Access to Vaccines in the Americas and PAHO Revolving Fund

Session: Vaccine Market Intelligence, 23 October 2019

Developing Countries Vaccine Manufacturers Network

20th Annual General Meeting

Rio de Janeiro, Brazil

John Fitzsimmons
Chief, PAHO Revolving Fund for Vaccines
Agenda

• Overview of the PAHO Revolving Fund as a Pillar of Technical Cooperation to Member States

• Access Challenges: Measles Containing Vaccines

• Implementation of RF Assessment (2018) and Recommendations (2019-20)
Overview of the Revolving Fund (RF)
THE WHO HEALTH SYSTEM FRAMEWORK

SYSTEM BUILDING BLOCKS

- SERVICE DELIVERY
- HEALTH WORKFORCE
- INFORMATION
- MEDICAL PRODUCTS, VACCINES & TECHNOLOGIES
- FINANCING
- LEADERSHIP / GOVERNANCE

OVERALL GOALS / OUTCOMES

- IMPROVED HEALTH (LEVEL AND EQUITY)
- RESPONSIVENESS
- SOCIAL AND FINANCIAL RISK PROTECTION
- IMPROVED EFFICIENCY

ACCESS

COVERAGE

QUALITY

SAFETY

SUSTAINABLE DEVELOPMENT GOALS

THE WORLD HEALTH ORGANIZATION IS WORKING AROUND THE WORLD SO THAT ALL PEOPLE AND COMMUNITIES RECEIVE THE QUALITY SERVICES THEY NEED, AND ARE PROTECTED FROM HEALTH THREATS, WITHOUT SUFFERING FINANCIAL HARDSHIP.

THAT'S WHAT WE CALL UNIVERAL HEALTH COVERAGE
• TAG encourages PAHO to keep updating countries on vaccine markets and to implement proactive responses to specific vaccine issues.
• TAG encourages PAHO to continue supporting global efforts to improve access to affordable vaccines, including regional pooled procurement initiatives beyond PAHO Member States.
• TAG welcomes the report of the RF Assessment and supports the transformational program of work to increase the efficiency and further enhance the support of the RF to countries while maintaining its core principals.
• TAG urges countries to make their payments to the RF in a timely manner.
The PAHO Revolving Fund Approach in the Americas
Ensuring Timely and Sufficient Vaccine Supply

PAHO’s Sustainability Model
for National Immunization Programs

National Plans:
Vaccine Forecasts
(PAHO 173)

Revolving Fund
Mechanism:
“Facilitating Access” to Vaccines
at Affordable Prices

National Financing:
Budgets & Legislation

How?

• Pooled procurement approach – economies of scale
• Apply tech criteria to guide supply allocation minimizing risks of shortages; coordinate loans of vaccines to countries
• Keep countries informed on global vaccine market dynamics
• Building capacity in countries on demand planning and financial sustainability
• Monitor technical eligibility of vaccines & respond to claims
• Leveraging capital fund and credit line for country financing
• Transform customer value proposition, key processes, key resources & sustainability - turnover formula
Working Capital Fund Objective:

Common fund that gives PAHO Member States access to financial credit to place vaccine procurement orders & to defer payment for 60 days following satisfactory receipt of order

Source of Credit: 4.25% Contribution

3% of net value goods contributes to the working capital fund
1.25% defray part of PAHO administrative & operating costs
Access Challenges: Measles Containing Vaccines
Challenges for the supply

- Stagnant/decreasing coverage rates
- Global supply constraints for critical vaccines like IPV, Measles Containing Vaccines, Yellow Fever, HPV
- Concentrated (monopolistic) supply market for some products
- High prices for new vaccines
- Forecasting accuracy, programme planning and stock management
- Suboptimal production capacities and product portfolio for the national manufacturers in the Latin America
Global Imbalance between Supply and Demand - PAHO
Demand Outlook for Measles Containing Vaccines (MCV), 2019

- Demand for MCV in Region has increased dramatically
- PAHO’s demand represent 10% of the combined global demand from UN procurement mechanisms.
- Planned global measles campaigns can reduce availability.
- More accurate forecasting, regular monitoring of stock levels and timely decisions on procurement are essential.
- PAHO’s credit line used to finance MCV
Financing for the Procurement of Measles Containing Vaccines, PAHO RF, 2018-19

- Credit line (in million USD)
- Pre-payment (in million USD)

2018
Total $151M
- 62.3% $94M
- 37.7% $57M

2019*
Total $103.4M
- 54.5% $56.4M
- 45.5% $47M

* As of 27 Sept. 2019
Proposal for Joint Forecasting for Vaccines*

<table>
<thead>
<tr>
<th>✔️ What we will do together</th>
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<tbody>
<tr>
<td><strong>Coordinated approach</strong> to demand planning</td>
</tr>
<tr>
<td>Development of <strong>Regional solidarity</strong> strategies</td>
</tr>
<tr>
<td><strong>Coordination of demand planning</strong> with suppliers &amp; supplier visits (sometimes)</td>
</tr>
<tr>
<td>Alignment on <strong>key supplier performance metrics</strong></td>
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<td>Sharing of <strong>synthesized market intelligence</strong> and general supplier performance</td>
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<td><strong>Sharing information</strong> on stock levels and procurement pipeline</td>
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<tr>
<td>Providing <strong>improved demand visibility</strong> for multi-year planning</td>
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| ❌ What self-procuring countries will do themselves                                            |
| **Long-term agreements** with manufacturers                                                 |
| Managing **overall procurement operations with the suppliers** (Price, lead-time, delivery etc.) |
| **Execution of purchase orders**                                                            |

