Coronavirus Pandemic

HELP LOGISTICS

LOGISTICS CLUSTER

KLU KÜHNE LOGISTICS UNIVERSITY

CHORD CENTER FOR HUMANITARIAN LOGISTICS AND REGIONAL DEVELOPMENT

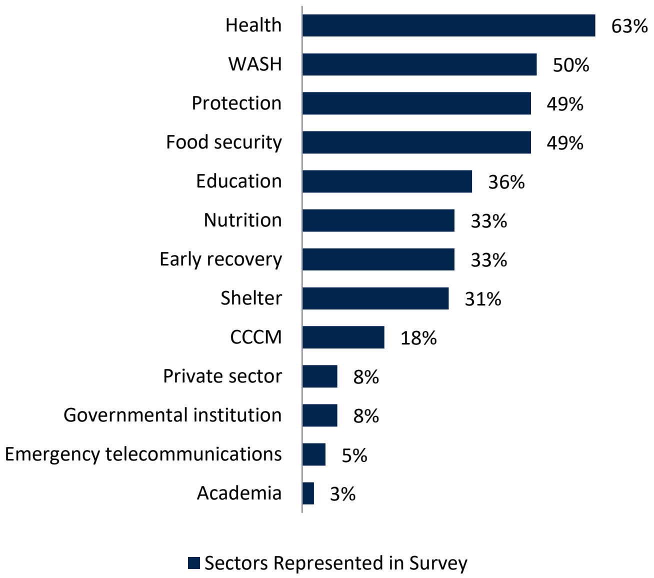
Coronavirus Pandemic

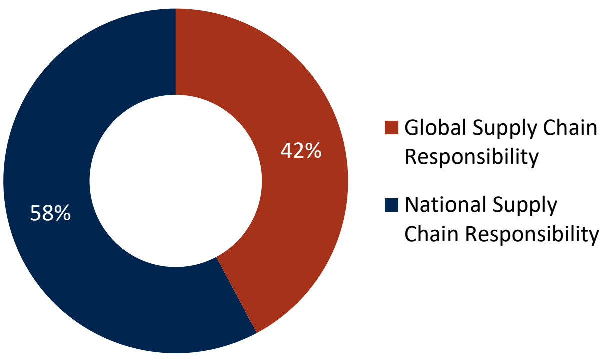
In March 2020, Global Logistics Cluster worked together with KLU and HELP Logistics to understand the impact of COVID-19 pandemic on humanitarian supply chains.

In its first survey, 76 respondents participated from a range of humanitarian organizations. The initial findings enabled Logistics Cluster to see patterns of problems like changes in price levels, delivery delays of humanitarian supplies, as well as upstream and in-country movement challenges. Yet, it is important to assess the impact of the COVID-19 on the humanitarian supply chain over time. Thus, the second survey round was conducted to capture any changes from March 2020 to April 2020.

1.1 Strong Focus on Health, WASH, Protection, and Food Security Sectors

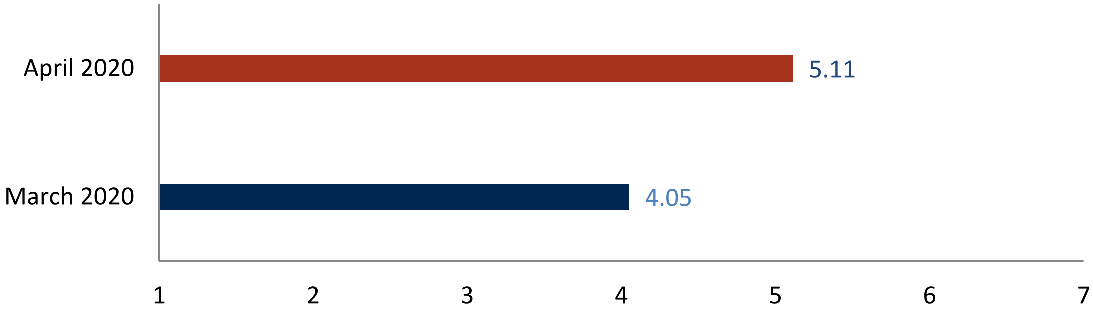
In this round, we investigate the impact of COVID-19 on the humanitarian supply chain with a sample of **80 respondents** who voluntarily responded to the online survey. The majority of surveyed organizations work in multiple sectors. The most represented sectors in the survey are respondents from health (63%) and water, sanitation, and hygiene (WASH, 50%) sectors. Of all respondents, 58% have a supply chain responsibility at the national-level, covering countries such as Yemen, Iraq, Bangladesh, and DRC. The other 42% work in a global-level supply chain position.



