

Rwanda Medical Supply Ltd. **Achieving and reinvesting efficiencies for increased value-for-money**

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Contents

Acknowledgements2

Abbreviations4

Executive Summary5

Action plan to achieve and reinvest efficiencies9

Background and rationale 16

Methodology 16

The Value-For-Money proposition 18

Overview of procurement and financial management processes 21

Identified inefficiencies and suggested mitigating actions in health procurement 28

Recommendations to ensure the financial sustainability of RMS Ltd..... 40

Monitoring and Evaluation 41

Communication, accountability and oversight..... 42

Next steps 42

References 43

Annex 1: List of stakeholders consulted 46

Annex 2: Workshop report 48

Figures

Figure 1: High-level overview of identified inefficiencies across procurement steps.....6

Figure 2: RMS 2022/23 prices benchmarking with MSD..... 18

Figure 3: RMS 2022/23 prices benchmarking with UNICEF 18

Figure 4: Potential costs for essential items 2022/23 if savings achieved 19

Figure 5: Price changes for essential commodities between 2021/22 to 2022/23 19

Figure 6: Price fluctuations between 2021/22 and 2022/23 20

Figure 7: Overview of steps and timelines for open competitive tenders 21

Figure 8: Current Work process flow and timelines from quantification to procurement to ordering and receiving goods and payment of supplier 23

Figure 9: Stakeholder map, invoice processing and financing flows..... 23

Figure 10: Finance process flow for essential commodities 24

Figure 11: Suggested payment process for essential medicines to primary health facilities 25

Figure 12: Suggested process flow for RMS-run pharmacies..... 25

Figure 13: Process flow for payment of suppliers of program commodities 26

Figure 14: Suggested process improvements for payment of program commodities..... 26

Figure 15: Current information flow for payments of program commodities 27

Figure 16: Suggested digitalized payment process for program commodities 28

Figure 17: Example of a business risk matrix, to evaluate the risks of different type of decisions, and at what level final approval should be. 39

Abbreviations

AMA	African Medicines Agency
BUFMAR	Bureau des Formations Médicales Agréées du Rwanda
CBHI	Community Based Health Insurance
CDC	Center for Disease Control
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPDS	Coordinated Procurement and Distribution System
ERP	Enterprise Resource Planning (system)
FDA	Food and Drugs Authority
ISO	International Organization for Standardization
LTA	Long term Agreement
MAPS	Methodology for Assessing Procurement Systems
MEMS	Medical Equipment Management System
MINECOFIN	Ministry of Finance and Economic Planning
MSD	Medical Stores Department
RBC	Rwanda Biomedical Center
RMS Ltd.	Rwanda Medical Supply Limited
RSSB	Rwanda Social Security Board
RWF	Rwandan Franc
SOP	Standard Operating Procedure
SPIU	Special Projects Implementation Unit
UNFPA	United Nation's Population Fund
UNICEF	United Nations Children's Fund
USD	United States Dollar
USG	United States Government
WHO	World Health Organization
QAT	Quantification Analytics Tool

Executive Summary

Rwanda Medical Supply Ltd. (RMS Ltd), a private pharmaceutical wholesale company, was registered in March 2018 and started operations in August 2020 to ensure the availability of medicines and medical supplies across Rwanda. In July 2024, RMS Ltd reviewed its strategic plan, focusing on enhancing service delivery, financial sustainability, and digital supply chain transformation. The aim was to streamline procurement processes, improve strategic sourcing, and optimize financial flows. UNICEF Rwanda collaborated with the Ministry of Health to support RMS Ltd in identifying inefficiencies and achieving savings that could be reinvested into health procurement. This initiative is part of a pilot project to apply UNICEF's child health procurement efficiency methodology to Rwanda and other countries. The findings from Rwanda will help refine this methodology and potentially benefit other nations by documenting best practices.

Since its establishment, RMS Ltd has already demonstrated significant efficiency gains by reducing procurement lead times from 12 months to less than 9 months, targetting less than 6 months and achieving cost savings on essential items despite global supply chain challenges. Compared to prices by the Medical Stores Department in Tanzania and UNICEF, RMS Ltd was up to 60% cheaper in 2022/23 for 2483 essential commodities¹. However, challenges remain, with 13% of items benchmarked at higher costs, representing potential savings of 18.5% or RWF 2.8 billion (USD 2 million). Addressing these inefficiencies will require more strategic sourcing, better supplier relationship management, improved financial processes, and automation through an Enterprise Resource Planning (ERP) system. Enhanced digital tools could shorten lead times and support decision-making, while financial improvements could enable RMS Ltd to maintain favorable payment terms. With these measures, RMS Ltd could further improve affordability and availability, setting an example for other countries to follow in health procurement.

RMS Ltd faces inefficiencies in its procurement and financial processes, primarily due to lengthy lead times and manual steps. Procurement lead times, from planning to issuing purchase orders, take at very least 11-18 weeks. This can be shortened by delegating more responsibilities to the procurement department, simplifying procedures for smaller tenders, and allowing complaints to be reviewed without halting the process. Additionally, RMS Ltd is rolling out an Enterprise Resource Planning (ERP) system that includes an e-procurement module to automate key processes. Recommended improvements include automated procurement alerts and price benchmarking, parallel document reviews, and better integration of quality assurance results. Enhanced digital tools will streamline operations, reduce manual handling, and improve procurement efficiency.

Financial processes also present challenges, particularly in managing cash flow and timely payments to suppliers. RMS Ltd must pre-finance essential supplies while awaiting payments from health facilities, leading to significant outstanding receivables. Delays in payments from facilities, which depend on reimbursements from the Rwanda Social Security Board (RSSB), impact RMS Ltd's ability to maintain liquidity. Currently, 77% of receivables are outstanding, equalling RWF 20 billion (USD 14 million), or more than half of annual revenue. The RSSB must increase tariffs and reimburse facilities on time, so that they have resources to pay for supplies. Furthermore, the recently instituted capitation payments to health facilities should be adapted to pay the part allocated to medical supplies (40% of the capitation fee) directly to RMS Ltd. This would limit transaction costs, and allow RMS Ltd to maintain a good payment morale and hence favourable payment conditions with suppliers, ultimately translating into lower costs of commodities for the government and patients.

¹ Note that out of 574, 283 items had a benchmark with either UNICEF (99 items) and/or MSD (243 items).

Additionally, the process for program commodities, which are paid for by donors, involves multiple manual reviews across agencies, causing significant delays for RMS to pay its suppliers. Suggestions to improve financial efficiency include automating invoice processing, establishing interfaces between RMS’s ERP and the government’s financial management system, and entering direct donor funding agreements. RMS Ltd also does not have finance SOPs currently. Streamlining these processes will enable RMS Ltd. to reduce payment delays, manage supplier relationships more effectively, mitigate legal and reputational risks and maintain competitive pricing for health commodities.



Figure 1: High-level overview of identified inefficiencies across procurement steps

The assessment of health procurement in Rwanda identified several inefficiencies across different areas (see Figure 1), including procurement planning, data management, and tendering processes. While RMS Ltd has a strong foundation with solid procurement manuals, SOPs, and capable staff, the review highlighted specific areas for improvement. For example, procurement forecasting currently relies on spreadsheets with manual decision making required for each item, increasing the risk of errors. To address this, RMS Ltd could collaborate with external partners to develop advanced mathematical models for accurate quantification. Additionally, incomplete data entries in the eLMIS system hinder effective procurement planning, and targeted efforts such as on-the-job coaching for health facilities and potential data integration from Electronic Patient Registries are suggested to improve data quality. Similarly, the planning and sourcing of medical equipment could benefit from dedicated staff and better predictive tools, such as the Medical Equipment Management System (MEMS, scheduled for roll out in the coming months), to streamline procurement and maintenance.

RMS Ltd's approach to tendering and sourcing also showed room for improvement, particularly in expediting document preparation and reducing approval layers to enhance responsiveness. The company has taken steps by revising its authority matrix, but further delegation and automation could increase efficiency. The authority matrix should be complemented with exceptions. Recommendations include revising the approval process for low-risk or routine procurements and automating document workflows within the ERP system. Establishing a comprehensive supplier database through market intelligence and strategic networking can also inform sourcing strategies and improve procurement outcomes. Overall, the assessment emphasized the need for data-driven

planning, enhanced supplier engagement, and streamlined procurement processes to achieve efficiency gains in Rwanda’s health procurement sector.

Currently, price benchmarking is not systematically integrated in procurement processes, but RMS Ltd is building capacity to compare prices across countries and organizations, which could be further enhanced by collaborating with the recently established African Medicines Agency, and other international partners. Recommendations include developing a price reference database and integrating automatic benchmarking within the e-procurement system. Additionally, RMS Ltd’s flexible payment terms help maintain supplier satisfaction, but establishing systematic assessments of supplier performance and satisfaction is necessary. Improvements are also needed in storage and order management, with ongoing efforts to enhance information systems and align stock levels to increase customer satisfaction.

RMS Ltd has to balance profitability with the availability and affordability of drugs. Recent improvements, such as the introduction of a streamlined authority matrix and a revised strategy bringing strategic changes, show progress towards addressing these issues. To ensure long-term financial sustainability, RMS Ltd needs supportive financial structures, including increased funding for health facilities and direct agreements with donors. Key actions proposed include the Ministry of Finance paying off existing debt of health facilities and adjusting pricing policies to allow for higher sales mark-up for low value item. We also suggest specific monitoring and evaluation indicators, such as procurement lead times and supplier satisfaction, to track progress. Effective communication and oversight mechanisms, along with collaboration opportunities, are emphasized to sustain RMS Ltd’s mission of delivering affordable and timely medical supplies across Rwanda. RMS Ltd can achieve greater procurement efficiencies, ensuring cost-effective and timely delivery of essential medical supplies across Rwanda, and inspire other countries with its success.

Inter-agency recommendations to achieve procurement efficiencies

Resolving some current inefficiencies requires actions beyond RMS Ltd. In order to ensure the financial sustainability of RMS Ltd, and with it continued access to good value for money in procurement, the health facilities need to pay RMS Ltd for essential commodities in full and in time. They can only do that if they are reimbursed in time and according to their real cost by the RSSB. It is crucial that RSSB increases the financing of health facilities, automates the verification process to reduce the payment delays, and considers paying off the outstanding debt of health facilities to RMS Ltd. In order to further simplify the process, RSSB should pay the share of the capitation paid to health facilities for supplies directly to RMS Ltd. This would also reduce transaction costs. In addition, for program commodities funded by external partners, the existing MOU between RBC, MOH and RMS Ltd needs to be reviewed, as it is not currently implemented. RMS Ltd needs to receive quarterly payments based on the supply plan, and reconciles those payments against actual purchases afterwards. In case that is not possible, at least allow for payments based on purchase orders instead of supplier invoices, which will reduce the payment delays. RBC also should streamline their reviews of payment requests from RMS Ltd, and reduce the number of verifications required.

Lastly, this assessment focused on procurement steps around RMS Ltd, but there are parts of the medical supply chain outside of RMS Ltd, also plagued by inefficiencies. The forecast of supply needs for hospitals is inaccurate and missing forecasts for medical equipment and spare parts, for example. In addition, the efficiency of BUFMAR and Mediasol was not assessed as part of this assessment. By design, adding another layer in the procurement of medical goods can lead to increased costs due to increased layers of administration.

