

PRIVATE SECTOR DISCUSSION NOTE: COVID-19 SUPPLIES

Introduction

Health systems around the world are deeply immersed in the battle against COVID-19. A major strategy proposed by the World Health Organization (WHO) has been a whole-of-government and whole-of-society approach.¹ Within that strategy, the private sector, has an important role to play. This includes supplies. These need to contend with resource limitations and adaptation of services to a rapidly evolving pandemic situation.

In lower- and middle-income countries (LMICs), the private sector often provides a significant proportion of health services and products. Given this, private sector engagement offers strained health systems opportunities to increase access and coverage. Realizing that opportunity requires recognizing and building on private sector corporate arrangements, objectives, services, market-segmentation, pricing/quality. The potential and challenge lie in bridging these differences to weave together a single, national COVID-19 response.

New, fit-for-context collaborative approaches, are needed that enlist a whole-of-society approach. Necessity and urgency are producing examples of what this collaboration can look like. The more we can identify key areas of complementarity, the more we can unpack where and how the private sector can complement the public sector for a coordinated response.

Purpose and scope

The purpose of this discussion note is to support Member States with practical advice and illustrative examples of private sector engagement as part of a whole of society approach to COVID-19 supplies. The private sector for this briefing note encompasses private manufacturers, distributors, pharmacies, logistics and communications companies. The discussion note is outlined using the WHO action plan framework – [plan, space, staff, stuff, systems, and supply-side financing](#). It should be read in conjunction with other WHO COVID-19 technical guidance.²



PLAN

What needs to be done?

Ensuring the right supplies are in the right places at the right time is integral to a successful COVID-19 response. The provision of supplies must accommodate treatment of patients with severe cases, home-based care for individuals with mild cases, and testing. This needs to be achieved with minimal disruption to other essential health supplies. The impacts of COVID-19 on global production and supply chains heighten the importance of bridging public and private sector resources.

¹Barbara O'Hanlon and Mark Hellowell. Enabling the private health sector in the national response to COVID-19: Six Current Policy Challenges. Geneva. (2020)

²<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/technical-guidance/maintaining-essential-health-services-and-systems>.

The supplies required for COVID-19 treatment and testing as well as essential health services should be embedded in a national-level COVID-19 response plan. From that overarching plan, a cohesive supplies strategy could be developed which could mark out a role for private sector engagement. Private sector integration can bolster the resilience of the wider health system, increasing its capacity to meet spikes in demand for treatment and testing while reducing disruption for other essential services. Integration offers flexibility for the COVID-19 response to meet evolving demands, when and where they emerge.

The planning process and the plan itself require stewardship by ministries of health and leadership from both private and public sectors. It also requires a credible entity to represent private sector interests at national and sub-national levels. The plan should establish a common set of objectives and strategies, a list of essential supplies and considerations for procurement, warehousing, allocation, and distribution. Plans may include mechanisms for issue resolution and scenarios with triggers and roles for scaled-action.³ Ideally, plans would be web-based for the ease of updating and sharing and function at different levels of implementation (national and sub-national).

Plans should address “space”, “staff”, “stuff”, “system”, and “supply-side financing”. They should be revisited regularly and updated for any change in the COVID-19 transmission context.

Mexico enacted the national Health Emergency Agreement which coordinated policies across different Secretariats to ensure availability of tests, equipment, medicines, and other supplies. Import and export permits were expedited for equipment and technologies donated or purchased. Innovative means of ensuring quality encouraged producers and importers to provide drugs, medical equipment, diagnostic agents, surgical and recovery materials, and hygiene products. The government also signed an agreement with consortia of private hospitals to make available 50% of their beds.