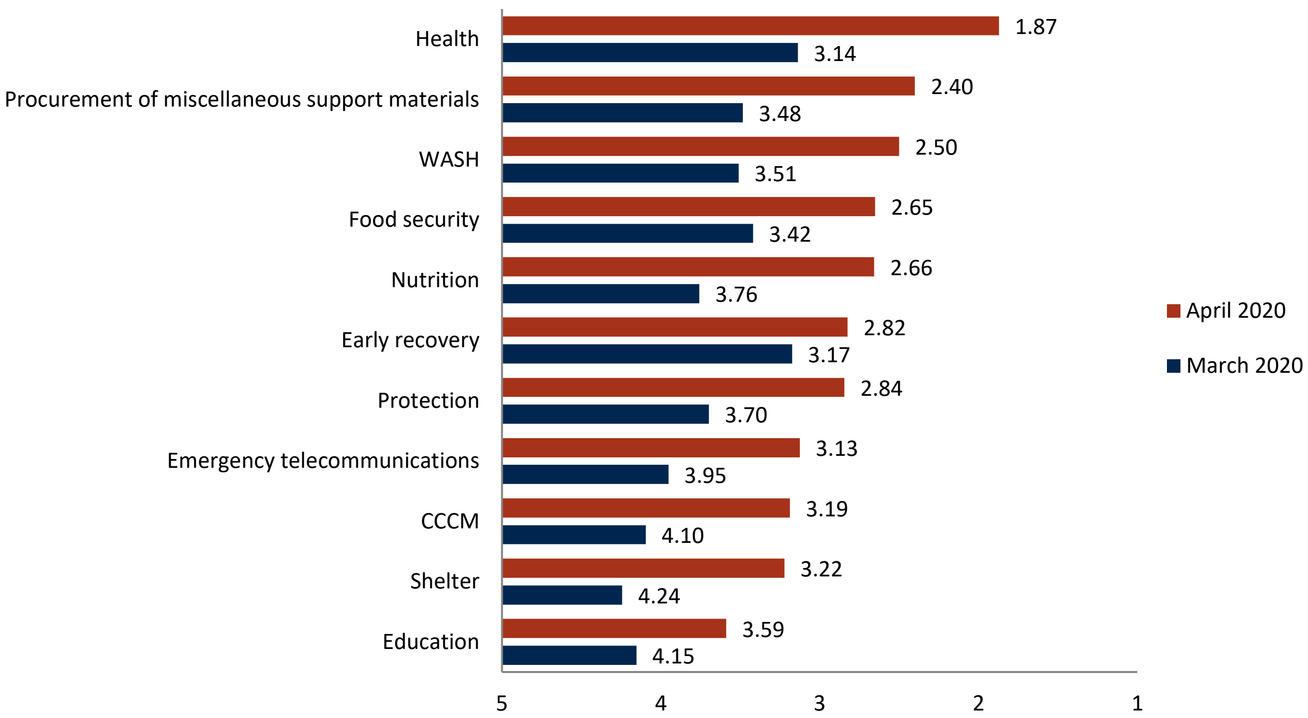


1.2 Health Sector Observes Over 10% Price Increase and More Than 30 Days Delivery Delays in April

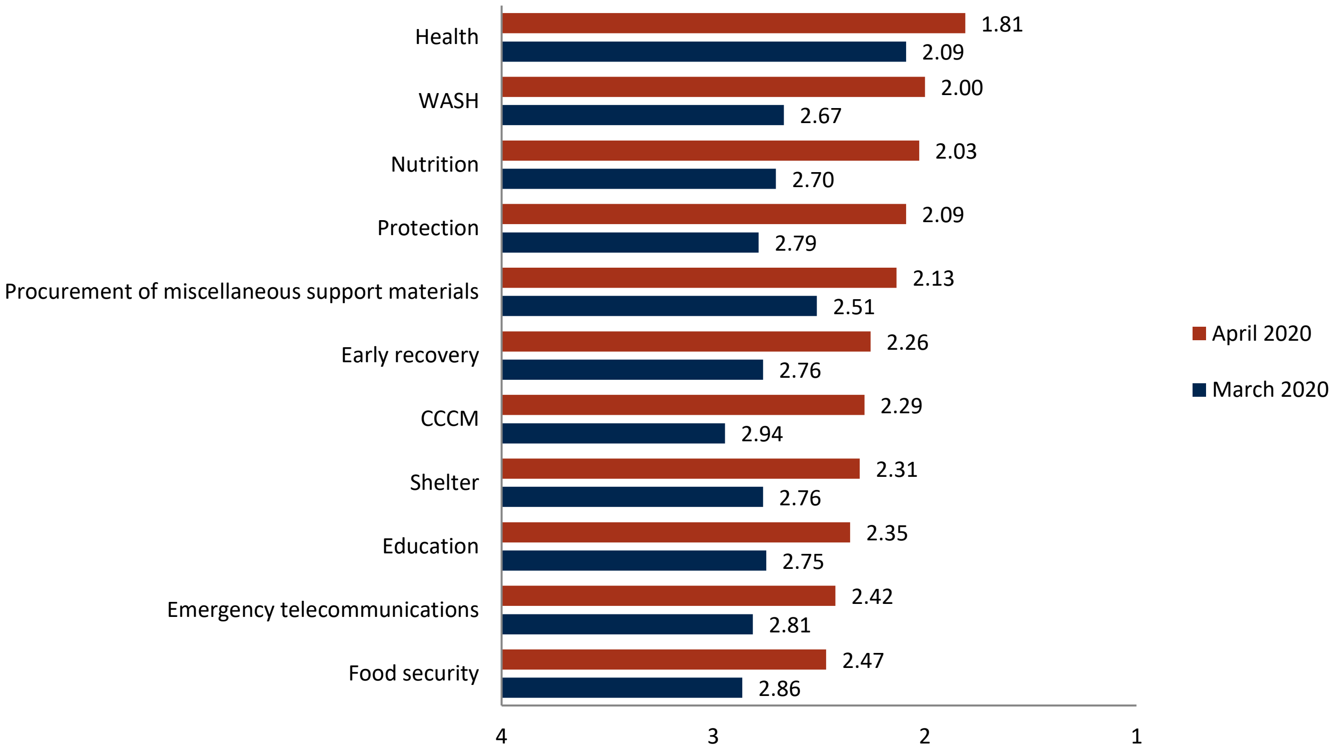
On a scale from 1 (no negative impact) to 7 (strong negative impact), respondents rate the **negative impact** of Covid-19 on the sourcing of their humanitarian items 5.11, which indicates an **above-moderate** impact. This implies a stronger negative impact in April.



Specifically, when asked about possible negative impact on pricing (on a scale that *1=More than 10% increase 2=5-10% increase, 3=1-5% increase, 4=1-5% decrease, and 5=5-10% decrease*), respondents rate the negative impact for the health sector to be more than 10% price increases (1.87). According to respondents, items related to COVID-19 have faced significant price increases and are less available in the market. All other sectors have observed 5% to 10% price increases except for emergency telecommunications, CCCM, shelter, and education sectors, which only observe a moderate 1% to 5% price increases. The below graph indicates that all sectors have faced a varying level of price increases in April.

