Prioritizing Access to Medicines and Supplies for Health Security and Universal Health
Since 2020, much has been reported about how the COVID-19 pandemic has spread aggressively throughout the world, including our Region of the Americas. Health systems were overwhelmed, response capacities were challenged, and frontline health workers found themselves overburdened, often without access to personal protective equipment, lifesaving medicines, and health technologies to tackle the pandemic.

Among the many lessons learned, perhaps the most humbling – and most pressing – is the inescapable conclusion that without equitable access to essential medicines and supplies, the health and wellbeing of our communities is impossible to safeguard.

Even as we continue to fight the current pandemic, we must be proactive and shift our focus to address future public health threats. Central to this must be our firm commitment to strengthening health systems as the foundation for public health. This means prioritizing equitable access to medicines and supplies as a core strategy in order to simultaneously achieve health security and universal health.

The Strategic Fund of the Pan American Health Organization (PAHO) is a noteworthy testament to the power of regional pooled procurement that is underpinned by solid evidence-based technical support, multilateral cooperation, and regional solidarity. During the 2020–2021 biennium, the Strategic Fund supported more than 70 million people across Latin America and the Caribbean with diagnostics and treatments across a variety of diseases, including HIV and tuberculosis, neglected tropical diseases such as leishmaniasis, chronic diseases including cancer and hypertension, and COVID-19 critical care medicines and tests.

In light of this encouraging progress, I am pleased to present the 2021 Annual Report of the PAHO Strategic Fund, which outlines many of these accomplishments. The PAHO Strategic Fund constitutes a regional public good for the Americas that can be leveraged by PAHO Member States to address public health priorities through its capacity to pool demand, and provide access to quality, affordable public health supplies. Moreover, the PAHO Strategic Fund forms a central pillar in the goal to build greater regional health systems resilience by leveraging pooled procurement to source critical lifesaving supplies in times of international public health emergencies.

Let us learn, therefore, from the success of the Strategic Fund and continue to invest in this solidarity-based regional public good that truly supports and works for our health systems. Together, we can continue to build resiliency with equity in the face of crises while ensuring affordability and accessibility for all peoples in the Americas.
THE STRATEGIC FUND
A Bridge Between Health Security and Universal Health

The PAHO Strategic Fund, also known as the Regional Revolving Fund for Strategic Public Health Supplies, is a mechanism for the pooled procurement of essential medicines and supplies across the Americas. Established at the request of Member States to improve access to quality, safe, effective, and affordable health products, the mechanism promotes efficient and sustainable health systems. Since its creation in 2000, the Strategic Fund has worked with countries and territories to strengthen demand-planning and national supply management systems while facilitating timely and continuous essential health services.

Notably, PAHO and its Member States have utilized the Strategic Fund as countries grappled with the COVID-19 pandemic to better respond to health emergencies while sustaining priority public health programs across several infectious and chronic diseases. This meant the mechanism focused on averting major stockouts due to COVID-19 and mitigating supply chain disruptions for essential medicines. This was done while continuing its existing work to improve demand-forecasting, support quality assurance and rational use of medicines, and ensure affordability of medicines to maintain primary care.

As of 31 December 2021, the Strategic Fund had procured over US$ 318 million in medicines and public health supplies on behalf of 30 participating entities, constituting a fourfold increase in utilization compared to the same period in 2019. In addition, the Strategic Fund facilitated innovative financing options, including donations, horizontal collaboration, and interest-free credit lines to procure timely medicines and health supplies. As a result, the PAHO Strategic Fund demonstrated its ability to bridge chronic health system gaps, strengthening regional health security and expanding access to lifesaving medicines and supplies required to achieve universal health.
BENEFITS OF THE STRATEGIC FUND

Technical Cooperation

- **Quality assurance**
  Application of regional/international norms and standards, use of pre-qualified suppliers, and coordination with multilateral partners

- **Technical expertise**
  Coordination with disease specialists on rational selection and use of medicines and other health technologies

- **Financing support**
  Interest-free credit lines and prepayment options

- **Cost savings**
  Lower product prices and reduced operational expenses

- **Regional collaboration**
  Robust partnerships and multi-county loans and donations in the spirit of Pan-American solidarity

- **Supply chain strengthening**
  Inventory assessments, demand forecasting, procurement planning, regional manufacturing, and capacity-building

SCOPE OF WORK

PARTICIPATING ENTITIES (51)

34 Member States and territories

17 Health agencies

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All products purchased through the Strategic Fund meet international standards for safety, efficacy, and quality. The Strategic Fund provides medicines and supplies included in the World Health Organization (WHO) Model List of Essential Medicines and Model List of Essential In Vitro Diagnostics, and adheres to the recommended PAHO/WHO guidelines on strengthening priority public health programs for communicable and noncommunicable diseases. This includes addressing neglected tropical diseases, improving vector control, and expanding COVID-19 related diagnostic kits and equipment.