Source: COVID-19 OECD Health System Response Tracker. OECD. June 2020. <http://www.oecd.org/health/COVID19-OECD-Health-System-Response-Tracker.xlsx>



SPACE

Private sector spaces can augment public sector capacity

COVID-19 treatment and testing spaces. Private sectors spaces can be integrated into the national COVID-19 testing and treatment efforts. Spaces involved in treatment and testing must consider location, segregation of services, and surge capacity (which may be thought of in terms of alternative sites for critically ill patients). In many contexts, private sector hospitals and laboratories may be designated as treatment and testing sites. The private

sector may also be contracted to modify public facilities to allow for better segregation of COVID-19 patients, staff, and equipment. Other spaces that the private sector may provide, construct, or modify, include quarantine and isolation units, and consumer contact and telemedicine centers. In many contexts, these have been privately owned and repurposed. Their supply needs need to be factored into the response.

Auxiliary spaces. Equally important service “spaces” that need to be identified may include

³<https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/from-wartime-to-peace-time-five-stages-for-healthcare-institutions-in-the-battle-against-covid-19>

catering, laundry, waste management storage, and surveillance sites (i.e. at border points or in public spaces) or quarantine locations. Where these services are likely to be transient, they may be outsourced to private contractors. This approach allows flexibility to respond to changes in demand over time and place.

To address problems of equitable access to treatment, **Chile** placed a number of private hospitals under the control of the Ministry of Health.

Source: Superintendencia de Salud ha fiscalizado 23 centros medicos. Superintendencia De Salud. April 2020. [privadoshttp://www.supersalud.gob.cl/prensa/672/w3-article-19328.html](http://www.supersalud.gob.cl/prensa/672/w3-article-19328.html)



STAFF

Adequate staff and skills to deploy staff to the right place at the right time

Staff need to be identified and deployed to ensure that “stuff” is in the right place at the right time. This includes supplies and service contracts for renovation and construction of facilities, catering and accommodation, security, fumigation, and surveillance to name but a few. Public sector staff versed in forecasting, quantification, procurement, warehousing, distribution, accounting, and contracting are required to facilitate private sector engagement.

Occupational health and safety concerns exist for staff in both sectors and need to be mitigated. These range from stress and burnout due to high workload to occupational risk of exposure to COVID-19. To augment staff surge capacity, secondments, rota systems and task shifting may be considered. Youth service groups or volunteers, such as the Red Cross/Red Crescent first responders may also be enlisted to augment capacity. Staff in the public and private sectors should also receive acknowledgment and “gratitude messages”, similar to other frontline workers.



STUFF

Flexible arrangements to ensure supply of what is needed, where and when it is needed

With a coherent COVID-19 strategy there are opportunities to complement how supplies and equipment move to where they are needed, seamlessly across the private and public sectors. Practical considerations for “stuff” have considered facility, community supply and home-based care. Arrangements to monitor, move and pay for them are found in the following sections.

Facility. A key focus to date has been to equip ICUs and protect HCWs.⁴ This is often accounted for in terms of the number hospital beds and ventilators available for those suffering from critical illness as well as adequacy of supply of PPE for frontline staff. Beyond these two issues, ministries of health require an essential list of medicines, equipment and supplies for COVID-19 treatment. This should be revisited given changes to medical therapies, based on evidence from the scientific community. Other essential medicines, commodities, equipment, and supplies need to be considered alongside COVID-19 requirements. Staff in these settings should be oriented on the correct use of PPEs (including extended use and re-use) to conserve supplies for infection control.

⁴Goh, K J, Wong, J, Tien, J-C, Ng, S Y, Wen, S D, Phua, G C and C K-L Leong, 2020. Preparing your intensive care unit for the COVID-19 pandemic: practical considerations and strategies. *Critical Care* (2020) 24:215 <https://doi.org/10.1186/s13054-020-02916-4>

Community supply. Given the central role of communities and businesses in the COVID-19 response, their engagement and access to prevention materials also needs to be considered. These materials are needed for the safe operation and opening of businesses and services for the foreseeable future. Considerations include the availability of cloth masks, thermometers, hygiene and infection prevention materials, protective equipment for retail staff, and signage, amongst others. Formal discussions with the private sector should address availability and accessible pricing of supplies.

South Korea pioneered drive-through centers through a network of 96 public and private laboratories. More than 50 drive-through centers were set-up, allowing for 20 000 tests to be conducted daily. The country also has strong infrastructure in place for test kit production, distribution, and laboratory analysis (which it developed after SARS-CoV-1 and MERS outbreaks).