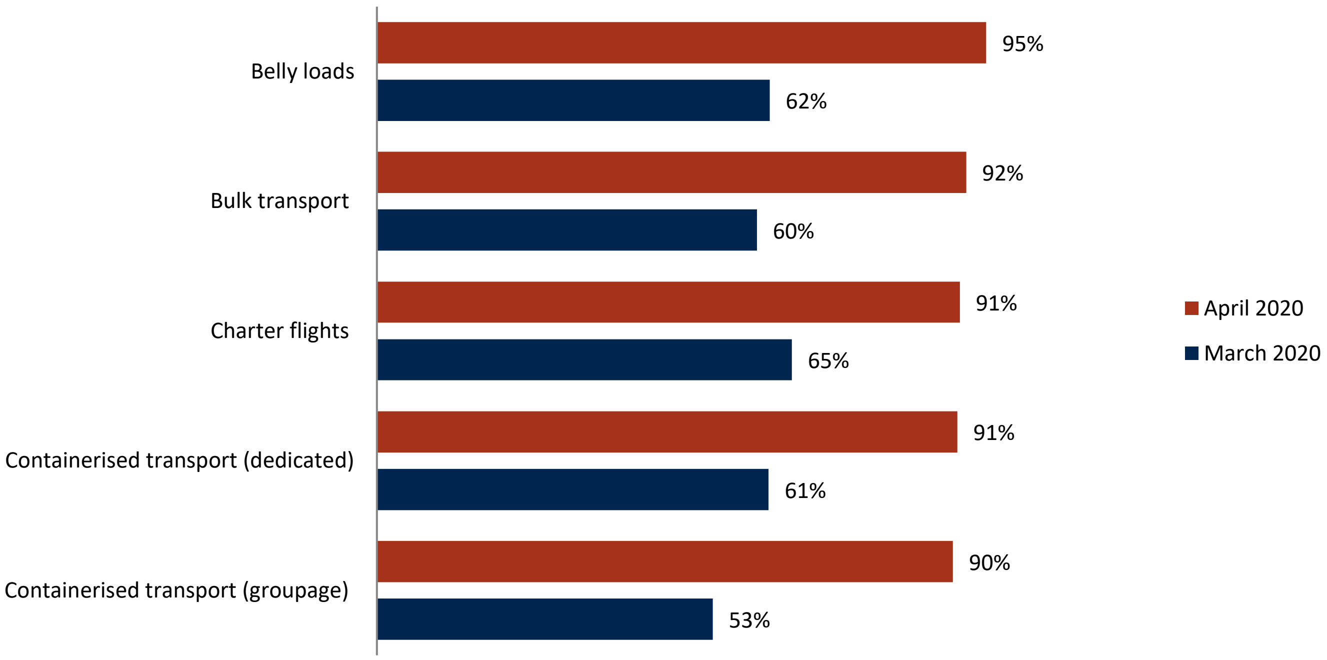


When asked about possible negative impact on delivery delays on a scale that *1=More than 30 days delays, 2=10-30 days delays, 3=1-10 days delays, and 4=No impact on delivery delays, respondents also indicate that the health sector face more than 30 days delivery delays* (1.81) while all other sectors observe 10 to 30 days delivery delays on average when sourcing from their suppliers, wholesalers, or producers. According to the below graph, all sectors have faced a varying level of delivery delays in April.



