

# STRATEGIC FUND

Improving Access to Quality Medicines and  
Strategic Public Health Supplies in the Americas

ANNUAL REPORT 2019



**PAHO**



Strategic Fund Annual Report 2019. Improving Access to Quality Medicines and Health Technologies in the Americas

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## Preface



**Dr. Carissa F. Etienne**  
**Director**  
**Pan American Health Organization**

To address critical gaps for advancing universal health in the Region of the Americas, the Pan American Health Organization (PAHO) worked closely with governments of the Americas to establish in 2000 the Regional Revolving Fund for Strategic Public Health Supplies, more commonly known as the PAHO Strategic Fund. Ever since, Member States have used the Fund to procure essential medicines and supplies, improving access to quality health care while strengthening the sustainability of health systems.

I am proud to present the 2019 Annual Report of the PAHO Strategic Fund, which details the progress made possible through close technical cooperation with Member States. Because of the Fund's effectiveness in facilitating enhanced supply chain management of critical public health supplies, we have signed participating agreements with 34 countries and territories and developed new partnerships with pivotal health agencies. Procurement volume through the PAHO Strategic Fund has increased by 81% compared to 2018, proving the Fund is an important mechanism to achieve health for all.

Responding to the increasing needs of Member States, the Strategic Fund has negotiated long-term agreements for WHO-prequalified HIV/AIDS and cancer treatments at substantially reduced prices, spearheaded a joint initiative for cardiovascular diseases, and strengthened in-country capacity-building for demand forecasting and inventory management. These initiatives have directly provided treatments for over 7.5 million people in 2018 and 2019, and will enable millions more to access high-quality medicines, diagnostic kits and equipment, vector control materials, and other health supplies and technologies that remain affordable in the coming years.

Health emergencies are on the rise and programs like the PAHO Strategic Fund are critical for ensuring health systems that are resilient to outbreaks and other public health threats. We will continue to work with Member States to address new challenges by guaranteeing the continuous and efficient supply of essential medicines and health technologies in priority areas of both communicable and noncommunicable diseases. An expression of PAHO's commitment to the Sustainable Development Goals, the PAHO Strategic Fund is an example of what is possible when we work together with Member States in the pursuit of health for all.



## The Strategic Fund:

### Supporting Universal Health in the Americas

Equitable access to medicines and other health technologies is a key component of universal access to health and universal health coverage. Progress toward strengthened health systems requires robust coordination among stakeholders to overcome barriers to access and ensure equitable distribution of quality essential medicines and public health supplies. This includes leveraging effective management strategies and optimizing the use of limited available resources.

Despite significant progress being made by countries in the Region of the Americas, access to medicines and other health products continues to be a major challenge due to rising costs, lack of financial resources, limited product availability, and substandard quality.

In 2000, the Pan American Health Organization (PAHO) established the Strategic Fund to improve access to quality-assured, safe, and efficacious medicines and other health supplies with a view to strengthening the efficiency and sustainability of public health systems in the Americas.

The Strategic Fund is a regional technical cooperation mechanism for the pooled procurement of essential medicines and strategic health supplies. The Fund contributes to countries' commitments to achieving the Sustainable Development Goals (SDGs) by facilitating access to affordable, quality-assured medicines and public health products.

## Benefits of using the Strategic Fund by Member States



Increased access to essential medicines and strategic health supplies.



Coordination with PAHO programs to provide interprogrammatic technical cooperation.



Quality assurance for all products procured.



Sustainable reduction in prices of critical medicines and health supplies.



Strengthened supply chain management and country ownership.



Demand consolidation to leverage economies of scale.



Financing options to facilitate Member State procurement.



Transparency and governance in pricing and international bidding processes.



Robust partnerships with the United Nations system and other agencies.





DECEMBER 2019

34

countries and territories

10

social security and public health institutions

have signed agreements to participate in the Strategic Fund.

