



# **MANAGING THE ENTIRE SUPPLY CHAIN PROACTIVELY IN THE NEW NORMAL**

## **Medical Products supply chain: Challenges related to COVID-19 in church health system**

EPN Webinars

22<sup>nd</sup> - 23<sup>rd</sup> February 2021

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# MEDS IDENTITY



Mission for Essential Drugs and Supplies (MEDS) is a Faith Based not-for-profit organization based in Kenya that was established in **1986**. MEDS has 3 main Functions:

## **1. SUPPLY CHAIN AND DISTRIBUTION**

Robust and resilient Supply Chain Services: Procurement, warehousing, logistics and distribution of health commodities and technologies

## **2. QUALITY SERVICES**

Prequalification of Suppliers, inspection of commodities, quality assurance, post-marketing surveillance and pharmacovigilance

## **3. HEALTH ADVISORY SERVICES**

Capacity Building and Policy Formulation: Improving quality of patient care, ensuring sustainable healthcare interventions, industry-oriented solutions

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# MEDS IN BRIEF



- Over **34 years** experience in medical supply chain and capacity building
- Based in Kenya: Headquarters based in Nairobi and Branch in Kisumu - **12,000 Square metres warehouse space**; 11,000 pallet spaces
- Over **3000** Stock Items plus 3000 procured on demand
- Supplies over **40%** of Kenya's needs across all Levels of Healthcare – Hospitals, Health Centres, Dispensaries, Clinics
- Serves over **3000** active corporate clients in Kenya, Chad, DRC, Ethiopia, Malawi, Somalia, South Sudan



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## MEDS Warehouse in Nairobi



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# MEDS QUALITY SYSTEMS



## CERTIFICATIONS

## IMPLICATIONS

**ISO 9001:2015** (KEBS) Certification

MEDS Systems and Operations are at International Standards

**World Health Organization (WHO)** pre-qualification of MEDS Quality Control Laboratory

Qualified to be used by United Nations Organisations in Fight against Sub-standard & Counterfeit Medicines

**US-OFDA\*** pre-qualified Distributor

\*Office of US Foreign Disaster Assistance

Qualified to distribute to United States funded programs all over the world

**ECHO/European Union**

European Civil Protection and Humanitarian Aid

Qualified to distribute to European Union Countries funded programs all over the world

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# COVID-19 GLOBAL IMPACT



- ❑ Covid-19 Pandemic presented a challenge unlike any other in the 75-year history of United Nations and World Health Organizations
  - ❑ Declared a global health crisis
- ❑ Adversely affected many sectors of economy worldwide
  - ❑ Companies and operations, including production units closing down
  - ❑ Caused severe global economic crisis
- ❑ Disruptions of steady supply of finished goods and raw materials as many sources went into total lockdowns

# IMPACT ON SUPPLY CHAINS



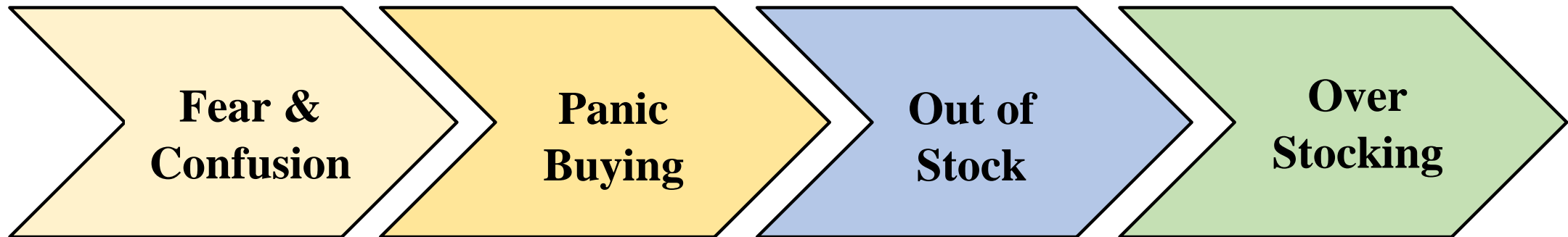
- ❑ China: Largest producers of Active Pharmaceutical Ingredients (medicine raw materials) in the World; Major producers of Medical Supplies
- ❑ Restrictions of exports of raw materials (China and India) affected manufacturing in other countries
- ❑ Lockdowns: Airlines and Shipping companies temporarily or completely halted shipment of goods

Impacted negatively on world-wide trade and supply chains.

