RHSC Manufacturers Feedback

Mukul Taparia—Manufacturer Representative

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Outline

Sources of manufacturer feedback

Improvements observed

Current issues

Need for collaboration to resolve issues
Sources of manufacturer feedback

1. Survey of RHSC Manufacturers Group
   September 2020

2. Meeting with RHSC Manufacturers Group
   October 2020
   Including generic, innovator, and condom manufacturers
Improvements since the start of pandemic

Most manufacturers are producing at close to normal levels

- Although regional shutdowns still occur, including in Asia
- Manufacturers working through order backlogs

Most of manufacturers’ own suppliers are now performing reasonably well

- For API and packaging
Challenges being experienced by manufacturers

- Increased supply chain and operational costs
- Delayed regulatory approvals and audits
- Lack of customer forecasts and commitments
- Issues such as: Customs clearances, logistical delays, exchange rate fluctuations, and over- and under-supply situations in countries
Increased costs

Freight costs continue to be high and unpredictable
- Logistics providers not typically maintaining quoted freight costs past a 2-3 days validity
- Availability of freight options is still low, especially for air freight and to landlocked countries
- Customers are not paying these increased costs
- Manufacturers are absorbing the costs now

Increased costs due to COVID Management
Before COVID-19, manufacturers were incurring rising costs due to escalating procurer requirements: national registrations, data/technology requirements, country-specific requirements.
- RHSC blog on this topic: Time to leave the hall of mirrors

COVID-19 has unsustainably accelerated this trend.
Delayed regulatory approvals and audits

Many regulatory agencies are delaying new approvals/registrations

- Delays are for new registrations/approvals, renewals, and for variations
- Instead, short-term approvals/authorizations may be supplied
- This contributes to increased costs and uncertainties for manufacturers
Lack of customer forecasts and commitments

Large procurers often not providing forecasts or commitments

- Manufacturers lack visibility to future orders and are challenged to efficiently allocate future production capacity
- Governments in LMICs ordering less than expected, and even canceling some orders
### How can we together improve this unsustainable situation?

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<thead>
<tr>
<th>Issue</th>
<th>Description</th>
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<tr>
<td>Higher costs</td>
<td>Costs are not being paid by customers&lt;br&gt;Manufacturers are absorbing for now</td>
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<tr>
<td>Lack of customer forecasts</td>
<td>Due to uncertainties, customer forecasts and commitments are lagging</td>
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<td>Reduced FP orders in LMICs</td>
<td>Some countries may de-prioritize FP, at least temporarily</td>
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Questions?
THANK YOU!