Through its wide-ranging technical cooperation, the Strategic Fund supports national-level capacity-building for supply chain management, risk mitigation, demand forecasting, and procurement planning while ensuring a competitive price for all participating countries.

**STRATEGIC PUBLIC HEALTH SUPPLIES**

The Strategic Fund ensures access to more than 400 products for the Region.

In 2021, the Strategic Fund supported regional efforts to control and eliminate communicable and noncommunicable diseases by facilitating the procurement of public health supplies for Member States, including:

- **Diagnostic kits and equipment**
  - TB-LAM / Bioline TB Ag / BACTEC MGIT
  - Chagas / Leishmaniasis
  - Chlamydia / Gonorrhea
  - HIV self-test
  - GeneXpert 6-color and 10-color equipment
- **HIV**
  - Dolutegravir (pediatric)
- **Diabetes**
  - Long-acting insulin analogues
  - Glicazide

**NEW PRODUCTS OFFERED**

- **Neglected tropical diseases**
  - Dimethicone 92%
  - Nifurtimox (pediatric)
  - Niclosamide
  - Albendazole

- **Mental health**
  - Lorazepam
  - Risperidone
  - Amitriptyline

- **Antibiotics**
  - Ceftazidime-avibactam
### Responding to COVID-19

In 2021, the Strategic Fund facilitated procurement of **US$ 183 MILLION** related to COVID-19 medicines and supplies, managing over **200 shipments**.

<table>
<thead>
<tr>
<th>Country</th>
<th>Qty</th>
<th>Value</th>
<th>Items Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>4.6 million</td>
<td>US$ 1.4 million</td>
<td>COVID-19 Tests, PPE</td>
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<tr>
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<td>COVID-19 Tests</td>
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<tr>
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<td>COVID-19 Tests</td>
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</tr>
<tr>
<td>Honduras</td>
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<td>PPE + Equipment</td>
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<tr>
<td>British Virgin Islands</td>
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<td>COVID-19 Tests</td>
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CONTRIBUTION OF THE STRATEGIC FUND TO THE WORLD HEALTH ORGANIZATION PILLARS OF COVID-19 PREPAREDNESS AND RESPONSE

- Laboratory and Diagnostics
- Infection Prevention and Control, and Protection of Health Workforce
- Operational Support and Logistics, and Supply Chains
- Case Management, Clinical Operations, and Therapeutics
Immediately following the declaration of COVID-19 as a public health emergency, PAHO’s procurement and supply management worked with the Strategic Fund to mitigate complex market constraints, engaging with a range of new suppliers for personal protection equipment (PPE), diagnostic tests, and other biomedical technologies in order to manage increased demand for health products, identify potential shortages of pharmaceutical ingredients, and import/export restrictions.

Building on progress made in responding to COVID-19 in 2020, this collaboration involved participating in several working groups, forums, and summits for global access and risk mitigation. The Strategic Fund and PAHO’s procurement and supply management also liaised with United Nations agencies and commerce stakeholders from multiple countries to identify new, reliable sources and better understand the market dynamics for novel products related to COVID-19 response. These efforts primarily focused on working with regional suppliers to ensure continuous access, reduce or absorb freight costs, and promote resilience through risk mitigation and close collaboration.

Global negotiations with suppliers helped to significantly decrease the cost of COVID-19 tests, by securing a flat rate per test for the Region. In 2021, the Strategic Fund procured over 13 million COVID-19 rapid tests, reflecting an estimated US$ 2.5 million in freight savings for Member States.
Because many shipments were impacted due to COVID-19, PAHO’s procurement and supply management worked closely with the Strategic Fund, technical units, and country offices to identify alternative modes of transportation and ensure goods were delivered as quickly as possible. Meanwhile, the increased availability of virtual tools to support Member States and PWRs enabled more consistent communication with all stakeholders. This included holding regular virtual meetings with Country Offices and government partners to brief them on emerging barriers to product availability, logistical challenges, shifts in market dynamics, and guidance to avoid stock-outs. In order to reduce the cost impact of logistics, the team has explored shipping goods using a variety of transportation modes, including by air, sea, land, or a combination.