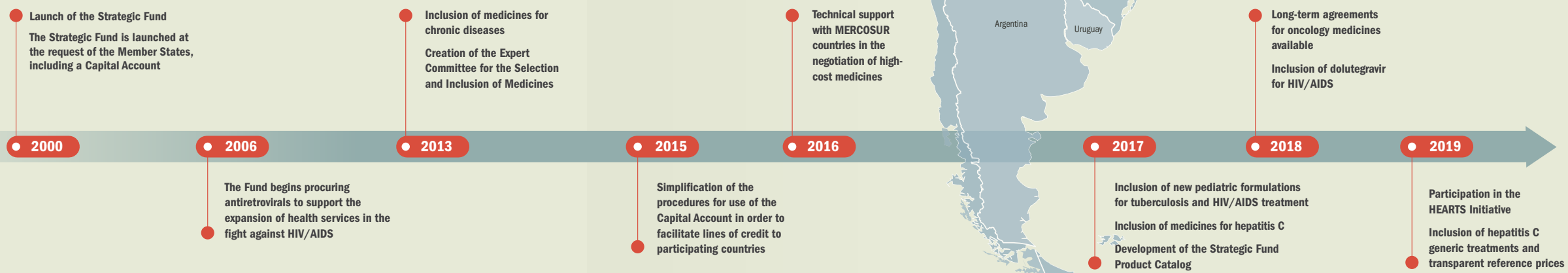


**SOCIAL SECURITY INSTITUTES**

- Instituto Guatemalteco de Seguridad Social**  
(Guatemalan Institute of Social Security)
- Instituto Salvadoreño del Seguro Social**  
(Salvadoran Institute of Social Security)
- Instituto Salvadoreño de Bienestar Magisterial**  
(Salvadoran Magisterial Welfare Institute)
- Caja Costarricense de Seguro Social**  
(Costa Rican Social Security Fund)
- Instituto Nicaragüense de Seguridad Social**  
(Nicaraguan Social Security Institute)
- Seguro Social de Salud del Perú**  
(Peruvian Health Social Security)
- Instituto Venezolano de los Seguros Sociales**  
(Venezuelan Institute of Social Security)

**INSTITUTES OF PUBLIC HEALTH**

- Instituto Nacional Central Único Coordinador de Ablación e Implante (INCUCAI)**  
(National Central Coordinator Institute for Ablation and Implant)
- Instituto Carlos Malbrán**  
(Carlos Malbrán Institute)
- Instituto Nacional de Higiene**  
(National Institute of Hygiene)



# Strategic Fund Portfolio

All the products purchased through the Strategic Fund meet international standards for safety, efficacy, and quality. The Fund provides medicines and supplies included in the World Health Organization (WHO) Model List of Essential Medicines and adheres to the recommended guidelines to strengthen priority public health programs for communicable and noncommunicable diseases, neglected tropical diseases, vector control, and diagnostic kits and equipment.

By pooling resources, the Strategic Fund offers significant savings for Member States by securing prices that are often considerably lower than market rates.

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

Available WHO-prequalified diagnostic tests:

- Serological tests for HIV/AIDS (includes dual HIV/syphilis test and HIV/self-test)
- Rapid diagnostic tests for HIV/AIDS (oral fluid)
- Serological tests for hepatitis B and C
- Virological tests for HIV/AIDS, HPV, and hepatitis B and C
- Rapid malaria tests
- Xpert® MTB/RIF tests for tuberculosis

[http://www.who.int/diagnostics\\_laboratory/evaluations/PQ\\_list/en/](http://www.who.int/diagnostics_laboratory/evaluations/PQ_list/en/)

## IN 2019

The Strategic Fund updated its Product List to include the following additional products:

- 11  
**ANTIFUNGAL MEDICINES**
- 8  
**ANTITUBERCULOSIS MEDICINES**  
for pediatric populations
- 7  
**ANTIRETROVIRALS**  
(ARVs) for pediatric and adult populations
- 6  
**ANTIHYPERTENSIVE MEDICATIONS**
- 2  
**ANTIVIRALS FOR THE TREATMENT OF HEPATITIS C**

The Strategic Fund product list is available at:  
[www.paho.org/strategicfund](http://www.paho.org/strategicfund)

# More than **395** products for the Region

## STRATEGIC PUBLIC HEALTH SUPPLIES

In **2019**, the Strategic Fund supported regional efforts to **control and eliminate** communicable and neglected tropical diseases by procuring insecticides and mosquito nets for Member States.

The Fund also procured:.....