# IMPACT MEDS SUPPLY CHAIN



First case of Covid-19 disease announced on 13<sup>th</sup> March 2020 in Kenya





# Increased demand for Covid-19 response items

SN	Description	Change in Demand (March & April)
1	Hand Sanitizer 70%, 5 Litre	2,205%
2	Hand Rub Solution, Ethanol/IPA 80%V/V, 500 ml	1,258%
3	Surgical Face Masks Disposable - 3 Ply (Tie On), 50 Pack	1,112%
4	Face Masks Disposable - Activated Carbon, 50 Pack	947%
5	Thermometer Infra-Red	680%
6	Hand Sanitizer Gel - 70% Alcohol/Glycerol, 100 ml	584%
7	Hand Sanitizer Gel - 70% Alcohol + Glycerol, 500 ml	253%
8	Surgical Spirit 90%, 5 Litres	228%
9	Anti-Bacterial Hand Wash 25%, 500 ml	187%
10	Gloves Latex Examination, Powdered, N/Sterile, 100 Pack	100%
11	Sodium Hypochlorite 5-5.6%, 5 Litres	68%
12	Sodium Hypochlorite NLT 3%, 5 Litres	61%
<b>Average Percentage Change</b>		<b>640%</b>

# OUT OF STOCK



- ❑ **Panic-buying** and **Stock-piling** at Health Facilities level
  - ❑ **Pressure on supply chain** as demand outstripped supply
- ❑ **Non Traditional Clients:** Airlines, Defence Agencies, Churches
- ❑ **Capacity of Suppliers:** **Not able to meet demand** since they were dependent on the same sources that were experiencing lockdowns and shutdowns
- ❑ **Market Failure: High demands and limited supply**
  - ❑ “Seller’s market” - **new terms and conditions** for buyers - new payment terms upfront payments, excessive mark-ups
- ❑ Delayed Deliveries

# EFFECT ON COMMODITIES



## ❑ Erratic Price Changes for Healthcare Products

- ❑ Supply chain disruptions led to increase in prices
- ❑ Many suppliers could not maintain tender prices
- ❑ Prices for Personal Protective Equipment (PPEs) e.g. Masks and Shields - went up more than **2000%**
- ❑ Paracetamols - went up more than **110%**

## ❑ Quality of Commodities Compromised

- ❑ Mushrooming of suppliers; Lack of proper regulation - substandard and fake commodities were in circulation
- ❑ Quality of some products e.g. masks and sanitizers got compromised