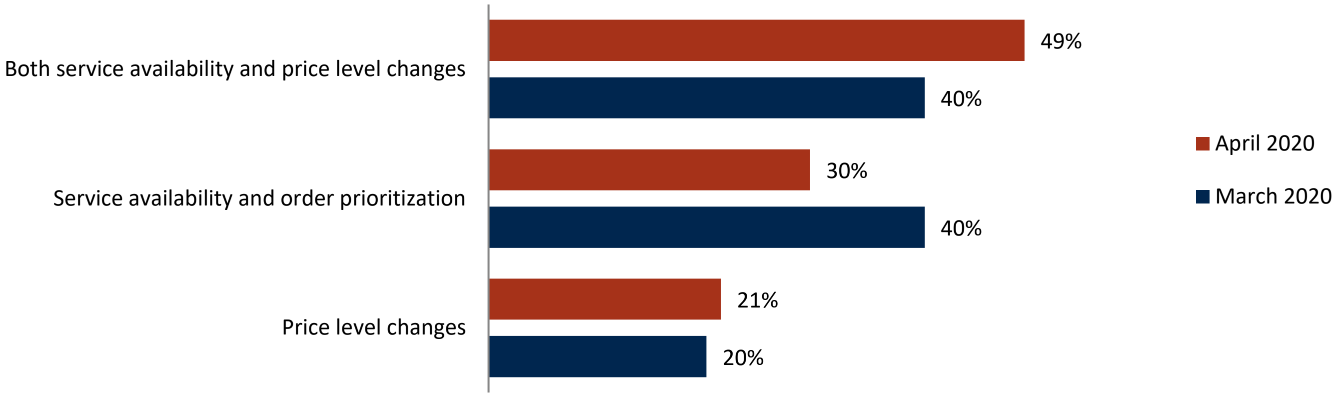
1.3 Over 90% of Upstream Material Movement Negatively Affected in April

Respondents suggest that the COVID-19 has now left a strong negative impact on their upstream material movement from the point of sourcing to the point of entry in country of destination. The below graph indicates the percentage of respondents who have observed that the service availability, order prioritization, and price levels for their belly loads, bulk transport, charter flights, and containerized transport (dedicated/groupage) have been negatively affected. The negative impact is stronger in April.



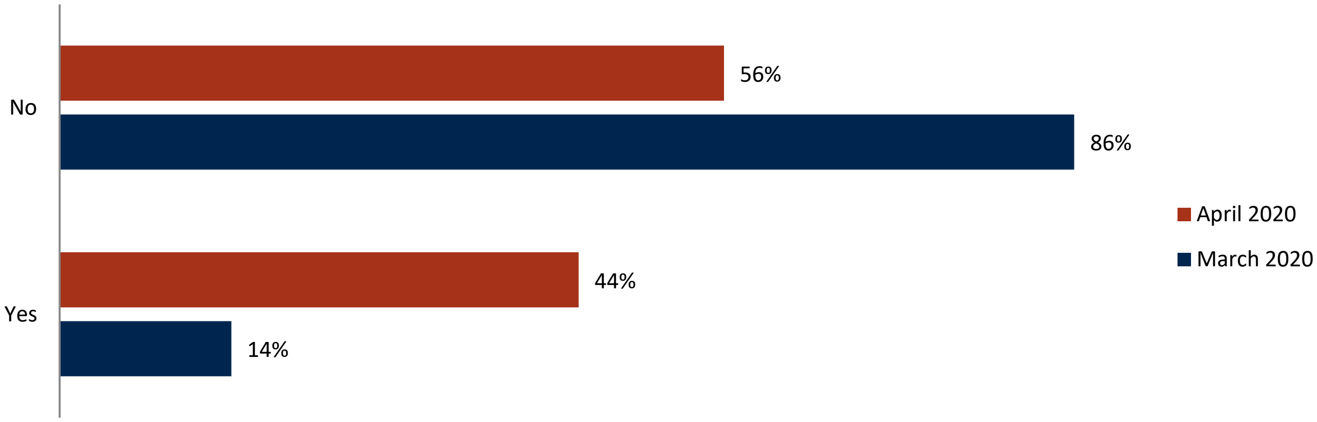
1.4 Strong Negative Impact on Service Availability, Order Prioritization, and Price Levels for In-Country Material Movement

84% of respondents indicate that their in-country material movement from the point of entry to the point of usage or distribution inside Yemen, Iraq, South Sudan, Bangladesh, or the likes has been affected. The graph below provides the percentage of the three areas that were identified as the most affected. For almost half of respondents, the negative impact is on both service availability and price level changes together.