The below actions plan summarises the recommendations following this assessment. In order to facilitate implementation of recommendations for the different agencies, here is a summary of actions for each institution apart from RMS Ltd:

Actions recommended for Ministry of Finance

Review the signed MOU between RBC and MOH determining payment terms and information flows for payment of program commodities funded by donors through the MINECOFIN. Either enforce the MOU and make payments on a quarterly basis based on the supply plan or allow for payments based on purchase orders. This would ensure that RMS Ltd has the necessary funding to pay suppliers based on agreed payment terms.

Actions recommended for Ministry of Health

Review the pricing policy for pharmaceuticals every year and involve key supply chain actors in the reviews. Consider a range of markups for retail prices of pharmaceuticals, to accommodate and incentivize low prices.

Review the agreements and cost structure of BUFMAR and Mediasol, to ensure best value for money in health procurement.

Actions recommended for Rwanda Biomedical Center

Install access to Medical Equipment and Maintenance System at RMS Ltd, to facilitate the annual procurement planning process, and establishment of supplier database for medical equipment.

Review the signed MOU between RBC and MOH determining payment terms and information flows for payment of program commodities funded by donors through the MINECOFIN. Either enforce the MOU and make payments on a quarterly basis based on the supply plan or allow for payments based on purchase orders. This would ensure that RMS Ltd has the necessary funding to pay suppliers based on agreed payment terms.

Improve the payment process for program commodities and reduce the number of verifications of invoices at RBC level, to ensure invoices are processed within a week maximum.

Actions recommended for Rwanda Social Security Board

Increase the tariffs used to reimburse health facilities for their services delivered. This will allow health facilities to pay RMS Ltd for supplies on time. Alternatively, for primary health facilities, pay RMS Ltd 40% of the capitation fee for health facilities directly from RSSB.

Explore the option to pay some of the receivables to RMS Ltd in foreign currency (e.g. part of the capitation fee).

Pay off the outstanding debt of health facilities to RMS Ltd.

Actions recommended for Rwanda Food and Drugs Authority

Review the pricing policy for pharmaceuticals every year and involve key supply chain actors in the reviews. Consider a range of markups for retail prices of pharmaceuticals, to accommodate and incentivize low prices.

Action plan to achieve and reinvest efficiencies

This action plan is translating the recommendations into actions for the first 12 months. A review is suggested after 12 months and further planning depending on progress. This action plan is intended to serve as an implementation plan for RMS Ltd and its partners. Some recommendations have already been taken on board or are building upon existing ideas and implementation started during the writing of this report, hence the at times short deadlines. This action plan summarises the section *Identified inefficiencies and suggested mitigating actions in health procurement*, and adds further details important to ensure the implementation of the findings. There are 22 actions identified.

Inefficiency identified	Recommendation	Action	Responsible	Timelines	Output	Expected outcome	Potential costs
Forecasting is completed across different spreadsheets, increasing the potential for manual error and lacks support for decision-making. The current process also doesn't adequately forecast all supply needs for hospitals.	Collaborate with a company, organization or university to develop a mathematical model to predict annual needs, learn from past inaccuracies and propose the best methodology for the estimation. Ensure the model integrates with the ERP.	Issue a call for a company, organisation or university to develop a mathematical model to predict annual needs. Build a control tower dashboard that triangulate supply data with service data and provide quantity needed for next period.	RMS Ltd	Before end of January 2025, contracting completed by February 2025.	First model expected to be used for the 2025/26 quantification	The quantification is completed automatically as much as possible to reduce manual decision making and increase precision of forecasts up to 90%.	Consultancy cost of external provider of quantification
eLMIS entries are incomplete, leading to data quality issues for procurement planning, as real consumption and stock levels at facilities are insufficiently known.	Provide stock management and data entry support to health facilities. Review the potential for RMS branch staff targeting low performing health facilities for on-the-job coaching when deliveries are made.	Analyze low performing health facilities (review timeliness and completeness of data entry for eLMIS), and target them for on-the-job coaching by the branches. Use the opportunity to sensitize health staff on the importance of eLMIS, and cross check if all tools are available (including eyewear if needed).	RMS Ltd, RMS branches	Analysis completed before end of January 2025, coaching in January-March 2025	List of low performing health facilities, coaching sessions	Improved timeliness and completeness of eLMIS	Coaching sessions – staff time, transport.
Medical equipment is insufficiently planned for, leading to long lead times once orders are placed.	Build the procurement capacity of the Biomedical Engineering staff at RMS Ltd, to equip them to plan, monitor and prepare medical devices and equipment procurements.	Review tender documents for medical equipment and ensure that documents and evaluations consider full cost of equipment: after-sales services, warranty issues, installation support and training of users. Offer short-courses to biomedical engineers in procurement.	RMS Ltd (Director of Procurement)	Before end of January 2025 for the review of tender documents and evaluation criteria. Shortcourses in procurement offered	Revised tender documents and evaluation sheets. Certificate of short courses.	Medical equipment procured comes with supporting services. Biomedical engineers at RMS have the relevant capacity.	Short courses in procurement.

Inefficiency identified	Recommendation	Action	Responsible	Timelines	Output	Expected outcome	Potential costs
				between January-July 2025.			
Medical equipment is insufficiently planned for, leading to long lead times once orders are placed.	Collaborate with the Medical Devices Team at RBC to support the full roll out of Medical Equipment and Maintenance System (MEMS) and have access to the information once useful.	Install access to MEMS at RMS Ltd. Support the annual needs assessment for medical equipment.	RBC MTD	Install access to MEMS at RMS before June 2025	RMS Ltd has access to MEMS and contributes to the annual needs assessment.	The leadtimes for medical equipment are reducing due to better planning.	Potential cost for full implementation of MEMS
There is no systematic market research to inform the sourcing strategy, and RMS Ltd does not maintain a supplier database to inform sourcing decisions.	As part of the market intelligence assessments, build a supplier database that lists manufacturers' details such as qualification standards, the items they produce (and indicative prices, if available), delivery terms and payment terms. Start with the WHO list of pre-qualified manufacturers, combine with the information of manufacturers listed in the South African price guide for medical products ² .	Build a supplier database, with information from trade exhibitions, pharmaceutical and medical equipment conferences and summits, as well as previous procurements and exchanges with other procurement agencies and the African Medicines Agency. Visit the UNICEF Copenhagen warehouse and procurement team, to exchange about their interaction with suppliers, warehouse management and strategic market research. Ensure the procurement procedure manual includes all relevant methods (pooled procurement, etc.).	RMS Ltd (Director of Procurement)	First supplier database ready by February 2025, then update regularly. Conduct exchange visit to UNICEF before June 2025.	Supplier database	Procurement for medical items is faster and more targeted, ultimately increasing value-for-money.	Participation at conferences, exchange visits travel costs.
Multiple layers of approvals cause delays in procurement and financial processes. The process of preparing the tender documents is lengthy due to various levels of approvals and reviews.	Complete a business risk assessment and add a list of exceptions to the authority matrix, that further delegate signatory powers.	Add exceptions to the authority matrix for certain signatory powers. Automate the tender preparation process with parallel reviews. Quantify the cost of delays and report them regularly. Digitalise completely within RMS Ltd and avoid paper-based processes.	RMS Ltd (Director of Quality, Risk and Compliance)	Before end of March 2025	List of exceptions for authority matrix	Tender processes are faster, reducing the staff time spent on different steps and being more responsive to suppliers.	None

² See <https://www.health.gov.za/nhi-pee/> for the latest price guide.

Inefficiency identified	Recommendation	Action	Responsible	Timelines	Output	Expected outcome	Potential costs
There is no systematic price benchmarking of bids.	Establish a price reference database, using prices from other governments (e.g. MSD Tanzania, Ministry of Health South Africa) other global buyers (e.g. UNICEF supply catalogue, UNFPA catalogue, global drugs facility, etc.).	Finish the ongoing work to establish a price reference database, and automatically link product codes within the ERP, so that price benchmarking happens automatically within the e-procurement system for entered prices. Integrate historic price benchmarking in the benchmarking work being established by RMS Ltd.	RMS Ltd	Before end of January 2025	Price reference database Market analysis reports and historic pricing reviews are completed	Bids are automatically benchmarked against the price reference, to facilitate selection and negotiation, reducing prices for RMS Ltd. Senior management receive at least bi-annual updates on price benchmarking and price references, helping decision making and forward planning.	None
There is no historic price benchmarking with bidders. Medical equipment is insufficiently planned for, leading to long lead times once orders are placed.	Establish a product catalogue, including a section on medical equipment.	Establish a product catalogue with unique product codes (across eLMIS and ERP) and indicative prices. Conduct a Request for Information ³ process for medical equipment, to build the section for medical equipment manufacturers, and inform the sourcing strategy for equipment purchases.	RMS Ltd	Before end of March 2025	Product catalogue available (online for all facilities accessible)	Orders from facilities are in line with the RMS offer, improving order fill rates.	Potential hosting costs or adaptation of website to host the product catalogue.
There is no assessment of supplier satisfaction.	Establish supplier satisfaction reviews.	Develop a standard form to collect supplier's feedback on the engagement with RMS Ltd. This can be sent either with the acceptance report, or proof of payment. Develop short summaries for senior management with suggested actions to improve supplier satisfaction and maintain RMS Ltd's reputation as a buyer.	RMS Ltd	Before end of April 2025	Supplier satisfaction form available. Summary reports for senior management with recommended actions shared yearly.	RMS Ltd maintains a good reputation as buyer and as access to reputable and best value manufacturers.	None.

³ A Request for Information process in procurement is used when the buyer doesn't have precise knowledge of a good or service, and it does not express a commitment to acquire the goods or services. It can be used for budget estimates or tender documents.

