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ON PROGRAM, BUDGET, AND ADMINISTRATION  
OF THE EXECUTIVE COMMITTEE**

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**REPORT ON THE STATUS OF THE EMERGENCY LOAN FROM THE  
REVOLVING FUND FOR ACCESS TO VACCINES TO THE REGIONAL  
REVOLVING FUND FOR STRATEGIC PUBLIC HEALTH SUPPLIES**

**Introduction**

1. The purpose of this document is to report to the Executive Committee, through its Subcommittee on Program, Budget, and Administration, on the status of the emergency loan from the Capital Account of the Revolving Fund for Access to Vaccines (Revolving Fund) to the Capital Account of the Regional Revolving Fund for Strategic Public Health Supplies Fund (Strategic Fund). This loan has been made available in accordance with Resolution CE168.R10 (2021) to support the COVID-19 response and access to critical COVID-19 countermeasures.

**Background**

2. The COVID-19 pandemic has had a significant impact on health, national economies, and social sectors across the Region of the Americas. As part of their COVID-19 response, Member States of the Pan American Health Organization (PAHO) have sought increased support through the Strategic Fund to access critical COVID-19 public health supplies, including emergency-related medicines and other health technologies.

3. In May 2020, during a Special Session of the Executive Committee, Resolution CESS1.R1 was approved. It authorized a short-term internal emergency loan of up to a maximum of US \$50 million<sup>1</sup> through a transfer of funds on a rolling basis from the Capital Account of the Revolving Fund to the Capital Account of the Strategic Fund. In June 2021, the Executive Committee adopted Resolution CE168.R10, which extended the previously approved emergency loan through either 31 December 2023 or the date when the World Health Organization (WHO) declares the end of the pandemic, whichever comes first. The main reasons for the internal loan were the increased projected needs for COVID-19 health supplies being requested by Member States that participate in the Strategic Fund and the limited balance available in the Capital Account of the Strategic Fund to support advanced procurement of those supplies.

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<sup>1</sup> Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

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## Situation Analysis

4. The COVID-19 pandemic led to a significant increase in the regional demand for essential public health supplies. At the same time, constrained supply chains impacted production capacity at the global level and in the Region of the Americas, including for critical raw materials. This resulted in shortages of medicines and other public health supplies required both for responding to the COVID-19 pandemic and for maintaining priority public health programs.

5. Requests for technical support through the Strategic Fund increased significantly during the pandemic. From 2020 through 2022, the Strategic Fund procured over \$662 million in medicines and other public health supplies on behalf of 35 participating countries and entities. This translates to an estimated 93 million people throughout the Region of the Americas who have been supported by the Strategic Fund. Medicines procured included treatments for critical care of COVID-19 patients as well as essential medicines needed to maintain routine and primary health services across other priority health programs. Supplies provided through the Strategic Fund included personal protective equipment, in vitro diagnostics—in particular, polymerase chain reaction and antigen rapid diagnostic tests—and biomedical equipment.

6. Approximately 75% of requests for support through the Strategic Fund were prepaid by participating Member States during 2022. The balance came from the Capital Account of the Strategic Fund, often to expedite processes in the context of an emergency or budgetary constraint. The Capital Account receives funding from the capitalization component of the service fee, in accordance with Resolution CD58.R4 (2020), and provides PAHO Member States with a line of credit to purchase strategic public health supplies that Member States reimburse upon receipt of the products. When insufficient funds were available in the Capital Account of the Strategic Fund, an internal emergency loan from the Capital Account of the Revolving Fund was granted pursuant to Resolution CE168.R10.

7. Since 2019, the Capital Account of the Strategic Fund has increased by 85%, from \$18.4 million in January 2019 to \$33.9 million at the end of 2022. Countries made use of the Capital Account to rapidly access strategic public health supplies during the pandemic. The number of countries utilizing the Capital Account line of credit increased from 15 countries in the 2018-2019 biennium to 17 countries in the 2020-2021 biennium. The total cumulative utilization<sup>2</sup> of the Capital Account surpassed 100% in both 2020 and 2021, demonstrating a high usage and turnover of the funds. During 2022, the cumulative utilization reached 85%, with nine different countries requesting the line of credit. This slight decrease appears to be attributable to countries slowly but steadily reverting to standard operations for utilization of the Strategic Fund, which traditionally relies on programmatic and systemic budgeting and prepayments.

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<sup>2</sup> 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 fiscal year.

8. In 2022 a new internal emergency loan was made from the Capital Account of the Revolving Fund to the Capital Account of the Strategic Fund, per Resolution CE168.R10. The internal emergency loan was completed to avoid the shortage of essential health supplies for a Member State. This loan, like the loans made in the previous biennium, was subsequently repaid on time and without any adverse impact on the availability of funds for the procurement of vaccines through the Revolving Fund.

9. The Strategic Fund continues to make improvements to more effectively and efficiently support Member States. Improvements from 2022 included: *a)* rolling out a regional demand consolidation initiative to support more evidence-based forecasting, quantification, and financial budgeting; *b)* developing and operationalizing a plan for supply chain management characterization and capacity strengthening; *c)* developing a loans and donation coordination platform facilitated by the Strategic Fund to support horizontal cooperation between Member States; *d)* implementing various analytical dashboards to better track key performance indicators and real-time data; *e)* transitioning and adapting treatment protocols to yield better cost savings; and *f)* facilitating the expansion of Strategic Fund support to a total of 54 participating entities. These improvements in performance management have mitigated the need on a number of occasions for a short-term internal emergency loan through a transfer of funds from the Capital Account of the Revolving Fund to the Capital Account of the Strategic Fund.

10. The internal emergency loan continues to be a critical tool for meeting the additional demands posed by Member States in support of COVID-19 countermeasures. The loan increases the short-term capacity of the Strategic Fund to enable access to vital emergency supplies for the COVID-19 emergency response while also ensuring continuous access to essential medicines and supplies necessary to maintain other priority public health programs. The Pan American Sanitary Bureau (PASB or the Bureau) previously established the necessary planning and operational mechanisms to determine the amounts and timing of any transfer from the Revolving Fund to the Strategic Fund to better meet the needs of Member States, as required. The Bureau has also implemented appropriate managerial and financial controls to ensure timely reimbursements to the Revolving Fund so that there is no impact on the ability of PASB to support Member States participating in the Revolving Fund.

### **Monitoring and Evaluation**

11. The internal emergency loan will continue to be administered with established procedures and controls in place, including but not limited to: *a)* regular analysis of forecasts for support through the Strategic Fund and the Revolving Fund; *b)* financial analysis of the utilization and availability of capital in each Fund; and *c)* securing of formal commitments from Member States for the timely repayment of the amounts received under the lines of credit. In all situations, any loan request will continue to be made in line with CE168.R10 and subjected to a thorough analysis to ensure there is no impact on the Revolving Fund's capacity to support operations during the stated loan period. The Strategic Fund will continue to improve the efficiency and effectiveness of the end-to-end procurement processes through collaborations to strengthen supply chain management capabilities and digital transformation initiatives.

**Action by the Subcommittee on Program, Budget, and Administration**

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

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