1.5 Growing Concerns Over Quality Issues in Procurement

Previously, quality issues were less of a concern in March, but **44% respondents** now report that they observe significant quality issues on their procured items, highlighting that **counterfeit or very low quality products** such as masks have increased in the market.

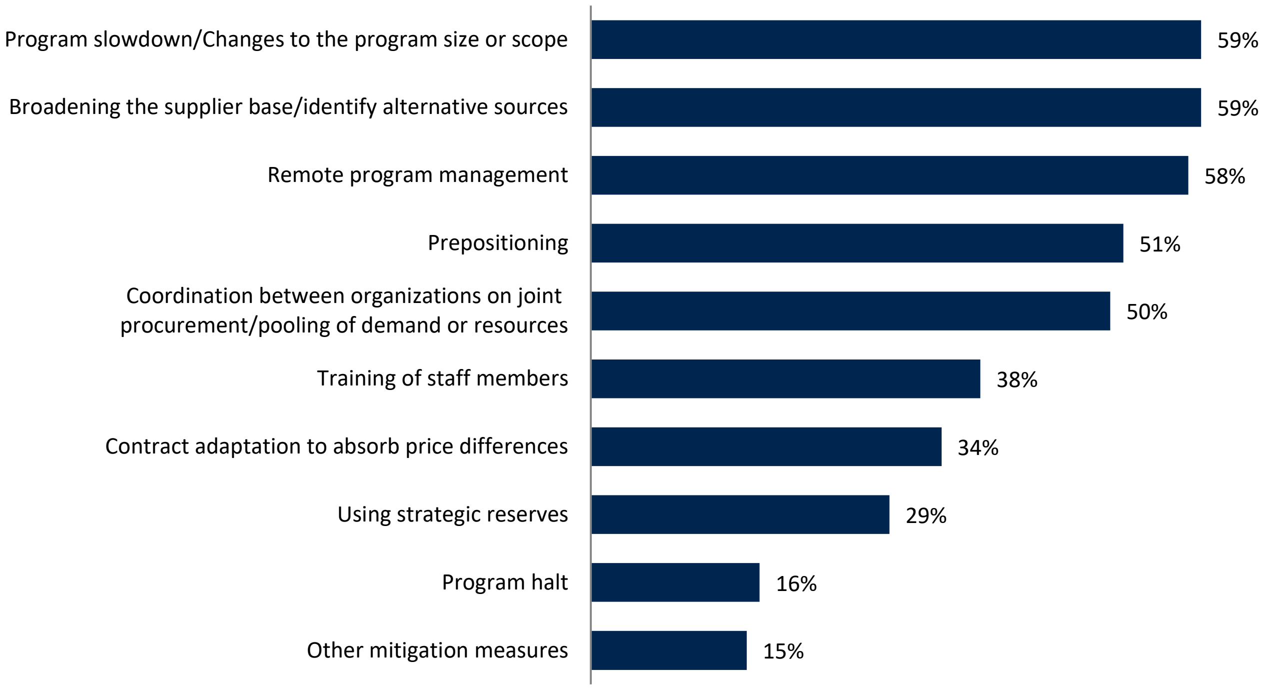


1.6 76% of Respondents Report Issues with Administrative Access Constraints

Of all respondents, **76%** indicate direct knowledge of administrative access constraints related to COVID-19, in particular a combination of **increased customs delays, change in customs procedures, and additional requirements on item specifications**. For example, they mention that approvals are required to move personnel and cargo inside and between some cities, and that it is difficult to reach regular operating government bodies, particularly with respect to importing medical items. Many also observe that there is no fast track mechanism to get the shipments cleared from the ports, and approval for exemptions involves a very long time to obtain.

1.7 Close to 60% of Respondents Identify Alternative Sources, Slowdown Programs, and Use Remote Program Management as Mitigating Activities

When asked about mitigating the negative impact of COVID-19, respondents report using a combination of mitigation activities. However, they highlight that these mitigation strategies have on average been **moderately effective**. Above all, 88% of the respondents mention that their organization is actively planning activities to mitigate the impact of the COVID-19, with most of them working in the WASH (76%) and/or health (66%) and/or protection (58%) sectors.