PAHO’s procurement and supply management began using novel software to help the Strategic Fund proactively identify, assess, and mitigate supply chain risk. PAHO was able to identify major threats to supply networks and collaboratively address them, such as identifying when an airport or port was not operational. This has helped ensure PAHO is well-positioned to respond to the needs of health systems and public health within Member States.
**NONCOMMUNICABLE DISEASES**

The **HEARTS** initiative

**HEARTS** is an initiative led by Ministries of Health, along with the participation of local stakeholders and technical cooperation of PAHO, that promotes the adoption of global best practices in the prevention and control of cardiovascular diseases.

Identification and market assessments for WHO-recommended medicines and protocols for cardiovascular diseases are as follows:

1. Technical coordination to help align treatment protocols and national formularies
2. Demand planning and consolidation through established long-term agreements
3. Support for the acquisition of standard-setting blood pressure devices
4. Introduction of fixed-dose combination anti-hypertensives
As part of the HEARTS Initiative, the Strategic Fund worked closely with technical experts and global partners (e.g., Resolve to Save Lives) to help manage cardiovascular diseases in the Americas. Key to this effort has been the development of new, long-term agreements for 15 anti-hypertensives. This collaboration significantly lowered costs and ensured competitive prices for cardiovascular drugs across Latin America and the Caribbean. Through initiatives like these, the Strategic Fund played a pivotal role in supporting universal access to noncommunicable disease treatments for Member States in the Region, which is especially critical following disruption to essential medicines posed by COVID-19.

Because many treatments for cancer are expensive and challenging to procure, especially in resource-constrained health systems, the PAHO Strategic Fund has collaborated with technical partners and global initiatives to improve the availability and accessibility of oncological medicines, including for cervical and pediatric cancers. The mechanism has addressed major bottlenecks including outdated national medicines lists, fragmented procurement plans, inadequate quality assurance, and more. The Strategic Fund successfully secured groundbreaking long-term agreements with manufacturers in 2018, and was able to offer similar biotherapeutic products for breast cancer in 2020. As a result, the initiative has addressed price-related barriers for these lifesaving treatments. In addition to improving the availability of biosimilar treatments for cancer, the Strategic Fund has also coordinated decision-making by identifying cost-effective cancer treatments through technical support and guidance with PAHO experts.
Neglected Tropical Diseases: Health Products for Tungiasis

The Strategic Fund, in close collaboration with PAHO specialists in neglected tropical diseases (NTDs), worked to facilitate access to Dimethicone 92%, a crucial medical device to help treat Tungiasis. This is a significant milestone in the fight against this neglected tropical disease, as the device has not been easily available in national markets throughout the Region. Through an interprogrammatic effort, the Strategic Fund has been able to help ensure that Dimethicone 92% is available for procurement through PAHO. This achievement will have a direct impact on the health and well-being of some of the most vulnerable communities in Latin America and the Caribbean that would otherwise be unable to control Tungiasis.

Opportunistic Infections: Addressing market gaps

Given the increased necessity in the Americas for medicines to address opportunistic diseases, such as cytomegalovirus and systemic fungal infections, the PAHO Strategic Fund performed a market and price study. This helped PAHO analyze gaps in availability caused by high costs of these vital treatments. As part of this effort, the Strategic Fund evaluated a range of possible manufacturers and suppliers to increase access to quality-assured products for the Region. The mechanism was also successful in supporting Member States to procure other critical medicines for opportunistic infections, such as Valganciclovir and Fluocytosine.

Panama Warehouse: Integrated work on Chagas Disease, Malaria, and Leishmaniasis

To support a robust disease elimination strategy, and in close collaboration with PAHO’s communicable diseases experts, the Strategic Fund supported a Regional Warehouse of Donations in Panama to improve access to medicines for NTDs by distributing essential products to 21 countries in the Region.