**1,622,950** rapid diagnostic tests for **syphilis**

**970,140** rapid diagnostic tests for **HIV/AIDS**

**453,300** rapid diagnostic tests for **malaria**

**84,550** **Xpert® MTB/RIF** cartridges for resistant TB



# Key Activities Executed



Regional interprogrammatic missions related to HIV, hepatitis C, malaria, Chagas disease, cardiovascular diseases, and cancer to improve access and negotiate prices.



In-country engagement to facilitate demand planning & consolidation, support agency donations, and prevent stockouts & supply chain issues.



Technical cooperation missions to more than ten countries.



Strengthening supplier relationship management by acquiring market intelligence and improving supply chain service levels in Member States.

# Quality Assurance

The Strategic Fund interprogrammatically leverages proven mechanisms to assure regulatory requirements for the quality of its products according to international standards, optimizing health technologies and improving health outcomes:

**WHO Prequalification Program (PQ)**, which employs transparent and scientific assessments, including a dossier review, consistency testing, supplier performance evaluation, and site inspections to manufacturers.

**National Regulatory Authorities of Regional Reference (NRAs)**, in the countries that have been designated as reference authorities through PAHO's evaluation processes (Resolution CD50.R9). These regulatory bodies develop health regulations to guarantee the quality, safety, and efficacy of medicines.



# Strengthening Supply Chain Management

Ensuring access to medicines and other health supplies requires the commitment and implementation of comprehensive policies and strategies by the Member States. In coordination with PAHO

technical programs and country offices, the Strategic Fund works with participating countries across the Americas to strengthen their supply chain systems through:



Demand planning to prevent shortages, delays, and wastage



Selection and incorporation of cost-effective products



Quality assurance of available medicines



Rational use of essential medicines and public health supplies.





# Technical Cooperation

The Strategic Fund facilitates interdisciplinary and collaborative technical cooperation to promote timely access to necessary products and the appropriate use of the products in participating countries.

## Regional Distribution Center

In 2014, PAHO established the Regional Warehouse for Donations in Panama, through a joint interprogrammatic effort between the Strategic Fund, PAHO's Neglected, Tropical and Vector-borne Diseases Unit, and the PAHO country office in Panama. The Warehouse seeks to improve access, distribution, and availability of medicines and strategic public health supplies for malaria, Chagas disease, and other neglected tropical diseases (NTDs).

This initiative has enabled Member States to strengthen their commitments to eliminate various diseases by increasing accessibility for key medicines and supplies (even when required in limited quantities), developing joint efforts with WHO and its partners to ensure that products arrive on time, and establishing best practices for distributing medicines that are difficult to procure in the Region.

In 2019, the Regional Warehouse managed the effective distribution of:

- **235,840** Chagas treatments in 9 countries
- **119,920** antimalarial treatments in 16 countries
- **26,650** mosquito nets in 2 countries
- **12,475** rapid diagnostic tests in 1 country
- **65** leishmaniasis treatments in 6 countries



# The HEARTS Initiative

In coordination with participating Member States, the Strategic Fund supported the implementation of the HEARTS in the Americas initiative to improve the availability, affordability, and quality of cardiovascular medicines through scale-up and institutionalization of country-led projects, including:

- incorporating competitively priced, quality-assured fixed-dose combination (FDC) antihypertensive medications in national formularies, in alignment with the WHO Essential Medicine List;
- evaluating market dynamics to improve procurement mechanisms for cardiovascular products;
- conducting technical meetings on the standardization of treatment protocols to build consensus on comprehensive strategies for reducing the burden of cardiovascular diseases (including hypertension) and increasing secondary prevention; and
- consolidating demand for antihypertensive drugs with 12 participating countries and launching a bidding process to improve access to quality and competitively-priced medicines.





## Demand Consolidation

The Strategic Fund provides technical cooperation to enhance access to medicines through consolidation of regional demand for priority products, centralizing sourcing, maximizing economies of scale, and enhancing international competition in the procurement of health supplies. By doing so, the Fund is able to overcome significant challenges within the health technologies market by drastically lowering the cost of products and achieving sustainably affordable prices on behalf of Member States.

In 2019, more than 480 shipments totaling US\$80 million of 256 essential health supplies (products/presentations) were sourced from more than 55 quality-assured suppliers.

