capital accounts of the respective Fund to continue providing Member States with a line of credit. The remaining 1.25% was allocated to help defray the overall costs of the Pan American Sanitary Bureau (PASB or the Bureau) for the management of these Funds and is collected as the Special Fund for Program Support.

3. In 2020, the 58th Directing Council adopted Resolution CD58.R4 (2), which called for an increase in the administrative component from 1.25% to 1.75% and a compensating decrease in the capital account component from 3% to 2.5%, maintaining the overall 4.25% charge, effective 1 January 2021. In 2024, the 61st Directing Council adopted Resolution CD61.R14 (3), which presented new priorities financed with the 1.75% administrative component and proposed the use of up to 15% of the capital accounts of the RRFs to incentivize regional innovation and manufacturing, implement innovative procurement strategies, negotiate pre-pandemic agreements, and/or develop financing initiatives, all to respond more effectively to Member States' emerging health needs.

Analysis of Progress Achieved

4. The financial resources collected from the 1.75% administrative component during the 2022–2023 biennium were made available for implementation in the 2024–2025 biennium. At the start of the biennium, the Special Fund for Program Support had an initial balance of US\$ 53 940 300,¹ related to RRFs' activities, representing accumulated resources generated from RRFs' charges collected during the 2022–2023 biennium and balances from previous periods. These funds supported the approved work plan for the 2024–2025 biennium, which covered operational costs and prioritized technical cooperation and strategic investments to strengthen the RRFs. The total amount approved for implementation for the biennium was \$44 804 000, as shown in Table 1.²

Table 1. 2024–2025 Financial Implementation of Financial Resources Collected
(US\$)

Biennium	Initial balance (A)	Approved for the 2024–2025 biennium	Expenditure (B)	Remaining balance (A) - (B)	Collected in 2024–2025
2024–2025	53 940 300	44 804 000	32 485 566	21 454 734	27 868 089

5. For the 2024–2025 biennium, the Organization reported expenditure on operations and technical cooperation related to the RRFs of \$32 485 566 as shown in Table 2 below, distributed across staff costs, technical cooperation and supporting activities, and investment projects. This expenditure level represents a 24% increase since the last report, driven primarily by higher staff costs and the expansion of technical cooperation and supporting activities. These efforts were necessary to enable the RRFs to meet the 2024–2025 biennium priorities, including expanding the portfolio to strengthen access to innovation, incentivizing regional manufacturing, and strengthening emergency response capacities.

6. After the expenses incurred in 2024–2025, a total of \$21 454 734 remained from the biennium's initial balance. This figure is supplemented by an additional \$27 868 089 collected during the same period, resulting in a total balance of \$49 322 823 available to support the operations and activities of the RRFs in the 2026–2027 biennium. While this \$49.3 million will be sufficient to support the RRFs' operations during that biennium, it is important to note that the revenue collected in 2024–2025 was \$4.6 million below the incurred expenditure, as shown in Table 1 above. This financing gap highlights a financial risk for the RRFs. While accumulated balances from prior bienniums—temporarily bolstered by the surge in procurement during the COVID-19 pandemic—are currently mitigating the shortfall, these reserves are finite and subject to gradual depletion. If procurement volumes and the corresponding financial resources from the administrative fee do not increase in line with expenditure levels, or if cost pressures persist, the RRFs may face growing constraints on sustaining their current level of service and technical cooperation necessary to respond effectively to Member States' emerging needs.

¹ Unless otherwise indicated, all monetary figures are expressed in United States dollars.

² Financial data as of 31 December 2025 are unaudited. The final figures will not be available until the External Auditor completes and signs the audit of the Pan American Health Organization's financial statements for 2025, which must occur on or before 15 April 2026 in accordance with PAHO Financial Regulation 14.9.

Table 2. Financial Implementation by Category, in 2024 and 2025
(US\$)

	2024	2025³	Total expenses
Staff costs	10 607 374	12 368 450	22 975 824
Technical cooperation and supporting activities	3 301 286	4 796 927	8 098 213
Investment projects	788 346	623 183	1 411 529
Total	14 697 006	17 788 560	32 485 566

7. Within this context of increased investment aligned with the priorities for the 2024–2025 biennium, technical cooperation activities were scaled up to support the strategic expansion of the RRFs’ portfolios to include increasingly complex health technologies—such as high-priced treatments for cancer and rare diseases, medical devices, cold chain equipment, and telehealth technologies—while continuing to strengthen quality assurance and regulatory capacities, immunization program planning, vaccine and medicine demand forecasting, and to enhance supply chain management. These newer technologies are more complex compared to vaccines and other current medicines because they have a greater number of suppliers, a wide range of specifications, and programmatic differences across Member States, resulting in greater efforts of technical cooperation and evaluation.

8. Following recommendations from an external assessment, during the 2024–2025 biennium, PASB undertook efforts to improve efficiencies, transparency, and value to Member States by aligning, redesigning, documenting, and digitizing selected processes, and advancing with the expansion of the RRF Member States Portal,⁴ through the introduction of new modules with real-time financial and procurement information, and additional functionalities to strengthen countries’ planning and implementation capacities.