Inefficiency identified	Recommendation	Action	Responsible	Timelines	Output	Expected outcome	Potential costs
There is no systematic assessment of supplier performance.	Develop scorecards for suppliers based on their performance, and share in a feedback meeting, where the above-mentioned supplier satisfaction is also discussed.	Update and streamline the SOP for supplier performance evaluation and develop scorecards. Integrate the performance assessment as part of the ERP (e.g. sticking to agreed timelines, delivery acceptance rate, response time on queries and emails).	RMS Ltd	Before end of March 2025	Performance scorecards for suppliers	RMS Ltd continues to have good and constructive relationships with manufacturers and improves procurement processes every year for improved value-for-money.	None
Proformas and stock levels are not aligned, and sometimes old product codes are used for orders from clients, affecting order fill rate.	Improve the order fill rate.	Ensure the eLMIS has correct product codes – delete all old product codes. Centralise the ordering process, to ensure alignment with inventory, and include a commitment system for products in the warehousing system, while delivery is awaiting.	RMS (Director of Warehouse, Sales and Distribution)	eLMIS old product codes deleted before end of 2024. Centralisation of ordering system implemented by end of June 2025.	Ordering process centralised, no more old product codes used.	The order fill rate increases to 95%	Potential cost of centralisation of ordering: IT infrastructure, staffing.
The RMS branches do not have commercial teams and lack financial capacity.	Improve the commercial and financial function at branch level.	Set up a commercial team to support branches, engage with clients, support mitigation efforts in case of conflict and encourage sales through targeting customers based on analytics. Include a finance function and commercial function in the new structure of the consolidated branches. Setup an overseeing finance team with the responsibility to provide stop gap measures to branches, train public health staff in finance procedures and coach finance staff at branches.	RMS Ltd (Director of Warehouse, Sales and Distribution, Director of Finance)	Before end of 2025 (has budgetary implications, so need to be factored in the budget 2025/26)	Commercial team and financial team available to support branches.	Customers are better targeted with specific offers, increasing sales and client satisfaction. The invoicing and debt recovery capacity at branches increases, reducing the outstanding receivables.	Additional staffing: 1-2 additional commercial staff to support branches and 1-2 financial experts to provide roving support to branches.
There is no service at RMS branches over the weekend, and no shift system during the week.	Review the working hours, to better use assets such as delivery vans, be responsive to clients needs' and improve delivery schedules.	Set up a pilot with a hub at 1-3 branches to cover the whole country over the weekend – starting with Saturday service. Assess sales after 3 and 6 months, and customer satisfaction, to establish if the introduction has led to a) increased sales, b) increased availability of drugs (reduced stockouts at facility	RMS Ltd (Director of Warehouse, Sales and	Pilot set up by April 2025, assessments of effectiveness after June and September 2025.	Pilot with longer working hours through shift system.	In theory, with none or minimal extra investments in HR, branches should be able to make more deliveries, and hence reduce the turnaround times.	Additional drivers (staff costs) to drive delivery van

Inefficiency identified	Recommendation	Action	Responsible	Timelines	Output	Expected outcome	Potential costs
		level), c) faster deliveries and d) increased customer satisfaction. Engage staff at branches to discuss a shift system, covering an early shift and late shift, overlapping during core business hours, to better use working assets such as delivery vans.	Distribution)			This would reduce the non-working hours of key capital such as delivery vans, and reduce the need to buy new delivery vehicles, increasing value for money.	
The sales markup policy of the Rwanda Food and Drugs Authority for medical items incentives high absolute prices, as it is a fixed percentage for all items.	Adapt the pricing policy and provide a range for the markups (e.g. 20% of items with a unit price of above RWF 2500, and a markup of 30% for items with a cost price cheaper than RWF 2500): for low-value items, a higher markup is justified, while for expensive items, a lower markup is sufficient to cover operational costs.	Involve key supply chain actors in updating the pricing policy. Review the pricing policy every year.	Rwanda FDA / MOH	By January 2025 for the current draft pricing policy	Reviewed pricing policy	The pricing policy adapts to realities and allows for the market of pharmaceuticals to remain price competitive while RMS Ltd stays in business.	None
Program commodities are not paid in time to suppliers, due to the lengthy payment process.	Improve the payment of program commodities.	Review the signed MOU between RBC and MOH and either enforce payments on a quarterly basis based on the supply plan, or payments based on purchase orders. Improve the payment process and reduce the number of verifications of invoices at RBC level.	MINECO FIN, RBC, RMS Ltd	By end of 2024 for the revised MOU and payment process	Revised MOU and revised payment process	Program commodities are paid in time for RMS Ltd to pay suppliers within 45 days.	None
RMS Ltd needs to regularly access large amounts of foreign currency to pay its international suppliers.	Improve accessibility to foreign currency for RMS Ltd.	RMS Ltd to track and report foreign exchange rate losses to MINECOFIN, so that they can explore the possibility of paying some of the receivables in foreign currency. Engage with partners such as Partners In Health (or other organizations that raise funding internationally and have regular expenses in Rwandan Franc) for currency swap agreements ⁴ .	RMS Ltd (Director of Finance)	Before end of March 2025	Annual report on foreign exchange rate losses Feedback from international partners about possibility of currency	RMS Ltd is able to minimise their foreign exchange rate losses, increasing value-for-money.	None

⁴ A currency swap agreement is a contract between two parties to exchange payments in different currencies over a set period, helping manage exchange rate risks.

Inefficiency identified	Recommendation	Action	Responsible	Timelines	Output	Expected outcome	Potential costs
					swap agreements		
Health facilities have accumulated large amounts of debt with RMS Ltd.	Reduce the outstanding receivables from health facilities.	Increase the tariffs paid to health facilities, to allow them to pay RMS Ltd for their supplies on time, and pay RMS Ltd 40% of the capitation directly from RSSB.	RSSB	By June 2025	Tariffs increased, 40% of capitation is directly paid to RMS Ltd.	Essential commodities supplied to health facilities are paid for on time and in full, reducing the financial risk for RMS Ltd.	Outstanding debt is RWF 20 billion. The MOH recently conducted a health services costing which indicated that tariffs should double.
Health facilities have accumulated large amounts of debt with RMS Ltd.	Reduce the outstanding receivables from health facilities.	RSSB to explore the option to pay some of the receivables to RMS Ltd in foreign currency. Pay off the outstanding debt of health facilities.	RSSB	By June 2025	No more outstanding debt from facilities.	Essential commodities supplied to health facilities are paid for in full.	Outstanding debt is RWF 20 billion
Health facilities have accumulated large amounts of debt with RMS Ltd.	Reduce the outstanding receivables from health facilities.	Before branches issue any new proforma for an indebted facility, ensure that health facilities have set up a monthly standing order to RMS Ltd, to reduce the debt gradually.	RMS Ltd (Sales & Distribution Manager)	Before the end of 2024	Indebted health facilities have set up a standing order to RMS Ltd.	The outstanding debt of health facilities decreases, providing RMS Ltd with the funds to better source items, increasing value-for-money.	Cost of setting up standing orders
There are no SOPs for financial processes.	Improve the financial capacity at RMS Ltd.	Review the financial manual and establish SOPs for all key finance processes, both at RMS Ltd and at branches. Provide monthly training to finance staff on selected issues.	RMS Ltd (Director of Finance)	Financial manual reviewed and SOPs finalised by end of February 2025	SOPs for financial processes, reviewed financial manual, monthly training sessions	The finance department efficiently manages cashflow and foreign currency transactions, improving value-for-money.	None – trainings can be done as part of brown bag lunches, so potentially only include lunch costs.
The understanding of the implications of the private status of	Build a private-sector mindset across RMS Ltd.	Institute quarterly business review meetings with all employees, where senior management presents business	RMS Ltd	Start quarterly business review	Quarterly business	RMS Ltd staff have a private sector mentality, focusing on	None

Inefficiency identified	Recommendation	Action	Responsible	Timelines	Output	Expected outcome	Potential costs
RMS Ltd varies among employees.		figures (e.g. total sales, total profit, missed sales (i.e. stock outs), customer satisfaction, order fill rate, best performing branches, other Key Performance Indicators from the RMS Ltd Strategy) in a one-hour call to reinforce the business focus of each unit.		at the end of March 2025	review presentations	profitability and their key performance indicators.	
The agreements with BUFMAR and Mediasol potentially lead to inefficiencies, as they add a layer of costs and administration to medical procurement.	Review the agreements with BUFMAR and Mediasol and align on costs.	Review the agreements and cost structure of BUFMAR and Mediasol.	MOH	Reviewed agreements available by June 2025	Reviewed agreements for BUFMAR and Mediasol	RMS Ltd achieves full economies of scale and chooses the best possible suppliers for each item.	None

Background and rationale

Rwanda Medical Supply Ltd. (RMS Ltd.) is a private company fully owned by government, which started its operations in August 2020 with a mandate to ensure the availability of medicines, medical supplies, and consumables for the Rwandan population. In July 2024, RMS conducted a review of its strategic plan focusing on four main objectives i.e achieving excellent service delivery, enhancing financial and operational efficiency for self-sustainability, attaining digital supply chain transformation and building and sustaining a culture of flexibility, innovation adaptation and learning. Specifically for this assignment, RMS has identified streamlining procurement processes to enhance efficiency, strategic sourcing and optimized finance business flows as major areas of interest. UNICEF Rwanda reached out to the Ministry of Health to offer support in identifying inefficiencies, achieving savings and reinvesting them into health procurement. UNICEF Supply Division had developed a methodology to increase the value-for-money in child health procurement, building on experiences in Namibia. This project is part of a pilot project to apply the methodology on procurement efficiencies in three countries, document learnings and refine the methodology. In that regard, the findings from Rwanda are both used internally to achieve procurement efficiencies, as well as internationally to inform the further rollout of this methodology and the potential benefits to other countries.

Overview of RMS Ltd

RMS Ltd operates out of a central warehouse with 30 district warehouses across Rwanda. The district warehouses are managed by RMS branches, who are responsible for storage and distribution at the district level. Distribution is integrated, covering essential commodities paid for by patients and/or reimbursed by health insurance schemes, and program commodities, provided by external funders and given for free to patients. RMS Ltd generates revenue through adding a sales mark up to essential commodities, which covers their own operational and distribution costs. For program commodities, RMS Ltd adds a management fee for storage and distribution, paid for by the external funders. In 2023, RMS Ltd had 322 staff nationwide, including supply chain professionals, pharmacists, nurses, finance specialists, procurement specialists, IT specialists and engineers. In the financial year 2022/23, RMS Ltd made RWF 30 billion in sales and a total profit before tax of RWF 815 million. The financial statement for the fiscal year ending June 2024 was not publicly available at the time of writing this report.

Methodology

The Child Health Procurement Efficiencies toolkit developed by UNICEF Supply Division encompasses four steps:

1. Developing a value-for-money agenda in child health procurement.
2. Address inefficiencies to achieve efficiency savings.
3. Monitoring, measuring and reporting efficiency savings.
4. Protecting and reinvesting efficiency savings into child health procurement.

Upon the request of the Government of Rwanda, the scope was broadened into general health procurement, to capture the complete mandate of RMS Ltd. A team of a supply financing expert, an information system specialist for supply chain and a procurement services manager visited RMS Ltd. in September 2024 to conduct key informant interviews. This was preceded by a document review that included 159 documents, such as:

- 70 Standard Operating Procedures (SOP)
- Excel files related to forecasting, quantification and supply planning
- Various policies and manuals related to the operations of RMS Ltd.
- Procurement documents such as tender documents, standard contracts, procurement plans

- Project documents, memorandum of understandings and agreements with partners and government institutions
- The newest strategic plan and performance framework of RMS Ltd., as well as the financial statements
- Health sector policies and strategies related to supply chain and health financing
- Government budgets and financial statements reporting expenditures
- Laws and regulations governing private companies, public procurement, public financial management, pharmaceutical regulation, and health insurance schemes
- External assessments of public expenditures, public procurement and the health supply chain

40 stakeholders were interviewed for the assessment, with initial findings validated in a debriefing session. The recommendations were reviewed by 13 RMS technical specialists, and 10 stakeholders from institutions other than RMS. This report was prepared, and key findings discussed with representatives of Ministry of Finance and Economic Planning (MINECOFIN).

