



Upstream issues: Supply chain situation and outlook for 2022

President's Malaria Initiative, The Global Fund, Against Malaria Foundation
AMP Partners Meeting 2022

30 March 2022

Outline

1. General overview – Clarisse Morris
2. Financers' experience
 - GF – Clarisse Morris
 - PMI – Chris Warren
 - AMF – Julian Austin



Current supply chain situation remains heavily impacted by COVID-19

- Reduced and unreliable availability of freight capacity.
- Reduced number of shipping containers at dispatch ports in China, India and Vietnam.
- Disruptions and/or congestion at ports e.g. due to lockdowns.
- Freight costs already increased in 2021; further increase is expected due to Russia-Ukraine conflict's impact on crude oil prices.
- Crude oil price increase also to affect plastics price leading to LLIN price increase.



Global Fund experience

In 2021 34 PPM countries procured 133m nets

Challenges

- Delayed shipments due to lack of containers and/or vessels.
 - Suppliers required to store nets for longer periods (storage costs).
 - Full supplier warehouses can lead to production delays.
- Freight cost increases put pressure on grant budgets.

Impact on lead time

- Average booking delays around 4 - 5 weeks.
- Total estimated lead time from order entry (wambo) to delivery in-country:
 - Pyrethroid-only nets: up to 8 months
 - PBO nets, dual a.i. nets: up to 12 months

Mitigating actions

- Staggering shipments in smaller lots requiring less containers at once.
- Clarifying required delivery period rather than only a delivery date.
- Closer collaboration between procurement service agent, freight forwarders and PRs on ongoing orders and anticipated volumes.
- Continue requesting countries to place orders as early as possible for improved visibility.
- PRs to consult latest delivery planning guide available on GF website ([EN](#) / [FR](#)) for all health commodities.

PMI experience

Challenges

- Shortages of all container types in India, Europe and China causing pick-up delays, transshipment delays, missed sailings throughout the world.
- Shortages of critical raw material.
- COVID-19 lockdowns stopping port and manufacturing operations.
- Carriers sometimes not honoring contract rates though PMI is not seeing significant increase in freight cost due to COVID.

Impact on lead time

- Pick-up delays (3-5 weeks), rolled sailings, transshipment delays.

Mitigating actions

- Maintaining allocation strategy over previous spot tendering.
- Reducing the quantity of each shipment lot to reduce the quantity for required containers to be sourced at a time

AMF experience

Challenges

- Delays
 - Largely due to shortage of shipping containers
 - Also some delays on production

Impact on lead time

- Lead times increased by around 3 - 6 months

Mitigating actions

- Ordering nets sooner i.e., at least 12 months prior to distribution. Also
 - Regular dialogue with partners, particularly GF and PMI, but also IDA and in country partners
 - Worked with GF and PMI to split orders into multiple shipments of fewer containers