# EFFECT ON COMMODITIES MOVEMENT

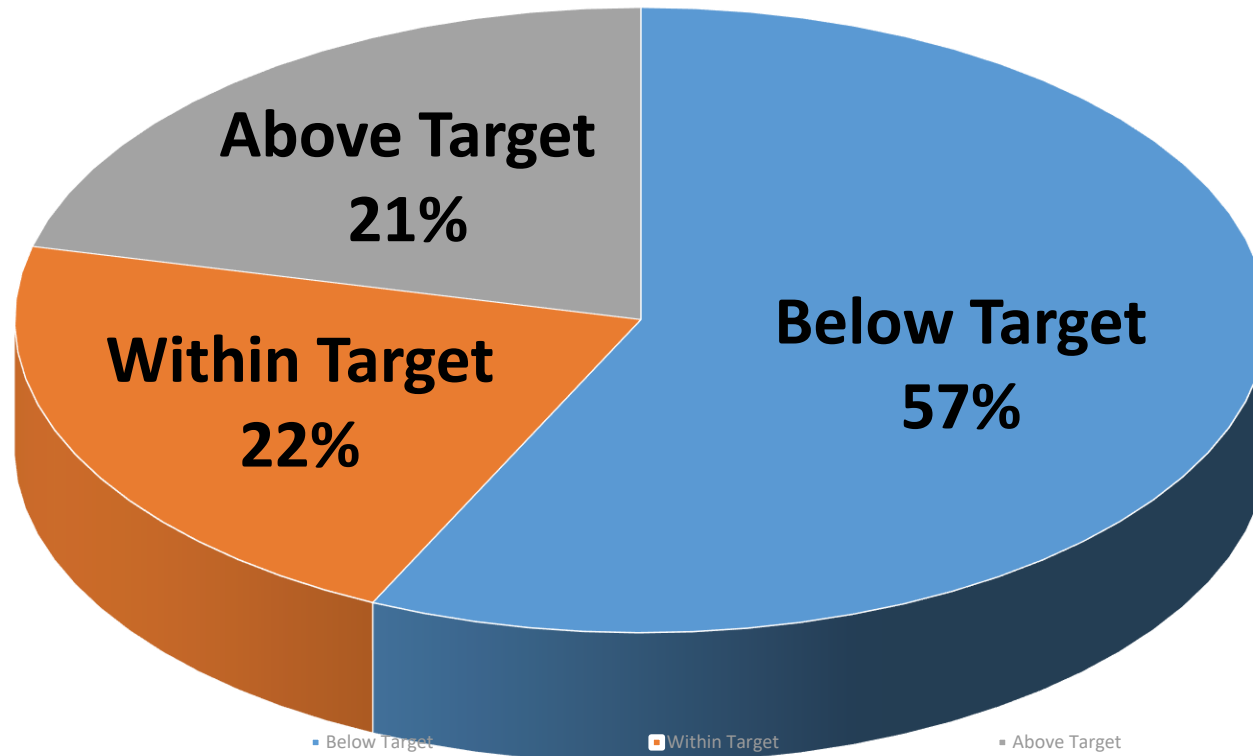


- ❑ **Stockpiling** of health products and technologies experienced in first quarter of 2020
- ❑ **Reduced Patient Numbers: Fear of Contracting Virus**
  - ❑ Reduced demand for health commodities by health facilities
- ❑ **Distorted** consumption pattern and data
- ❑ **Reduced Demand/Slow Movement of Stock**
  - ❑ 53% of Target Sales in May 2020 in MEDS Supply Chain
  - ❑ 57% of Stock items performed below anticipated movement

# DISTORTED STOCK MOVEMENT



## STOCK ITEMS PERFORMANCE IN 2020



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# MEASURES ADOPTED



- ❑ Increase Buffer Stock Levels
- ❑ Increased Supplier Base
- ❑ Multiple Suppliers for Products
- ❑ Virtual Pre-qualification of Suppliers/Manufacturers
- ❑ Suspended annual tender due to prices volatility and anticipated inflated prices – extended tenders instead
- ❑ Use of Technology – Virtual Suppliers Conferences

# EMERGING OPPORTUNITIES 1



As a way forward, Supply Chains will not go back to previous status; measures adopted may become the new normal:

- ❑ **Increased Demand for Medical Equipment:** As health facilities deal with emergencies - equip wards and isolation units
  - ❑ Beds, oxygen concentrators, pulse oximeters, nebulizers and ventilators
- ❑ **Local manufacturing:** Opening up local manufacturing plants by Drug Supply Organisations/Supply Chains
  - ❑ Alcohol-based hand sanitizers, Oxygen

# EMERGING OPPORTUNITIES 2



- ❑ **Diversification of Stock Items:** Personal Protective Equipment (PPEs), Hand sanitizers, Surgical Masks, Gowning
- ❑ **New Services:** Introducing new testing services for Covid-19 related products at Quality Control Laboratories
- ❑ **Partnerships:** With Governments, Donors, Supply Chains - Distribution, test locally-manufactured products (alcohol-based hand sanitizers) identifying substandard and counterfeit products
- ❑ **Embracing Technology:** Online meeting/conferences/webinars, purchase orders





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