In 2021, the warehouse procured key medicines for NTDs, expanding access to treatments for Chagas disease across 13 countries, treatments for leishmaniasis across 7 countries, and products for malaria across 17 countries (including over 85,000 antimalarial treatments and 75,000 rapid tests).
USE OF THE CAPITAL ACCOUNT

The Strategic Fund Capital Account provides financial assistance to countries through an interest-free line of credit (LOC). This credit can be used to pre-pay suppliers before receiving products, thus helping to facilitate better planning, prevent stock-outs, respond to emergency needs, and ensure continuity of supplies. The mechanism therefore supports Member States to:

- Overcome national policies that prohibit pre-payment
- Acquire health products necessary for emergency response
- Mitigate possible increases in transportation charges and medicine costs
- Improve efficiency in supply chains and delivery through strengthened planning
- Plan more predictably for essential health services and priority programs
- Support countries in achieving their public health objectives despite financial constraints

In 2021, the Strategic Fund extended over US$ 72 million to help Member States pay for essential medicines and supplies (at a cumulative utilization rate of over 100% of the Capital Account).

At the end of 2021, the Strategic Fund Capital Account had increased to US$ 31 million (a 30% increase over 2020). Furthermore, the Strategic Fund granted lines of credit to 14 Member States to facilitate access to essential medicines in a timely manner.

1 Credit lines assigned to signatory Member States must be paid within 60 days of having received the product.
2 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 same fiscal year.
DEMAND CONSOLIDATION

Why Is Demand Consolidation Through the Strategic Fund Important?

- Better-positioning to negotiate with suppliers for lower prices, preferential service, and appropriate labeling.
- Improved assurance of supply by securing the right medicines at the right time, through timely communication with manufacturers and transportation partners.
- Reduced emergency requests, risk of stock-outs, and supply chain disruptions.
- Technical cooperation through context-specific treatment protocols and potential optimization opportunities, migration to PAHO/WHO recommended treatment protocols, quantity and cost saving opportunities.
- Development of procurement plans for Member States, ensuring better cash flow planning and optimizing the use of the Strategic Fund credit lines.
- Support for strengthening of information systems and inventory management, improve quantification methodology, and enhance forecasting.
- Analyses of demand plans versus procurement, continuously improving accuracy and bolstering visibility in the procurement process.
- Optimized transportation routes and modes (maritime vs. air), saving up to 400% in costs and reducing the carbon footprint up to 90%.

US$ 318 MILION
IN PURCHASES PLACED IN 2021
A fourfold increase compared to the same period in 2019

- ANU 2,350,000 ANTI-MALARIAL TREATMENTS PROCURED
- ANU 695,000 ANTI-TUBERCULOSIS TREATMENTS PROCURED
- ANU 485,000 ANTI-RETROVIRAL TREATMENTS PROCURED
- ANU 310,000 ANTIBIOTIC TREATMENTS PROCURED
Countries and territories across Latin America and the Caribbean have requested urgent support from PAHO for loans and donations of essential medicines following disruptions in global pharmaceutical supply chains that led to stock-outs and delayed procurement. In 2021, the Strategic Fund and PAHO country offices, facilitated more than 18 multi-country collaborations. This included supporting over 100 requests for loans and donations across the Americas to mitigate stock-outs for tuberculosis, mental health, HIV and COVID-19 critical care.

Center for Global Development

In a continued effort to strengthen its partnerships across the Region and bring a more evidence-based approach to our efforts, the PAHO Strategic Fund partnered with the Center for Global Development (CGD) – a major global health and development think tank based in Washington, D.C. – to host a virtual discussion on the role of pooled procurement mechanisms in advancing the availability of essential health products and services amid complex challenges such as COVID-19. The webinar, which featured PAHO experts alongside country representatives and leading scholars, expanded on related CGD work while focusing on the experiences of the PAHO Strategic Fund. Additionally, the discussion helped launch the Strategic Fund’s 2020 Annual Report, where participants highlighted the advantages, barriers, and challenges associated with ensuring the pandemic response while maintaining priority public health commitments.

Horizontal Technical Cooperation Group (HTCG) Collaboration on Stock Monitoring

Within the framework of technical cooperation to expand access to essential medicines and supplies, PAHO and HTCG worked closely to develop several joint activities. These initiatives were aimed at ensuring the continuous availability of medicines for HIV and other sexually-transmitted diseases, tuberculosis, and viral hepatitis, as well as supplies for the diagnosis and monitoring of these diseases. Through this novel collaboration, a regional stock monitoring and supply analysis was performed in order to identify potential stock-outs or overstock risks, and develop mitigation plans in response. This project averted imminent stock-outs in three Latin American countries, while mitigating moderate stock-out risks in other countries.
RESEARCH SPOTLIGHT

COVID-19 pushed all countries to revise their strategies for pandemic preparedness and response. As part of these efforts, the Strategic Fund reflected on its own role in responding to the global health emergency, analyzing lessons learned and compiling best practices to contribute toward the evidence for strengthening health security and universal health ahead of future crises. This included assessing the role of regional pooled procurement mechanisms, such as the Strategic Fund, and their ability to deliver on five key areas: technical cooperation, pooled procurement, quality assurance, capacity-building, and innovative financing. The findings were published in a landmark article in *The Lancet Regional Health - Americas*.