Source: COVID-19 OECD Health System Response Tracker. OECD. June 2020. <http://www.oecd.org/health/COVID19-OECD-Health-System-Response-Tracker.xlsx>

Four major hospitals in **South Africa** will have bulk supplies of hand sanitizers. Chemicals and energy company Sasol ramped up production of hand sanitizer and will share production costs with AngloGold Ashanti. The global gold mining company will also provide purpose-built, bulk-storage tanks for the product. A logistics company, Imperial Group, will safely transport sanitizer tanks to the hospitals.

Source: How are companies responding to the coronavirus crisis? World Economic Forum. March 2020. <https://www.weforum.org/agenda/2020/03/how-are-companies-responding-to-the-coronavirus-crisis-d15bed6137/>

Home-based care. The role of general practitioners and pharmacists is critical in home-based care of mild and moderate cases of COVID-19 as well as the discharge of patients from “step down” care. Recommended drugs for home-based management should be included in essential drug lists and equally benefit from arrangements for importation, local production, and rational distribution. At the local level, mechanisms for independent practitioners to communicate their needs and participate in discussions on inventory and distribution may increase their stake in the COVID-19 response as well as highlight bottlenecks in supply.

China includes pharmacists as part of their frontline medical staff. Their pharmacology and pharmacological expertise contributes to the identification of suitable diagnosis and treatment regimens. Pharmacists were included an expert-consensus that evaluated the indications and effectiveness of lopinavir/ritonavir, abidor, interferon, chloroquine phosphate and other antiviral drugs to inform optimal dosing regimen and route of administration to assist frontline doctors.

Source: Li H, Zheng S, Liu F, Liu W, Zhao R. Fighting against COVID-19: Innovative strategies for clinical pharmacists [published online ahead of print, 2020 Apr 6]. *Res Social Adm Pharm.* 2020;S1551-7411(20)30328-4. doi:10.1016/j.sapharm.2020.04.003

The **Canadian Pharmacists Association** actively bridges initiatives and policies of the Ministry of Health and their membership. The Association provides a range of resources to assist pharmacists to plan and manage disruptions to drug supply, stay abreast of drug therapy developments, as well as how to protect themselves and their customers and to serve as a frontline public health resource for their customers.

Source: Li H, Zheng S, Liu F, Liu W, Zhao R. Fighting against COVID-19: Innovative strategies for clinical pharmacists [published online ahead of print, 2020 Apr 6]. *Res Social Adm Pharm.* 2020;S1551-7411(20)30328-4. doi:10.1016/j.sapharm.2020.04.003

In **Senegal**, trials to develop a \$1 COVID-19 testing kit that produces results in less than 10 minutes are under way. This is a collaborative effort between DiaTropix, an infectious disease testing facility run by the Pasteur Institute in Dakar, and the UK-based company Mologic. The test kit is similar to a home pregnancy kit and can be used either to detect current infections through saliva antigens or previous infections by blood antibodies. If it works, the test could be a vital tool in sub-Saharan Africa.

Source: Cheap and easy \$1 coronavirus test to undergo trials in Senegal. *New Scientist.* May 2020. <https://www.newscientist.com/article/mg24632823-700-cheap-and-easy-1-coronavirus-test-to-undergo-trials-in-senegal/>



SYSTEM

Implement “whole sector” systems that assess, meet and monitor demands in supply

Harmonizing equipment, supplies, and pharmaceutical stockpiles across public and private health service providers offers flexibility to a national COVID-19 response. This level of harmonization is complex. Different internal operational systems to assess, meet, and monitor demand are essential. Bridging public and private systems may benefit from the inclusion of private, non-health sector expertise with logistics, procurement, clearing, etc. These should extend across national and sub-national levels.

Assess and monitor demand. An assessment of the availability of medicines, equipment and supplies should be conducted to identify gaps and rationalize items according to need. Loan or sharing arrangements could be introduced to move critical supplies where they are needed or where they can be more efficiently utilized. Sharing inventories and stores could help avoid stock outs as well as stockpiling, in which key supplies go unused. Governments may consider tapping into private sector logistics systems to open opportunities to rapidly redeploy supplies and equipment. Non-health related logistics companies (e.g. soda and alcoholic beverage distributors, bus companies, pharmaceutical distributors) can be invited to support the initiative.