# US\$80 MILLION

FOR PURCHASES OF **256** ESSENTIAL HEALTH SUPPLIES

# 19

PARTICIPATING COUNTRIES PURCHASED ARVS AND ANTI-TB TREATMENTS THROUGH THE FUND IN 2019



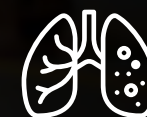
# 420,620

PEOPLE LIVING WITH HIV/AIDS RECEIVED ANTIRETROVIRAL TREATMENT



# 319,194

PEOPLE RECEIVED ANTIMALARIAL TREATMENTS



# 96,096

PEOPLE WITH TB RECEIVED TREATMENT

## Transparency in International Bidding Process

The Strategic Fund ensures high standards and transparency in the procurement process, in line with the United Nations' best practices. The Fund establishes long-term agreements (LTAs) with suppliers to set fixed prices for several strategic medicines and critical health supplies and ensures timely delivery of these quality-assured products.

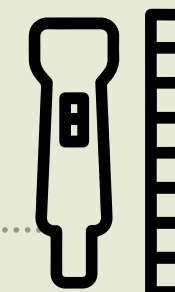
In **2019**, the Strategic Fund established:

# 137 LTAs



to secure competitive prices for essential medicines

# 102 LTAs



for diagnostic kits



# Capital Account

The Strategic Fund Capital Account provides financial assistance to countries through an **interest-free line of credit\*** that is used to prevent stock-outs and ensure the continuity of supplies, thus facilitating better planning by helping the Member States to:

- improve demand forecasting for product acquisitions;
- guarantee lower procurement costs;
- improve efficiency in the procurement process; and
- foster country ownership of product purchases.

\* The lines of credit assigned to signatory Member States must be paid within 60 days of having received the product.

Between January 2018 – December 2019, the Fund granted

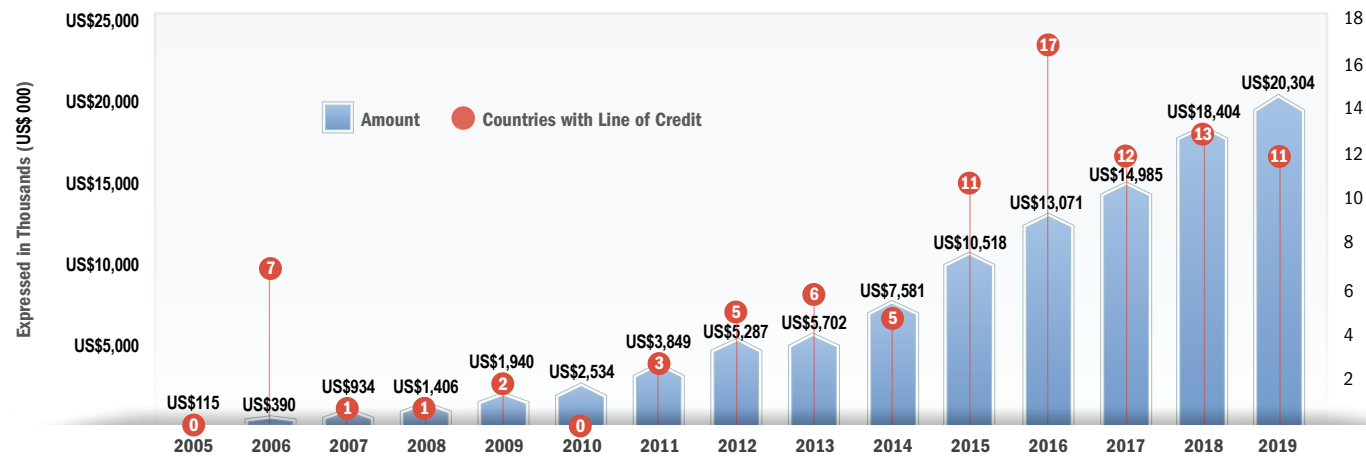
**43** lines of credit **»»** **16** Member States