Prices for essential commodities were compared to understand the relative price efficiency of RMS Ltd. The unit costs for essential commodities from 2022/23 (before freight and other shipping and customs related costs) were compared with unit costs available from UNICEF's supply catalogue. For comparison with MSD Tanzania's catalogue, a standardized percentage was added for freight costs and the sales markup as indicated by the Rwandan Food and Drugs Authority. This allowed to compare Tanzania's sales cost of drugs with the potential sales cost of RMS Ltd's commodities.

However, there are important limitations with these price comparisons:

- a) The timing does not align. For MSD's price catalogue, the prices were for 2023/24, a year after the unit costs available for RMS Ltd. For UNICEF, the prices were from the second quarter of 2024, also a year later.
- b) Freight costs were estimated and considered to be uniform across essential commodities. Actual freight costs might be higher or lower and differ for different items.
- c) The comparison did not compare the quality and packaging of items, which affects prices.
- d) The comparison was made with unit prices provided by RMS Ltd, we did not verify if those were calculated correctly.
- e) There was no comparison possible for program commodities (funded by external partners) or medical equipment and spare parts.

Overall, the difference in prices might be less than estimated, if accommodating the above limitations, but due to the overall magnitude, it is likely that RMS Ltd remains cheaper overall compared to the benchmarks.

The Value-For-Money proposition

Rwanda Medical Supply Ltd. has already been able to realize important efficiency gains. The public procurement system of Rwanda has been assessed with the international Methodology for Assessing Procurement Systems (MAPS) in 2020⁵. The assessment found that Rwanda’s public procurement system is ahead of its regional peers and comparable with the system in Norway, with a well-structured and strong legal framework, a highly functional e-Procurement system (UMUCYO) and high levels of professionalism. The Government’s efforts have resulted in an efficient, effective and transparent public procurement system⁶. However, structurally long procurement leadtimes remained. The Government of Rwanda had recognized that the long procurement lead times (around 12 months) lead to challenges within the health sector. Public procurement laws and regulations are limiting the flexibility of procuring agents in their approach, focusing on transparency, accountability, fairness, competition, economy and efficiency. The government hence created a private limited company state-owned enterprise, Rwanda Medical Supply, fully owned by the government, but governed under the company’s act. Rwanda Medical Supply Ltd., through its flexible application of different procurement methods, being able to adapt payment conditions and pre-finance, for example, was able to achieve significant efficiencies already since its establishment in 2020. Namely, RMS Ltd. has reduced the procurement lead-times down to less than 9 months and has also procured medical items at competitive prices. Compared with references prices from Rwanda of 2019, RMS Ltd. has reduced prices of essential items by 11% by 2022/23, despite global supply chain challenges. 49% of items were benchmarked against pooled procurement options (through UNICEF’s supply catalogue) and against sales prices of the Medical Stores Department (MSD) of Tanzania, including the relevant sales mark-up. RMS Ltd procured the benchmarked items cheaper *overall*, see Figure 2 and Figure 3.

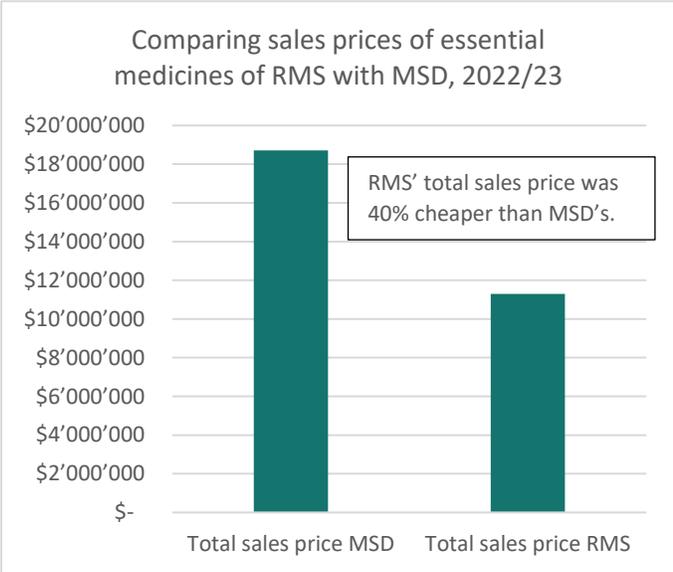


Figure 2: RMS 2022/23 prices benchmarking with MSD

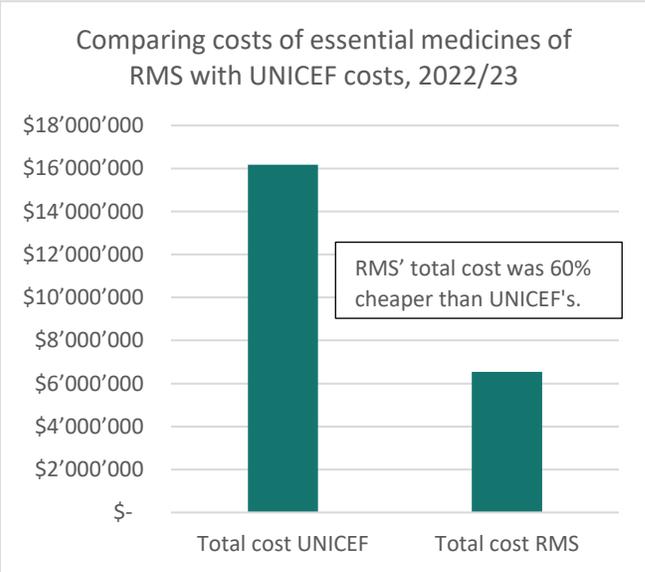


Figure 3: RMS 2022/23 prices benchmarking with UNICEF

⁵ Source: Government of Rwanda & World Bank Group, 2020. Rwanda Assessment of the Public Procurement System. MAPS, Find the report here: <https://www.mapsinitiative.org/assessments/MAPS-Rwanda-assessment-report.pdf>

⁶ Source: <https://blogs.worldbank.org/en/governance/what-rwanda-can-teach-us-about-effective-public-procurement-reform-using-maps>, accessed 16 August 2024

There is still scope to further improve efficiencies, and substantiate past gains. 13% of benchmarked items were more expensive at RMS. From the 13% of items that could potentially have been bought at lower prices, the estimated savings were 18.5%, or the equivalent of RWF 2.8 billion (USD 2 million), see Figure 4. Compared to their total sales in 2022/23, RMS could achieve potential savings of 9%. 58% of this potential saving is driven by two items (Carbamazepine and surgical gloves) with either large quantities or large differences in pricing.

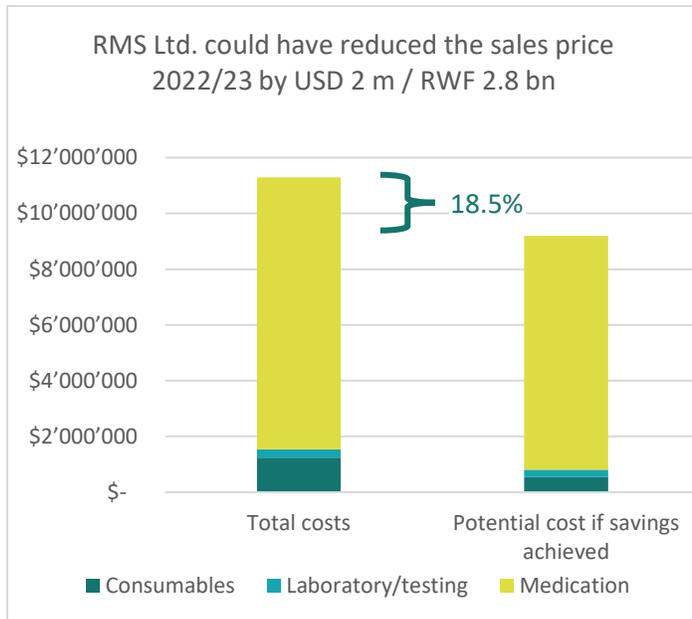


Figure 4: Potential costs for essential items 2022/23 if savings achieved

Prices in procurement fluctuate, and supplier behaviour and pricing is influenced by past experiences. Payment delays, exchange rate fluctuations and other hidden costs are factored into the pricing. To continue having access to low prices, RMS Ltd. needs to carefully manage supplier relationships, also because of its relatively small market and significance to manufacturers. Being able to accept and maintain attractive payment terms, as well as ensuring a good reputation as a buyer is important for RMS Ltd's continued access to manufacturers. Comparing the cost of items between years, RMS Ltd achieved cost savings for 243 essential items, while the cost for 266 items increased. For 26 items, the cost increased more than six times compared to the previous year, see Figure 5. If considering the quantities bought, between 2021/22 and 2022/23, RMS Ltd's costs for

consumables increased by 21%, if one big cost saving on examination gloves is disregarded. The costs for laboratory items also increased by 41%, while medications became marginally cheaper by 2%. 2021 and 2022 were difficult years for the global supply chain, but the global situation has since improved, and supply availability should be improved, impacting pricing.