9. In collaboration with Member States, PASB facilitated over 4500 shipments during the 2024–2025 biennium, covering vaccines, medicines for communicable and noncommunicable diseases, diagnostics, and other strategic public health technologies. These shipments represented an estimated total transaction value of \$1.7 billion for the biennium, enabling countries to maintain routine immunization and national public health programs, as well as access to critical treatments. PASB estimated that these efforts contributed to protecting around 135 million people through vaccine delivery and providing treatment, diagnostics, or vector control supplies to cover around 35 million, for the biennium. Consolidated shipments were implemented to reduce freight costs and improve delivery timelines, particularly benefiting small island developing states. These operational achievements underscore the role of the RRFs in safeguarding health security and ensuring equitable access to strategic and essential health technologies across the Region of the Americas.

³ Ibid.

⁴ Available at: <https://ms-portal.paho.org>.

10. The Bureau also leveraged the RRFs to advance regional production and strengthen emergency response by facilitating access to regionally produced 20-valent pneumococcal conjugate vaccine (PCV20), negotiating an influenza agreement with a regional manufacturing component, and implementing the flexibilities approved through Resolution CD61.R14. As part of these flexibilities, the 2.5% capital account component of the charge was exempted for supplies produced by manufacturers in Latin America and the Caribbean to incentivize investments in regional innovation and manufacturing, resulting in savings of approximately \$1.2 million for Member States in 2025. The products eligible for the charge exception were identified based on predefined criteria and were approved by the Director of PASB, taking into account whether the products *a)* are manufactured within the Region to promote regional production and self-reliance, and/or *b)* entail a significant budgetary impact, such as large-volume or high-cost products, in accordance with Resolution CD61.R14.

11. As a result of the same flexibilities, PASB also utilized the Revolving Fund's capital account to reserve doses with advance payment commitments for mpox, yellow fever, and measles-containing vaccines: measles, mumps, and rubella (MMR) and measles-rubella (MR). During the 2024–2025 biennium, capital account resources were used to reserve approximately 2.5 million doses of yellow fever vaccine, 5 million doses of MMR and MR vaccines, and approximately 70 600 doses of mpox vaccine. These advance commitments enabled PASB to secure timely access to essential vaccines for Member States, particularly in emergency and outbreak-response contexts. By February 2026, nearly all reserved doses had been allocated and delivered, with less than 1% of the total commitment for mpox vaccines remaining outstanding, and PASB expects full utilization of all reserved quantities without any loss to the capital account.

12. As of December 2025, the balance of the capital accounts of the RRFs had reached over \$350 million and supported approximately \$700 million in purchase orders through the credit lines, representing around 40% of the RRF total procurement during the 2024–2025 biennium. These lines of credit enable countries to secure critical health technologies for their national programs while completing internal payment processes and reimbursing PASB within 60 days.

13. Notwithstanding these benefits, several countries continue to experience challenges in repaying RRF credit balances, resulting in significant arrears exceeding 540 days. As of 11 March 2026, arrears of unpaid invoices with over 540 aging days totaled \$14.3 million. Persistent arrears pose a risk to the sustainability of pooled procurement mechanisms and require continued attention. In response, PASB has strengthened tools and standard operating procedures to enhance visibility of credit needs, monitor aging invoices and payments, strengthen country accountability, and implement standardized escalation actions to promote timely repayment.

14. The achievements outlined in this document reflect a deliberate expansion and strengthening of the RRFs' scope to respond to Member States' evolving needs. This expansion into new and more complex areas—such as innovative and high-cost health technologies and medical devices, regional production, emergency response, and advanced procurement commitments—has required additional technical capacity in regulation, product recommendation, quality assurance, and supply chain management, among others. As a result, funds collected during the 2022–2023 biennium were fully utilized and, despite the efficiency measures implemented, it was necessary to draw on resources from accumulated balances from previous bienniums to address the financial gap. Those accumulated

balances, however, are limited. Therefore, maintaining the RRFs at their current level of service while supporting new priorities defined by Member States that require increased efforts will result in greater needs for resources to be collected through the administrative component of the fee. A proposal, along with an analysis of implications, will be presented to the 178th Session of the Executive Committee for the consideration of Member States.

Action by the Subcommittee on Program, Budget, and Administration

15. The Subcommittee is invited to take note of this report and provide any comments it deems pertinent.

References

1. Pan American Health Organization. Review of the charge assessed on the procurement of public health supplies for Member States [Resolution CD52.R12]. 52nd PAHO Directing Council, 65th Session of the Regional Committee of WHO for the Americas; 30 September–4 October 2013. Washington, D.C.: PAHO; 2013. Available from: <https://iris.paho.org/handle/10665.2/4440>.
 2. Pan American Health Organization. Review of the charge assessed on the procurement of public health supplies for Member States [Resolution CD58.R4]. 58th PAHO Directing Council, 72nd Session of the Regional Committee of WHO for the Americas; 28–29 September 2020 (virtual session). Washington, D.C.: PAHO; 2020. Available from: <https://iris.paho.org/handle/10665.2/58206>.
 3. Pan American Health Organization. Review of the charge assessed on the procurement of public health supplies for Member States [Resolution CD61.R14]. 61st PAHO Directing Council, 76th Session of the Regional Committee of WHO for the Americas; 30 September–4 October 2024. Washington, D.C.: PAHO; 2024. Available from: <https://iris.paho.org/handle/10665.2/64736>.
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