

COVID-19 Impact on Health Product Supply: Assessment and Recommendations

15 January 2021

The COVID-19 pandemic is impacting global health product supply chains, affecting key materials and ingredients, finished health products, logistics, shipping and more. The Global Fund is constantly and closely working with suppliers and partners to assess the impact on core health product supplies and provide recommendations for implementing partners on how to manage the impact.

This regularly updated document contains our most recent assessment and recommendations. Access the [latest version of this document](#) on our [COVID-19 Health Product Supply webpage](#).

Assessment

The Global Fund’s product and delivery outlook shows the overall impact of COVID-19 on health product supply chains for Global Fund grants remains at **moderate**.

| Area | Situation Update | Operational Risk Assessment |
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| <p>All pharmaceuticals Including antiretroviral, malaria and TB medicines</p> | <p>In India, reduced production is expected to continue through the lockdown period. Delays of 1-3 months are to be expected over the next few months. We continue to monitor progress directly with suppliers and the U.S. Government, WHO, the Stop TB Partnership and other partners to support access to needed products despite the challenging situation.</p> | <p>Moderate</p> |
| <p>Long-lasting insecticidal nets</p> | <p>LLIN production is ongoing in China, Tanzania and Viet Nam. Production in India is not impacted by the extended COVID-19 lockdown measures. Active ingredient production in India is still compromised and is impacting LLIN suppliers outside of India. The supply situation is closely monitored. Production of Next Generation nets in China and Thailand is at full capacity. Early order placement would ensure timely delivery.</p> | <p>Moderate</p> |
| <p>Diagnostics</p> | <p>Latest coordinated procurement process conducted jointly with partners suggests that there is sufficient capacity to ensure supply in 2021. However, the COVID-19 pandemic and supplier lockdown may still cause production interruptions and delays. Good order planning will help secure supply.</p> | <p>Moderate</p> |

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| <p>Freight and logistics</p> | <p>Multiple origin and destination countries restrictions are contributing to routing, equipment and capacity constraints. Delivery delays of several weeks or more are being experienced. The Global Fund’s procurement service agents are operating as planned where possible to propose the best delivery option, but with contingencies such as: Re-rerouting of shipments; consolidating airfreight to ocean freight or changing transit countries to catch “cargo-only” aircraft; changing mode of transport for final delivery; shipping to neighboring countries; exploring road transport and air charter options; and others. Cost impacts are highly likely.</p> | <p>Moderate</p> |
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We are assessing potential delays for every order. Currently, 24% of orders face delays of more than 30 days, including 36% of orders in transit. We are working closely with Principal Recipients to review mitigation plans and adapt lead times to minimize disruption.

To mitigate delays and facilitate timely supply, the Global Fund is continuously engaging with suppliers to monitor progress and dynamically allocate to best supply options, in coordination with partners.

Recommendations for Implementers

The Global Fund advises Principal Recipients:

- The [use of corticosteroids for COVID-19](#) can be supported by Global Fund grants under established circumstances.
- [On the impact of COVID-19 on future orders](#) and provides recommendations to optimize supply and enable reliable delivery.
- That rapid decisions by Principal Recipients on freight proposals are required to secure the best available slot, as approval delays could contribute to several weeks’ delays.
- To urgently submit all outstanding requisitions in wambo.org and send procurement request forms to the Stop TB Partnership Global Drug Facility for deliveries expected in 2020. We are working with our procurement service agents to explore options to minimize risks to supply disruption. However, failure to place requisitions in line with the [Category and Product-Level Procurement and Delivery Planning Guide: Indicative Lead Times](#) increases the risk that an order will not be financed from the current implementation period because the order was not placed with sufficient time for delivery before the end of the grant.
- Additional support for Principal Recipients is available through the [COVID-19 Response Mechanism](#) and other [grant flexibilities](#). The response mechanism finances COVID-19 control measures consistent with WHO guidance, including personal protective equipment, diagnostics, treatment, communications and other measures. See our [diagnostics](#) and [personal protective equipment](#) pages for specific information on procuring those products.
- Principal Recipients participating in the Pooled Procurement Mechanism should reach out to their Global Fund Principal Recipient Services contact with any questions or for additional information. Other Principal Recipients should contact their Country Team should

they incur significant challenges or delays of more than 30 days in procuring core lifesaving products.

The Global Fund has taken steps to assess and address COVID-19-related procurement and supply chain risks.

| Area | Global Fund Actions |
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| Conduct supply chain risk analysis | <ul style="list-style-type: none"> • Run risk analysis of upstream and downstream product supply chains. • Identify possible threats involved in the end-to-end supply chain. |
| Estimate the risk and impact | <ul style="list-style-type: none"> • Summarize high risk product or product categories, define current inventory buffer and locations. • Conduct scenario planning to understand implications in prolonged supply chain interruption. • Collect 6- to 12-month accurate demand to determine required supply, considering that the lead time range for core Global Fund health products is between 5 and 6 months. |
| Avoid the supply chain risk | <ul style="list-style-type: none"> • Explore options to ramp up alternative products, suppliers and additional supply options. • Rerouting/changing transportation mode and leveraging other existing logistic capacity to reduce replenishment lead-times. • Enhance demand verification process to correct inflated demand to mitigate the bullwhip effect. |
| Strengthen collaborative relationships | <ul style="list-style-type: none"> • Work in close collaboration with partners to identify and address critical supply challenges. • Leverage partnership to optimize supply, logistics solutions and accelerate regulatory approval pathway. • Jointly manage demand with common recipient countries. |
| Communicate timely | <ul style="list-style-type: none"> • Ensure timely and transparent communication to avoid unnecessary panic and develop contingency plan. |
| Control the risk | <ul style="list-style-type: none"> • Establish cross-function supply chain operational risk management committee when risk becomes high. • Optimize processes and tools to support better planning and reduce demand fluctuations. • Determine possible product and supplier shortlists in case alternate supply is required. |