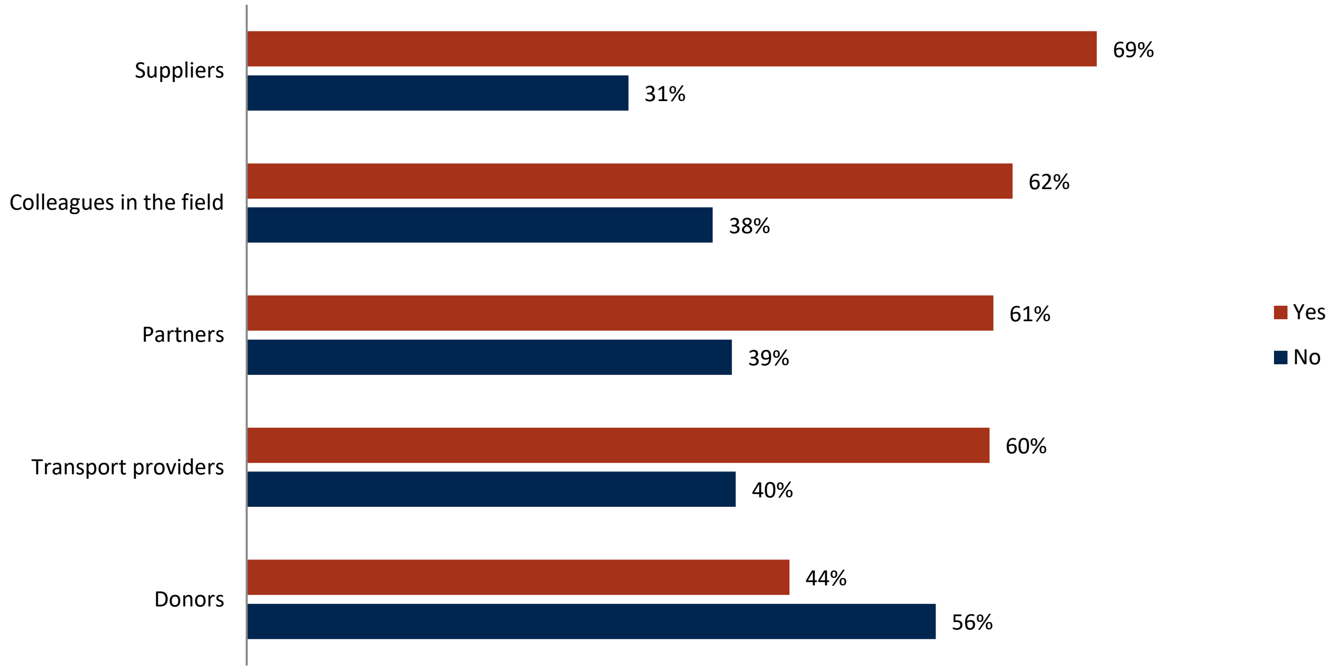


1.8 Respondents Report Moderate Supply Chain Expertise to Face Covid-19; 80% Ask for Online Logistics Training

On a scale from 1 (no expertise) to 7 (high expertise), respondents rate their organization's supply chain expertise and capacity as **slightly above moderate** to handle the complexities and challenges around Covid-19. For this reason, **80%** respondents suggest they would be interested to access online logistics capacity building on Covid-19. To mention few examples, they report the need to learn about a range of topics such as *medical logistics, relationships with the authorities, information management and coordination with actors like GLC, pre-positioning, grouping/pooling procurement with other actors, and international supply networks.*

1.9 Collaboration Negatively Affected by Remote Working

Respondents report that remote working has a significant negative impact on their collaboration with suppliers, field colleagues, transport providers, and partners. However, regarding the collaboration with donors, most respondents (41%) do not report any negative impact.



Survey conducted by the Logistics Cluster, results analyzed by Mojtaba Salem and Maria Besiou (KLU) with the support of HELP Logistics*

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