Meet demand. A pooled procurement mechanism should be established to purchase supplies and equipment for designated COVID-19 facilities. This would minimise competition in

Nigeria developed a Health Logistics Management Information System (NHLMIS). Nigeria's health system had previously consisted of nine supply chains and about 20 data systems, making distribution and supply management difficult and preventing providers and governments from making informed decisions on when (and how much) to replenish health commodities. Their efforts to design and implement a countrywide data-visibility integration system supports four objectives: gain visibility into stock supplies, build basic analytics capabilities to improve operations, gather data insights to inform system improvements, and foster network integration across multiple supply-management programs.

Source: Transforming global health supply chains through data visibility. McKinsey & Company. May 2020. <https://www.mckinsey.com/industries/public-sector/our-insights/transforming-global-health-supply-chains-through-data-visibility>

demand and mitigate the risk of “price gouging”. Where key purchasers – national medical stores, major private hospitals, or wholesalers – can collaborate, there may be opportunities to rationalize procurement and benefit from economies of scale, particularly where imported goods are required. The private sector may provide an alternative supply channel for these critical supplies and equipment. Private interests, supporting national COVID-19 responses, could be accorded preferential status allowing cheaper, more efficient importation and customs arrangements. More linkages across private and public interests could also open creative, home grown solutions to producing, sourcing, and distributing supplies to meet demand. This may necessitate greater reliance on and communication between sectors and providers than existed prior to COVID-19.

In **Kenya**, Maisha Meds, a healthcare technology firm, is working to identify potential medicine shortages in the country to help support the response to COVID-19 in Africa. They identified four major types of medicine shortage that are likely to affect the Kenyan market and supplied thoughts on how to map these shortages, and possible responses to moderate the impact of shortages.

Source: COVID consequences: How to spot a drug shortage. Maisha Meds. April 2020. <https://maishameds.org/2020/04/28/covid-consequences-how-to-spot-a-drug-shortage/>

Trigger supply. Scenarios and triggers should be shared across the supply chain(s) and encompass considerations such as: supplier engagement, inventory management, production operations, demand management and logistics. It can invite a new range of partnerships, ones not commonly considered in terms of health response, to emerge. Logistics firms offer ability to source and move imported goods. They may also offer efficiencies domestically, to move and rationally allocate resources. Airlines become essential, as air cargo takes on an ever more important role in the supply chain (many planes have been repurposed to do this). Manufacturers – large or small – can be enlisted to produce cost-efficient PPE, equipment, or facilities. Stores and warehousing resources can be combined. Hotels, accommodation, and catering can be contracted to temporarily manage spikes in demand for treatment, isolation, or quarantine. This necessitates a system to trigger supply in response to actual or anticipated

surges in demand.

Information systems. Transparency is needed in the accounting and provision of supplies. This includes donated, loaned, or procured items. A lack of transparency may fuel distrust between sectors and well as with communities and has emerged as an issue in several LMIC and OECD contexts. The creation of shared information mechanisms (e.g. web-based and/or through mobile technology) can facilitate the coordinated, rational allocation of supplies and equipment and their status. Reporting systems should enable up-to-date data and “real-time” analysis.

Globally, private companies have repurposed their production lines and R&D for the manufacture of needed equipment and supplies. Examples include perfume production to hand sanitizers, TV production to face masks, car production to ventilators. Transforming production can be facilitated through Guarantee Purchase Agreements to incentivize companies to ramp up production and/or re-purpose manufacturing capacity. While these arrangements may fall outside of ministries of health, they exemplify the need for a whole-of-society response to COVID-19. They also speak to the need for strong government regulatory capacity and oversight.