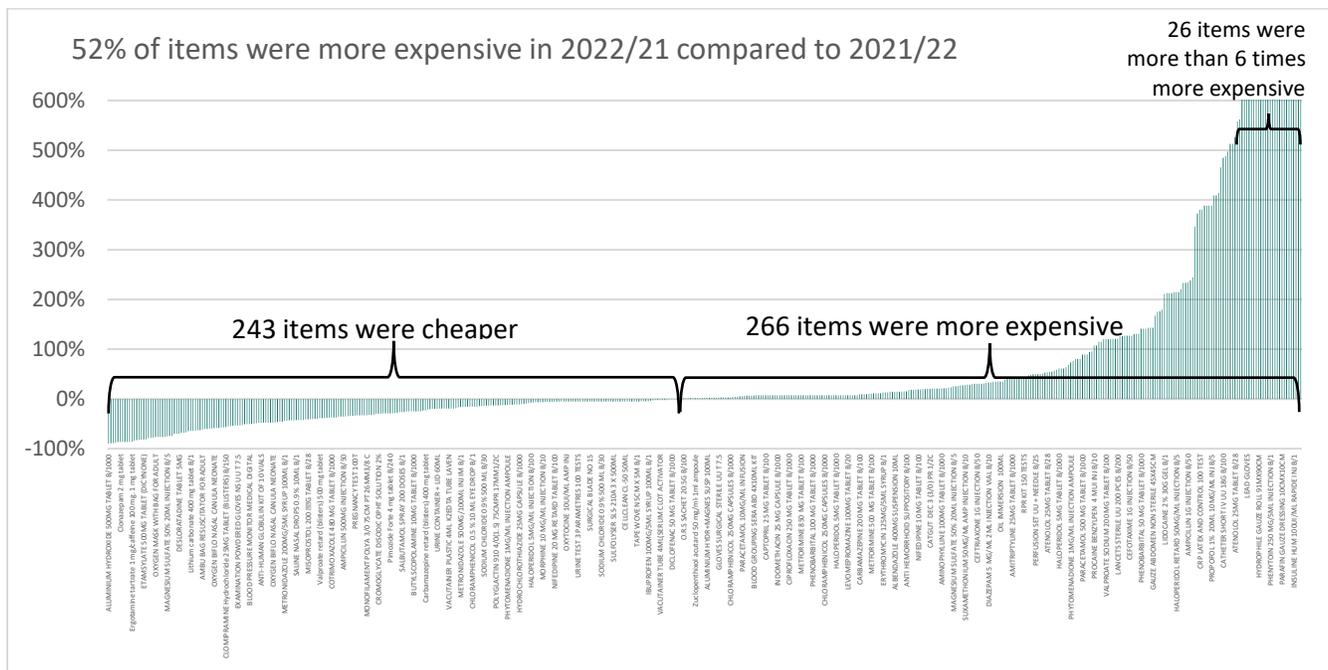


Figure 5: Price changes for essential commodities between 2021/22 to 2022/23

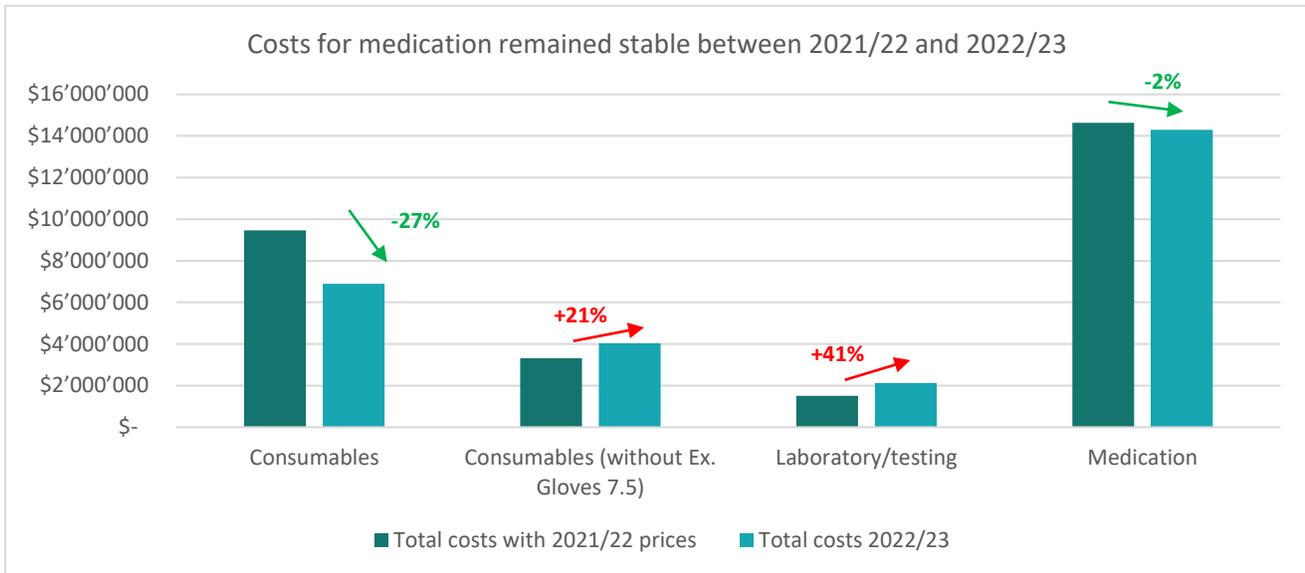


Figure 6: Price fluctuations between 2021/22 and 2022/23

By design, it currently takes up to six months to pay suppliers of program commodities (commodities financed by donors such as Global Fund, etc.) and more than 45 days to receive the payments from facilities for essential medicines allowing to pay the supplier. RMS Ltd must be able to finance and maintain a large working capital, reduce losses such as expiries to an absolute minimum and have access to flexible and cheap liquidity in case needed. By improving their financial management processes, the company will be able to continue offering attractive payment terms, as well as pay suppliers on time. By further benchmarking prices, engaging suppliers and maintaining a trusted relationship, RMS Ltd will be able to realize some of the estimated 18.5% price savings, and increase their value-for-money.

Implementing the recommendations will improve product availability as well as affordability. RMS Ltd's drive towards automation of processes through establishment of an Enterprise Resource Planning system (ERP), based on SAP (Hana), will allow for lead times in procurement and business processes in finance to be shorter, due to automation. Furthermore, this brings new opportunities such as building large mathematical models to support decision making, starting with forecasting and quantification, but also covering warehouse planning, client credit policy implementation, business performance insights and potential market gaps. Based on the analysis for this project, and key informant interviews, RMS Ltd has the potential to set an example to other countries of the value-for-money offering by a central procurement and warehousing.

This project supports efficiency gains at the backdrop of decreasing overall fiscal space for health in Rwanda. Despite projected annual growth rates of 6.6% in the medium term (2024-2026), fiscal space for health is projected to decrease. Rwanda is at moderate risk of debt distress, and the government aims to rationalize existing expenditures and increase domestic revenue to reduce debt levels. The 2024/25 budget allocates 6.6% of the total budget to health, down from 7.2% in the previous year. The nominal health budget has not changed in the last three years, but given the depreciation of the Rwandan franc, the absolute value has decreased⁷. Amidst this tightening of resources for health, realizing efficiency gains becomes crucial to ensure continued improvements in service delivery. The estimated 9% savings that could be achieved by changing sourcing strategies or suppliers will help drive continued improvements without costing more.

⁷ Source: UNICEF Rwanda, Presentation on Budget Brief 2024/25, 1st October 2024

Overview of procurement and financial management processes

RMS Ltd. maintains framework contracts for most medical goods – for program commodities, which are commodities funded by external partners such as Global Fund, Enabel, the World Bank, and similar, for up to 90% of items. The procurement manual and related Standard Operating Procedures (SOPs) are detailed and serve as good job guidelines. For open competitive tenders, the planning and sourcing phase takes at best between 4-8 weeks, while evaluation and selection can be completed within 4-6 weeks. Contracting and contract signature happens over two to four weeks, before issuing purchase orders. The below Figure 7 shows an overview of the steps and timelines.

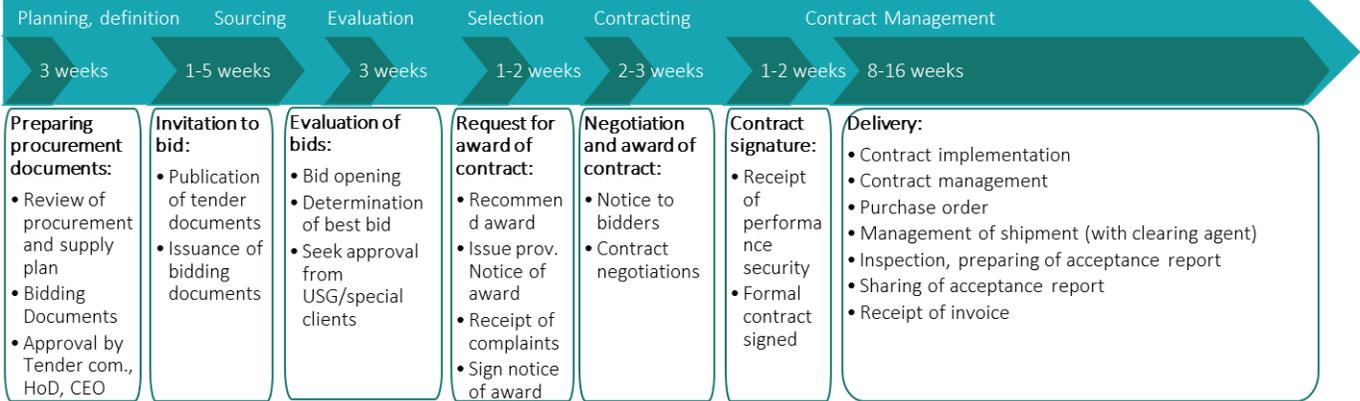


Figure 7: Overview of steps and timelines for open competitive tenders

The timelines indicate that between identifying the need for an item and signing the contract and being able to issue a purchase order, at least 11-18 weeks pass. This could be reduced further by making a tender committee non-compulsory for tenders below a certain threshold, or for renewal tenders of previous contracts. The procurement department could take on more responsibilities and delegated tasks such as reviewing tender documents, evaluating bids financial aspects and the technical aspects for simple tenders. Furthermore, based on the current procurement manual, complaints of non-successful bidders after provisional notification of intention to award a bid suspend the procurement process. Given that RMS Ltd is a private company, they could make complaints non-suspensive to the process, review the complaints while also advancing contract negotiations. This could be added as an option in the procurement manual, as a decision of the head of procurement upon advice of the legal officers. The ongoing rollout of the ERP will support automation of the procurement process, and parallel reviews of documents such as tender documents. There will also be an e-procurement module, planned to be rolled out in November 2024, which will facilitate managing the procurement process. These are specific recommendations for consideration in the new ERP and e-procurement module:

- Automatically linking stock levels to procurement alerts: in case no framework contract in place for an item, issue a procurement alert at 8 months of stock, in case of framework contract in place, issue a procurement alert at 4 months of stock.
- Provide parallel reviews of bidding documents by relevant parties, within a deadline of 3 days, and then daily automatic alerts to employees for reviews.
- Automatically send opened bids to evaluators, with reminders after three days if the evaluation has not been completed.
- Automatically flag if historic prices for items were different by more than 10%

- Automatically flag if benchmark prices for items are different by more than 10%
- Automatically share contract with vendor for signature with a deadline of 3 days
- Automatically generate the list of suppliers with lower price per item for given period to determine eligibility for LTA
- Automatically linking quality assurance results: In case of supplier did not meet the quality standards, issue an alert for the item and supplier that did not meet the quality, and add a note in the supplier database

Forecasting and quantification process

As the procurement process builds upon information received from the quantification team, the forecasting and quantification process was also analysed and mapped. The process starts with reviewing the parameters and items to be quantified, collecting and triangulating the data, estimating needs and reviewing them against available funding sources. This is then cumulated in a supply plan, that also includes suggested delivery schedules. The procurement team includes the supply plan in their procurement plan. The quantification is currently completed with several points of manual decision making: which data sources to use, which method of quantification to use (based on estimated need derived from morbidity or based on consumption patterns or based on past deliveries), and includes several files. The process takes about two months. RMS Ltd has several years of data from quantification exercises, as well as the drive to innovate for increased efficiency, which would allow for a partnership with a company or university to establish a large mathematical model that assesses historic precision of different datapoints and advises on which datapoints to consider for the future. This would help re-structure the quantification process. The team would be responsible for collecting, cleaning and entering data sources, while the model would predict future needs, and continue to improve with each year. For this, a feedback loop is essential: information about stockouts, expiries, critical stock levels and overstock needs to be fed into the model. The review process that also balances resources with demand will remain important. In the absence of a mathematical model, the Quantification Analytics Tool (QAT) is a good alternative that allows to estimate need, plan supply schedules and monitor stock for all commodities – and not just program commodities as used today. Furthermore, innovating the quantification process would also shift more ownership to RMS Ltd, and hence help them plan better their procurement. Currently, the quantification for essential commodities is completed manually in excel, while the quantification for program commodities is largely completed by the programs, with support from RMS Ltd.