* Adapted from consolidated ARV demand planning initiative between Global Fund, PEPFAR and 11 Countries
Four Components of the RF Assessment & EY’s Maturity Model

<table>
<thead>
<tr>
<th>Customer Value Proposition (CVP)</th>
<th>Key Processes (KP)</th>
<th>Key Resources (KR)</th>
<th>Sustainability and Turnover Formula (STF)</th>
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</thead>
<tbody>
<tr>
<td>Understanding Member States' Needs</td>
<td>Regional Demand Planning 2.0</td>
<td>Purpose 5.0</td>
<td>Demand Growth 2.00</td>
</tr>
<tr>
<td>Quality Portfolio 5.0</td>
<td>Bidding 2.0</td>
<td>Talent 4.0</td>
<td>Operational Expenses 2.50</td>
</tr>
<tr>
<td>Low Cost Price 4.0</td>
<td>Procurement 2.0</td>
<td>Ways of Working 2.0</td>
<td>Financial Asset Turnover 2.00</td>
</tr>
<tr>
<td>Access to Credit Line 4.0</td>
<td>Total P/O Management 2.0</td>
<td>Technology 2.0</td>
<td>Operational Performance Measurement 1.50</td>
</tr>
<tr>
<td>Immunization Market Intelligence 3.0</td>
<td>In-Country Logistics 1.0</td>
<td>Data 1.0</td>
<td></td>
</tr>
<tr>
<td>Managing Total Immunization Cost 2.0</td>
<td>Claims 3.0</td>
<td>Financial Resources 2.0</td>
<td></td>
</tr>
<tr>
<td>Financial SC Processes 3.0</td>
<td>Alliances + Partnerships 5.0</td>
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Current maturity of the RF was ranked at 2/5.

<table>
<thead>
<tr>
<th>Level &gt; Advanced</th>
<th>Level &gt; Developing</th>
<th>Level &gt; Established</th>
<th>Level &gt; Developing</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVP Score 3.8</td>
<td>KP Score 2.1</td>
<td>KR Score 3.0</td>
<td>STF Score 2.0</td>
</tr>
<tr>
<td>CVP Leading 5</td>
<td>KP Leading 5</td>
<td>KR Leading 5</td>
<td>STF Leading 5</td>
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### PAHO’s Technical Cooperation as a Market Shaper

<table>
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<tr>
<th>PAHO Unit</th>
<th>Strategic Objectives</th>
<th>Technical Cooperation Activities</th>
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| Revolving Fund* | **Strengthen key foundational elements for improved access**  
Systems/tools to support forecasting, data management and supply chain transparency |  |
| | **Ensure continued availability & affordability**  
Market transparency and competition, strategic procurement |  |
| | **Support efforts to stimulate innovation**  
Engage partners, recognize innovation in sourcing strategies |  |
| |  |  |
| |  | • Improve demand forecasting and stock monitoring tools  
• Calculate total immunization costs  
• Implement lot tracking  
• Develop product profiles |
| |  | • Refine tender, contracting and strategic procurement practices  
• Engage partners to monitor market information  
• Conduct market landscape analyses  
• Consider consolidated demand forecasting and coordinated ordering with partners  
• Strengthen networking with partners and suppliers (e.g. DCVMN and regional suppliers)  
• Consider advanced procurement arrangements (e.g. pandemics)  
• Consider use of credit line for financial incentives (e.g. pre-payments, buy-downs, etc.) |

*RF Assessment
IT Transformation Objectives for Procurement Funds*

**IMPROVE**
- PMIS PROCESSES
- FINANCIAL TRACKING
- DEMAND TRACKING
- PROCESS AUTOMATION
- DATA ACCURACY

**CONSOLIDATE**
- DEMAND DATA
- FINANCIAL DATA
- DASHBOARDS
- PROCUREMENT DATA
- SUPPLIER PERFORMANCE
- PRODUCT CATALOGS

**LEVERAGE**
- MS METRICS
- DEMAND METRICS
- BUSINESS
- INTELLIGENCE

*Acknowledgments: FPL/IM, HSS/MT, IT, PRO, FRM, LEG, PBU, CMU, & RFV + SF
CVP 2.0
PATH TO A DIGITAL PLATFORM

TRACEABILITY AND CONNECTIVITY
think: DELTA AIRLINES

AUTOMATED REPLENISHMENT OF VACCINES
think: AMAZON DASH

SUPPLY CAPACITY MONITORING
think: STUBHUB
The Revolving Fund Collaborative Initiatives with Global Partners

- EYE: Global Strategy for Yellow Fever Epidemic Elimination
- GPEI: Global Polio Eradication Initiative
- Monitoring of Vaccine Supply and Pricing Information Globally
- New Strategic Plan 2021-25
- Gavi: from 4.0 to 5.0
- Support group purchasing initiatives (e.g., APEC, ASEAN, WPRO, AFRO, others)
- Member of the International Coordinating Groups
- WHO/MI 4A HPV Advisory Group
- Supports “Pooled procurement initiatives" (e.g., APEC, ASEAN, WPRO, AFRO, others)
Thanks!
¡Gracias!
Merci!
Obrigado!

www.paho.org/revolvingfund