Source: From perfume to hand sanitiser, TVs to face masks: how companies are changing track to fight COVID-19. World Economic Forum. March 2020. <https://www.weforum.org/agenda/2020/03/from-perfume-to-hand-sanitiser-tvs-to-face-masks-how-companies-are-changing-track-to-fight-covid-19/>



SUPPLY-SIDE

Establish mechanisms to contract and reimburse the private sector for supplies

The potential of a harmonized system to emerge and function, will ultimately depend on the confidence of the private sector to be reimbursed fairly and timely. There are a number of different financing options available which could be used, all of which will require pre-arranged terms and conditions.

Pricing and payment. Mutual recognition of public health priorities and fiduciary and financial responsibilities of businesses should form the basis of collaboration and negotiation on pricing and payment terms. Supplies should be reimbursed at a fair rate, to reinforce quality standards. Governments may seek to increase access to services by influencing prices through direct or indirect subsidy. Government may reduce transaction costs in the form of expedited importation processes, concessions on customs duties or through the provision of fiscal and non-fiscal incentives; these may have a favorable impact on pricing. These considerations should extend beyond purchasing and explore opportunities to reduce costs and increase liquidity along the entire value chain, particularly warehousing and distribution.

Liquidity may make direct subsidies difficult and must also be factored into financing arrangements. Costs and pricing must take into consideration a context where liquidity may be a defining factor for private sector, particularly in a scenario of prolonged, depressed economic conditions. Private actors must equally appreciate the impacts of decreased taxation revenues

and increased demands for spending on public sector liquidity. Predictability in how and when private entities are to be remunerated by government is essential. Given issues of liquidity, strategies such as tax deferrals or tax credits are commonly found in national COVID-19 response strategies. It can also be a tool to incentivize the participation of small and medium-sized firms in the COVID-19 response.^{5,6}

The **Philippine** government identified a package of services including room, treatment, laboratory, diagnostics and imaging, medicines, supplies and equipment, including PPEs for all probable or confirmed COVID-19 cases. The government assured that they will be reimbursed and asked health service providers not to require deposits or advance payments from patients. The government also made a commitment to review reimbursement rates with revisions to guidelines, protocols, or changes in costs.

Source: DOH: Every Filipino is covered by Philhealth's COVID-19 case rates. Department of Health. April 2020. <https://www.doh.gov.ph/doh-press-release/DOH%3A-EVERY-FILIPINO-IS-COVERED-BY-PHILHEALTH%E2%80%99S-COVID-19-CASE-RATES>

Globally, private companies have repurposed their production lines and R&D for the manufacture of needed equipment and supplies. Examples include perfume production to hand sanitizers, TV production to face masks, car production to ventilators. Transforming production can be facilitated through Guarantee Purchase Agreements to incentivize companies to ramp up production and/or re-purpose manufacturing capacity. While these arrangements may fall outside of ministries of health, they exemplify the need for a whole-of-society response to COVID-19. They also speak to the need for strong government regulatory capacity and oversight.

Source: From perfume to hand sanitiser, TVs to face masks: how companies are changing track to fight COVID-19. World Economic Forum. March 2020. <https://www.weforum.org/agenda/2020/03/from-perfume-to-hand-sanitiser-tvs-to-face-masks-how-companies-are-changing-track-to-fight-covid-19/>

Contracting authority. Mechanisms used for private and public collaboration on supplies, should not only identify commodities required, they must provide guidance to the public contracting authority on pricing, terms, and conditions. Such a contracting authority may be the ministry of health, national medical stores, or other authority. Contracts need to consider the scope of engagement and modalities for reimbursement of supplies rendered.

About this discussion series

The WHO's Private Sector Engagement COVID-19 Initiative (WHO-PCI) discussion series is for Member States seeking to engage the private health sector in their COVID-19 response. The series seeks to promote a culture of "learning by doing", recognizing that necessity and urgency are producing examples of private sector engagement. As the COVID-19 context is dynamic, this series will be periodically updated with emergent practice. A [draft private sector engagement strategy](#) has been developed and provides further guidance on governance of mixed health systems.

⁵<https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/from-wartime-to-peace-time-five-stages-for-healthcare-institutions-in-the-battle-against-covid-19>

⁶<https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>