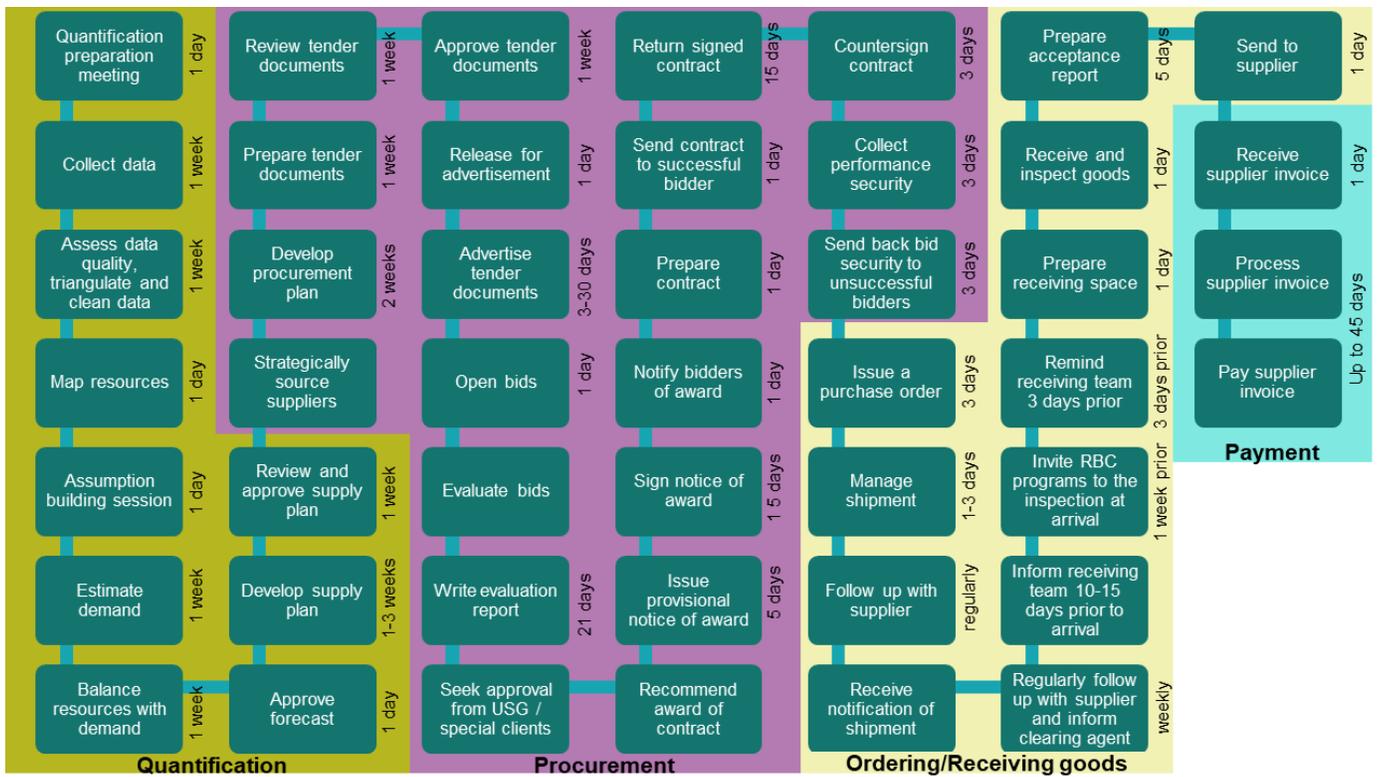


Figure 8: Current Work process flow and timelines from quantification to procurement to ordering and receiving goods and payment of supplier

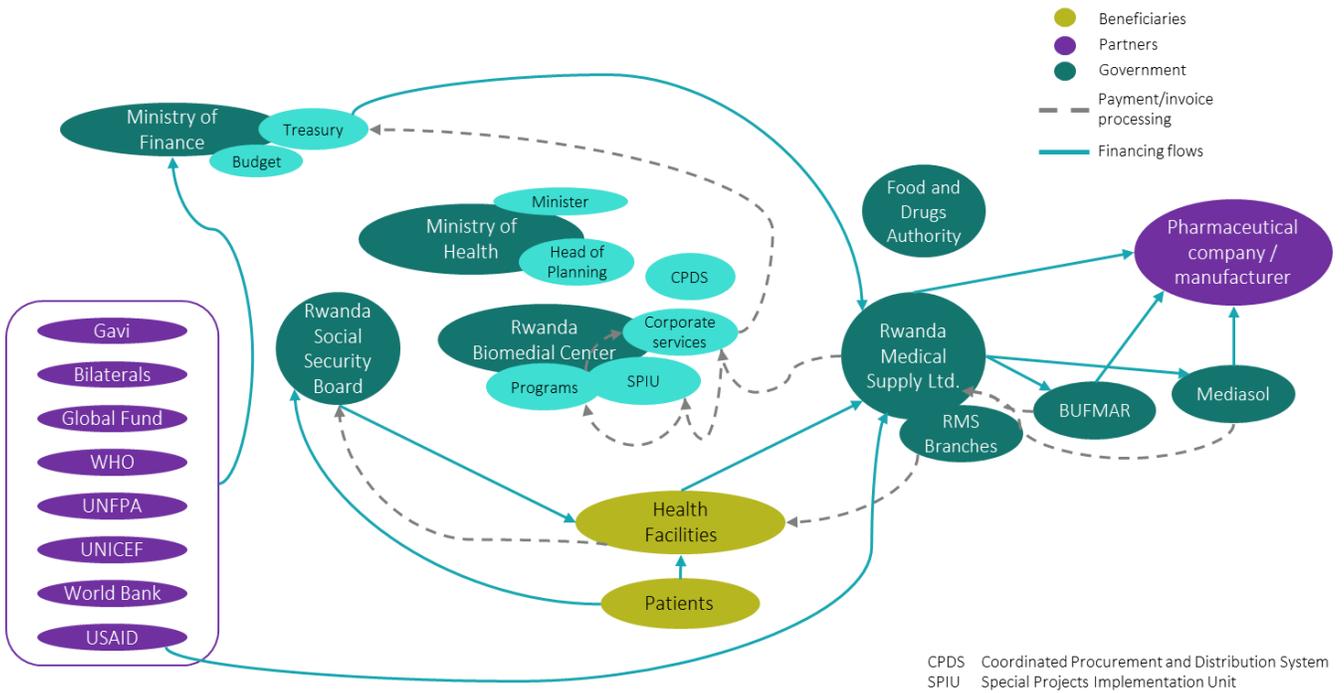
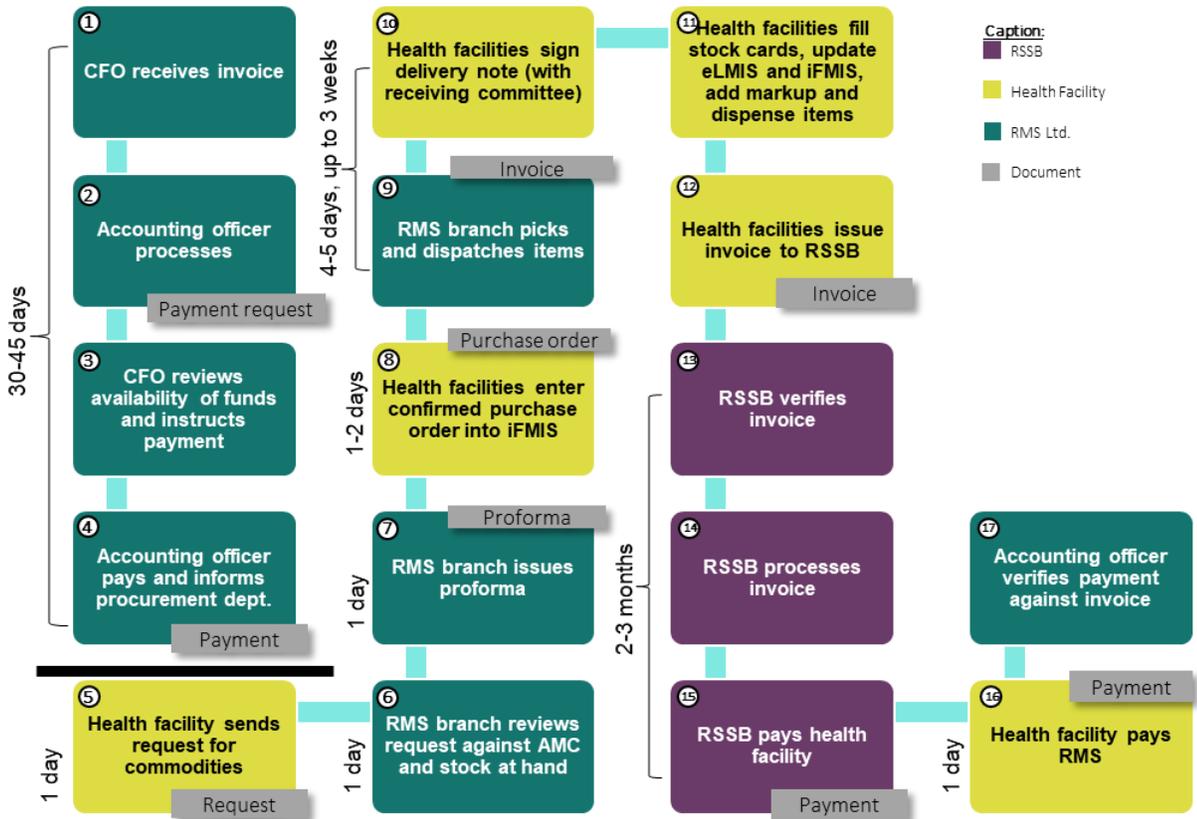