In 2019, the Capital Account increased to

**US\$20M** **»»** **38%** growth from the previous biennium 2016-2017

**100%** of this amount was used by Member States to facilitate their access to essential medicines in a timely manner.

## Increase in value and use of the Capitalization Account (2005-2019)



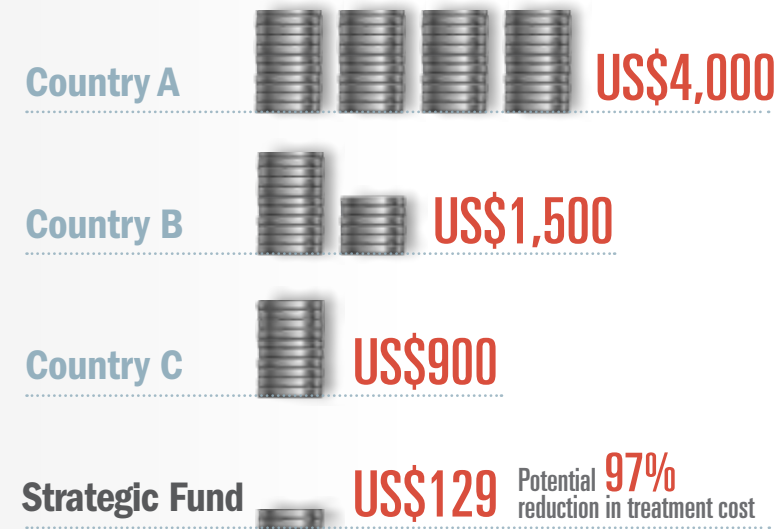
# Sustainable Reduction in Prices

## Hepatitis C Kills. Treatment saves lives.

Through the Strategic Fund, all Member States can access the most effective therapeutics to treat hepatitis C within three months, helping to meet the international hepatitis C elimination goal established for 2030. In 2019, the Strategic Fund added generic direct-acting antiviral medicines (DAAs) for hepatitis C treatment to its Product List.

Through the Strategic Fund, Member States in the Region may be able to procure WHO pre-qualified generics at significantly lower prices.

## Price comparison for treatment within Member States that can access hepatitis C generic treatment:



**PRE-QUALIFIED  
DIAGNOSTICS  
ARE AVAILABLE  
THROUGH THE  
STRATEGIC  
FUND**

## Competitive prices for treatment for people living with HIV/AIDS

The Strategic Fund managed to achieve competitive prices for the WHO-preferred ARV regime (tenofovir 300 mg/lamivudina 300 mg/dolutegravir 50 mg) at the cost of

**US\$69  
PATIENT/YEAR**

improving first-line treatment coverage and enhancing the efficiency use of financial resources by the Member States.

# Best Practices for Process Improvement

## Introduction to Operational Excellence (OpEx) Principles

In 2019, PAHO adopted operational excellence (OpEx) principles and practices in procurement focused on business lead-time reduction. This strategy, focused on lean concepts

like waste identification, value stream mapping, and voice of the customer (VOC), has already reduced lead times of major processes of the Strategic Fund by up to 20%.

## Use of Power BI and Robotics Process for Monitoring of Medicine Shipments

PAHO implemented new technological tools, such as Power BI and robotics process automation (RPA), to reduce time spent on administrative tasks while improving supplier management and timeliness of deliveries. Real-time data provided by Power BI has allowed the Fund to advance

in its vendor management and negotiation strategies by monitoring and assessing supplier delivery performance with up-to-date visual analytics, shipment traceability, and customized interactive reports.



# Partnerships

In 2019, the Strategic Fund continued to join forces with international partners to meet the needs and demands of participating countries and to offer comprehensive technical cooperation to the Member States. The Fund worked with:

- the Global Fund for AIDS, Tuberculosis, and Malaria (GFTAM) to improve demand forecasting and supplier performance management, especially for ARVs; and
- the United States Agency for International Development (USAID) to strengthen the national information system for medicines and better serve vulnerable populations living in remote areas.

**11.2 million bottles of ARVs corresponding to 1 million people.**

These partnerships have allowed the Strategic Fund to foster sustained collaboration among stakeholders, increase price competition, improve process monitoring, and support the nationalization of medicines.

For example, the Strategic Fund supported the acquisition of WHO-recommended first-line ARVs to treat HIV/AIDS and facilitated a multi-stakeholder initiative; financed by GFTAM and supported by Joint United Nations Programme on HIV and AIDS (UNAIDS), national agencies, and civil society organizations, to successfully procure over 11.2 million bottles of ARVs at competitive cost to support approximately 1 million people across the Region.



[www.paho.org](http://www.paho.org)



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