

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

6 July 2020

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
All pharmaceuticals Including antiretroviral, malaria and TB medicines	In India, reduced production is expected to continue through the lockdown period. Delays of 1-2 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.	Moderate
Long-lasting insecticidal nets	Longer lead times are expected for pyrethroid nets until production in India restarts. While India lockdown affects PBO supply, production in Viet Nam and Tanzania is ongoing, which allows us to mitigate risks. Initial supply issues for Next Generation nets have eased with China-based manufacturers now operating at full capacity.	Moderate
Diagnostics	Supply constraints have emerged for malaria RDTs, and the Global Fund is actively engaging with partners and other suppliers to identify options to ensure supply continuity. Delays of at least 2 months are anticipated for orders placed after 10 April. There are no supply issues for Viral Load or Early Infant Diagnostics, however delays are likely due to logistics constraints.	Moderate
Freight and logistics	Multiple origin and destination countries adopting different restrictions, are directly or indirectly impacting freight movements. The Global Fund’s procurement service agents	Moderate

	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.	
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We are assessing potential delays for every order. Currently, 15% of orders face delays of more than 30 days, including 12% 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:

- [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 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 will work 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. The Global Fund has developed the [Accelerated Order Mechanism](#) to support countries with the purchase of COVID-19 diagnostics. The process is outlined in our questions and answers document: [Procuring COVID-19 Diagnostics through the Global Fund’s Accelerated Order Mechanism](#).
- 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
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.