DIGITAL INNOVATION

PAHO’s procurement and supply management worked with the Strategic Fund and other technical units to develop a ground-breaking collaboration portal. This portal helps streamline processes between suppliers, national agencies, and PAHO around the clock, and 143 suppliers of the Strategic Fund are currently using the platform to manage shipping documents. It features automatic alerts of shipment status, reduces the need for laborious steps (such as manual transcribing purchase orders), and provides a reliable, user-friendly IT system. To complement these efforts, the portal includes new standard operating procedures and over 50 virtual trainings for over 100 suppliers. Additionally, novel and innovative technologies have been applied to enhance user experience, such as implementing robotic process automation that reduce repetitive and routine tasks to increase productivity and accuracy. As a result, the PAHO Strategic Fund has been able to increase process efficiencies and improve communication and value for its Member States.
With the support of the PAHO Strategic Fund, the Colombian Ministry of Health and Social Protection acquired medicines valued at over US$ 7 million, which has supported the treatment of over 2 million people with vector-borne diseases such as malaria, leishmaniasis, and Chagas disease. In addition, Colombia has been able to maintain its commitment to strengthening the control and elimination of Hepatitis C. This work has made progress on the Sustainable Development Goals (SDGs); through collaboration with the Strategic Fund, more than US$ 4 million in medicines have been purchased, which has enabled coverage to be extended to more than 1,000 people with Hepatitis C.

The PAHO Strategic Fund has supported the Brazilian government since 2001 in purchasing quality-assured medicines and supplies for malaria, leishmaniasis, tuberculosis, HIV and Chagas disease programs, as well as anthelmintics and insecticides.

In 2021, given the challenging context of the COVID-19 pandemic and the shortage of medications for orotracheal intubation in the Brazilian market, the Strategic Fund also supported the Ministry of Health (MoH) in purchasing these medications.

To better support Brazil during this emergency, a Task Force was coordinated by the PAHO Office in Brazil, with the participation of the MoH and Anvisa, to quickly guarantee and comply with the technical, regulatory, and administrative requirements, and to ensure the supply of medicines to fight the disease. The creation of this working group facilitated the communication between the three entities to participate in procurement processes, eliminating bottlenecks and promoting access to medicines to meet the population's needs.

During this period, approximately 23 million units of 17 orotracheal intubation medicines were procured, totaling an investment of US$ 76 million, which were distributed to all the states in partnership with the National Council of Health Secretaries (CONASS) and the National Council of Municipal Health Secretariats (CONASEMS).

Regarding the medicines acquired by the Strategic Fund, in 2021, 110.5 million units of medications and insecticides, totaling US$ 64 million, were delivered to treat leishmaniasis, tuberculosis, HIV, Chagas disease, and helminths. These medicines and health supplies were not previously registered or marketed in Brazilian territory.

The technical and administrative work of the PAHO Office in Brazil, together with colleagues based at headquarters in Washington, D.C., as well as the partnership established with the MoH and Anvisa, were of great importance in reaching the results presented.
In 2021, the Ministry of Public Health (MSP) of Ecuador and the Ecuadorian Institute of Social Security (IESS) tripled their purchases through the PAHO Strategic Fund, benefiting more than 1.2 million people in the priority areas of HIV, tuberculosis, NTDs, and COVID-19. The Strategic Fund facilitated the acquisition of more than US$ 3 million in essential medicines for ICU patients seriously affected by COVID-19, as well as diagnostic kits that were not available locally.
The PAHO Strategic Fund Annual Report 2021 outlines progress made over the past year in helping ensure access to essential medicines and public health supplies while responding to the COVID-19 pandemic, in an effort to strengthen health systems that bridge health security and universal health. The report covers various aspects of the Strategic Fund, including benefits offered, participating stakeholders, product offerings, and key initiatives. It also provides useful data, information, statistics, and examples of ways in which the Strategic Fund has facilitated technical cooperation across the Region of the Americas. This report aims to summarize the critical work undertaken by the Strategic Fund during 2021 and offers insight into its operating principles and goals for long-term strengthening and support of health systems in the Region.