Figure 9: Stakeholder map, invoice processing and financing flows

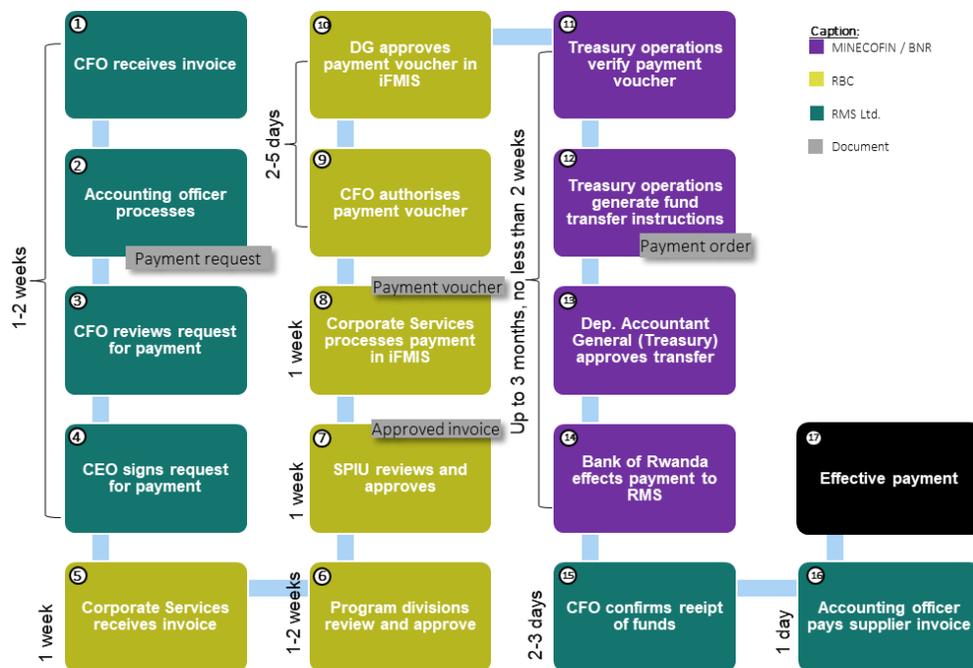
The payment processes (last three steps in Figure 8) for commodities differ: there is a payment process for program commodities, which are funded by donors through the Ministry of Finance, and a different process for other items that are paid for by facilities, who get reimbursed for it partly by patients and partly by the medical scheme, depending on the scheme and the type of medicine. Figure 9 shows the different stakeholders involved, the flow of invoices and financing flows. For essential commodities, the supplier payment process by RMS Ltd is relatively straightforward – if funds are available. However, the payment from health facilities for supplies takes at least three months. RMS Ltd currently has 77% outstanding receivables, the equivalent of RWF 20 billion (USD 14 million). This is more than half of their total annual sales in 2023/24. The Ministry of Health has issued a notice instructing RMS Ltd to give credit to health facilities, hence allowing them to accumulate debt. The health facilities must wait to be reimbursed by RSSB, before they can pay RMS Ltd. The ordering and delivery process (steps 5-9 in Figure 10) take approximately two weeks, shorter for emergency requests, and longer in case there are unforeseen delays. The RMS branches have limited vehicles available for distribution, which can be a bottleneck to timely deliveries. The health facilities, after accepting the delivery, dispense items to patients and issue invoices to RSSB, who verifies claims. The payment takes about 2-3 months to health facilities, who then reimburse RMS. In case the health facility has outstanding debt when ordering new items, the RMS branch asks



Source: Stakeholder interviews, RMS Finance Manual

Figure 10: Finance process flow for essential commodities

the facility to sign a commitment letter, indicating that they will pay. Some facilities have started paying a minimum basic amount monthly, to reduce the debt accumulated with RMS. RMS branches should ask for proof of monthly standing orders (even with small amounts), before issuing new items. Health posts pay before items are delivered. This process means that RMS Ltd must pay suppliers with their own funds, before they receive reimbursements from their clients (health facilities). RMS Ltd needs to carefully manage liquidity, to ensure that supplier invoices can continue to be paid on time. The government also urgently must increase the funding for drugs via health facilities: fully implement capitation, increase tariffs for services, and consider a one-off



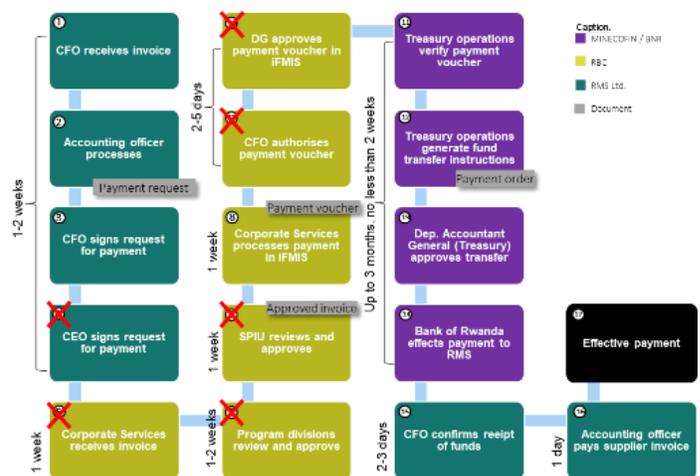
Source: Stakeholder interviews, RMS Finance Manual, PFM Manual of MINECOFIN

Figure 13: Process flow for payment of suppliers of program commodities

For program commodities, the payment process for suppliers passes first through the Rwanda Biomedical Center (RBC), who transfers the invoice after internal reviews to the Ministry of Finance. The Ministry of Finance reviews the invoice, passes through necessary approvals in the integrated Financial Management Information System (iFMIS) and pays RMS Ltd accordingly from the respective donor funds. RMS Ltd then pays the supplier. RMS Ltd’s payment terms are to pay within 45 days of receipt of invoice. With that process, the fastest payment is made within nine weeks, which is already more than the agreed payment terms. RMS Ltd will never be able to pay program commodities on time to the supplier with the current process. There are options to automate steps and make the ERP and iFMIS interoperable to process payments. However, currently, no non-budgetary agency has access to iFMIS, and this would require special approval from the Ministry of Finance.

A first step would be to improve the process of paying program commodities. These are the recommended changes, see also Figure 14 for a graphic overview:

- The RMS CFO signs and sends invoices, instead of the CEO. Invoices are based on the purchase orders, with contracts as supporting documents, instead of suppliers’ invoices. RMS sends their own invoice template based on the purchase order and contract.
- Invoices are sent digitally (RMS scans all relevant documents), to reduce the time it takes the Corporate Services of RBC to process the invoice. RMS, RBC and MINECOFIN can



Source: Stakeholder interviews, RMS Finance Manual, PFM Manual of MINECOFIN

Figure 14: Suggested process improvements for payment of program commodities.

explore the options of linking the ERP and the iFMIS.

- There is no review of the invoice by programs at RBC. They review and approve the supply plan, the incoming goods as part of the acceptance report, as well as purchase orders already, so reviewing the invoices also is a duplication of verifications.
- Corporate Services directly enters the invoice into iFMIS and the iFMIS internal verification process happens as indicated by the public financial management regulations.

Implementing these recommendations would cut down the number of steps to ten and allow RMS Ltd to pay suppliers within stipulated payment terms (maximum 45 days after receipt of invoice). Requesting payment based on purchase orders will allow for an additional 2-4 months (the delivery period) for the payment to get processed by RBC and MINECOFIN.

The process has been analysed for potential improvements in digitalization, to reduce manual handling and speed up reviews. Figure 15 shows the current workflow for payments. They are sent on paper to the RBC, who processes it on paper internally for reviews. The program has to review the invoice against the original order and forecast. The program is also invited for inspection upon arrival, where the quantities received are verified and cross-checked against orders. The review of the invoice should therefore not take much time. SPIU reviews the invoice against resources available. After those reviews, Corporate Services uploads the payment request in iFMIS, with all supporting documents, and forwards it to the Ministry of Finance. At the Ministry of Finance (MINECOFIN) level, another review is taking place of the invoice, against approved budget. Three approvals are needed to finally make the payment. Once the payment is made, RMS Ltd pays suppliers and sends necessary reconciliation reports to RBC and the Ministry of Finance. If RMS Ltd can give limited access to the ERP to RBC, or at least have an interface that allows for receipt of documents in softcopy, the process can be simplified as shown in Figure 16. This would mean that receipt and reviews are happening in parallel and the invoice and supporting documents can seamlessly be transferred and uploaded in iFMIS.

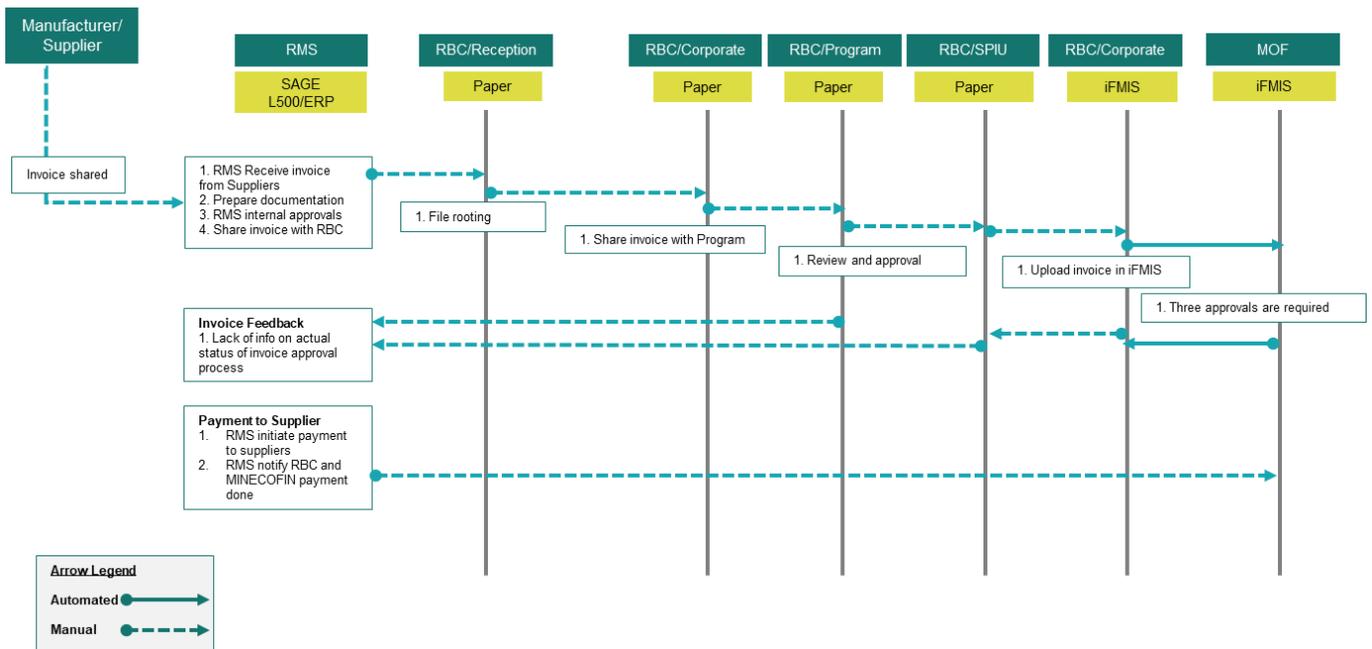


Figure 15: Current information flow for payments of program commodities

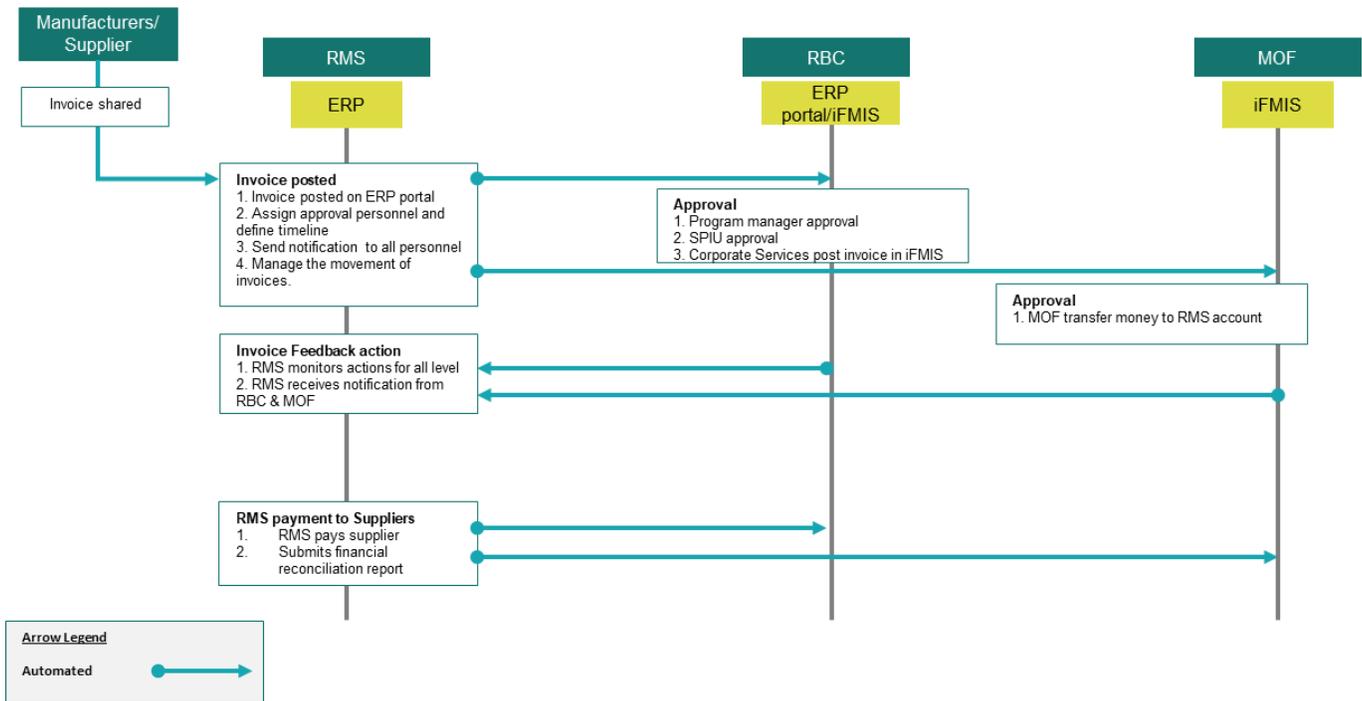


Figure 16: Suggested digitalized payment process for program commodities

The opportunity costs of maintaining the current process are high: in addition to the staff time and costs involved in processing and following up on the invoices, the delays have two direct financial implications: with a depreciating currency, costs for the government increase, and the delays have potentially led to suppliers increasing their prices, to factor in their own cost of payment delays. In addition, this can cause poor supplier relationships and possible litigations by the suppliers. The best solution would be to have donors agree to separate agreements with RMS Ltd to fund supplies directly (see the example of USAID’s transform RMS project, also indicated in Figure 9, with a direct financing flow to RMS Ltd). RMS Ltd could become a sub-recipient for Global Fund, for example. If that is not – or not immediately – possible, RMS Ltd should be paid quarterly in line with the usual budget execution process of the government, instead of for each invoice. The payment should happen based on the supply plan. The quarterly payment would not pre-finance supplies but allow RMS Ltd to pay suppliers on time within the contractually agreed period, and then submit relevant financial reconciliation reports to MINECOFIN. Alternatively, RMS Ltd at some point won’t have any other option than to take up a credit to pay suppliers on time (and avoid the negative consequences of payment delays) and add the cost of interest and transaction fees to the invoices submitted to RBC. This would increase the cost of supplies and is the least preferable option.

Identified inefficiencies and suggested mitigating actions in health procurement

As part of the assessment, each step in the procurement process was assessed for inefficiencies. Suggested mitigating actions and the efficiency savings resulting from them are described in the sections below. The review also showed that the procurement manual, the SOPs for procurement, quality control and assurance, quantification and warehousing are generally solid and good job guidelines. The tender documents and standard

contracts are also of sufficient quality. While there is potential to improve, RMS Ltd already has a solid foundation of guiding documents and a good number of motivated and capable staff.

For each of the identified inefficiencies, a NOISE analysis has been conducted with results displayed in the respective tables. This allows to answer the following questions for each inefficiency:

Needs	What is RMS Ltd lacking?
Opportunities	What are the new markets, technologies, or other resources that are not yet tapped into?
Improvements	What areas can we improve on? What can we do even better, and how?
Strengths	What is our unique selling point? What are we doing well in?
Exceptions	Which of the mentioned points is already happening?

This methodology was chosen given Rwanda’s context, where the medical procurement, distribution and storage is more efficient than other countries, and the commercial setup of RMS Ltd allows for a private sector approach to improving business processes and performance.

Planning procurement

Forecasting is completed across different spreadsheets, increasing the potential for manual error and lacks support for decision-making. The current process also doesn’t adequately forecast all supply needs for hospitals.

Needs	The quantification provides the basis of procurement planning for RMS Ltd, and needs to be as accurate as possible, to avoid a) lost sales opportunities through stockouts and b) financial losses through expiries.
Opportunities	Mathematical modelling and/or artificial intelligence offers new ways of analysing large datasets, and support decision-making, learning from past inaccuracies in the prediction of commodities needed.
Improvements	<ol style="list-style-type: none"> 1) Collaborate with a company, organization or university to develop a mathematical model to predict annual needs, learn from past inaccuracies and propose the best methodology for the estimation. Ensure the model integrates with the ERP. 2) In the interim, use the Quantification Analytics Tool quantification tool for essential items also, not just for program items. 3) Build a control tower dashboard that triangulate supply data with service data and provide quantity needed for next period 4) Organise stakeholder consultations with the RBC and hospitals, to understand major gaps and agree on ways to improve the forecast.
Strengths	The quantification team has sufficient staff to support the data collection, cleaning and analysis process. Collaboration with the program teams at RBC is good.
Exceptions	RMS Ltd already has a call for proposals prepared to collaborate with an organization to develop a tool supported by artificial intelligence.

eLMIS entries are incomplete, leading to data quality issues for procurement planning, as real consumption and stock levels at facilities are insufficiently known.

Needs	RMS Ltd relies on consumption data and stock data from eLMIS to update their planning, in order to buy the right amounts at the right time and avoid financial losses through either missed sales or expiries.
Opportunities	Partners have various supply chain information system strengthening activities, that will also improve eLMIS accuracy.
Improvements	<ol style="list-style-type: none"> 1) Provide stock management and data entry support to health facilities. Review the potential for RMS branch staff targeting low performing health facilities for on-the-job coaching when deliveries are made.

	<ol style="list-style-type: none"> 2) Conduct sensitization of health facilities on relevance of data quality and ensure data entry focal person have the necessary equipment and tools, including potential eyewear to ensure sufficient sight. 3) Consider providing incentives (can be monthly awards, to avoid financial motivation) to data entry staff for correct and timely data entry. 4) Replace eLMIS data with Electronic Medical Records information, once this becomes fully available (base planning on dispensing/prescription data). <p><i>Note: this will not solve all the underlying issues that lead to poor quality of eLMIS data, such as lack of dedicated staff to complete supply chain functions, staff turnover, insufficient time to perform supply chain duties, or lack of relevant infrastructure. The suggested actions are chosen as they are in the remit of RMS Ltd.</i></p>
Strengths	Health facilities have access to eLMIS across Rwanda and have the necessary internet connection. RMS Ltd via its branches has relationships with all health facilities and interacts with them regularly, including deliveries, which would allow for on-the-job coaching.
Exceptions	Ongoing efforts to strengthen the supply chain system through USAID’s projects, as well as UNICEF’s traceability efforts.

Medical equipment is insufficiently planned for, leading to long lead times once orders are placed.

Needs	Medical equipment, and pieces for maintenance (both preventive and curative maintenance) are regularly needed and requested by health facilities, but RMS Ltd does not have sufficient insight to plan for those ahead, enter respective long-term agreements and facilitate procurement.
Opportunities	The Medical Technology Department at RBC is currently testing and then rolling out a Medical Equipment Management System (MEMS), which will help predict preventive maintenance, and equipment replacements at the end of their life cycle. The government has also entered leasing agreements with Siemens, who maintains ownership and responsibility for repairs and maintenance, and is paid for each test conducted. This is another way of outsourcing maintenance, and the planning of it.
Improvements	<ol style="list-style-type: none"> 1) Build the procurement capacity of the Biomedical Engineer staff at RMS Ltd, to equip them to plan, monitor and prepare medical devices and equipment procurements. 2) Ensure that tender documents and evaluations consider full cost of equipment: after-sales services, warranty issues, installation support and training of users. 3) Prepare a medical equipment database and catalogue, with supplier details, equipment details and indicative price ranges. 4) Conduct a Request for Information⁸ process for medical equipment, to build a database of medical equipment manufacturers, and inform the sourcing strategy for equipment purchases. 5) Collaborate with the Medical Devices Team at RBC to support the full roll out of MEMS and have access to the information once useful. <ol style="list-style-type: none"> a. Conduct an annual needs assessment in all public health facilities to understand gaps and allow for accurate planning. b. Streamline coordination of partners to align medical equipment donations and purchases with government systems and priorities. 6) Lead the procurement process for future agreements with strategic manufacturers/vendors.

⁸ A Request for Information process in procurement is used when the buyer doesn’t have precise knowledge of a good or service, and it does not express a commitment to acquire the goods or services. It can be used for budget estimates or tender documents.

Strengths	RMS Ltd already maintains some relationships with medical equipment manufacturers.
Exceptions	None.

Definition of items to be procured

There is no systematic market research to inform the sourcing strategy, and RMS Ltd does not maintain a supplier database to inform sourcing decisions.

Needs	RMS Ltd needs to know the supplier market as well as possible, to make the best decision about how and where to source items. This also impacts the combination in lots, and other definitions such as pack sizes requested. RMS Ltd has identified the establishment of market intelligence function as a priority in their strategic plan.
Opportunities	There is a lot of information available for RMS Ltd to use, and the team already has a list of suppliers that they have worked with in the past. Furthermore, the African Medicines Agency is currently being setup in Kigali, with the aim to facilitate the harmonization of regulation of medical manufacturers in Africa. This will provide opportunities for formal and informal collaboration on matters of interest.
Improvements	<ol style="list-style-type: none"> 1) As part of the market intelligence assessments, build a supplier database that lists manufacturers' details such as qualification standards, the items they produce (and indicative prices, if available), delivery terms and payment terms. Start with the WHO list of pre-qualified manufacturers, combine with the information of manufacturers listed in the South African price guide for medical products. 2) Strategically attend trade exhibitions, pharmaceutical and medical equipment conferences and summits to network with suppliers, learn about new products and discuss procurement terms. Focus on Medic East Africa, Arab Health Congress, Medica Germany and Medical Fairs organized by the Medic Alliance for China and India⁹. 3) Visit the UNICEF Copenhagen warehouse and procurement team, to exchange about their interaction with suppliers, warehouse management and strategic market research. 4) Conduct annual supplier market assessment reports, to follow trends, price evolutions, business announcements and other market dynamics. 5) Collaborate with African Medicines Agency to prequalify regional suppliers and open up the regional market of health supplies. 6) Share market intelligence information with other organizations such as UNICEF to exchange and discuss market trends.
Strengths	RMS Ltd already has a list of suppliers they have worked with, and selected employees who have participated in related conferences.
Exceptions	none

Tendering and sourcing of items

The process of preparing the tender documents is lengthy due to various levels of approvals and reviews.

Needs	RMS Ltd must be able to respond to requests as fast as possible, to maintain customer satisfaction. For planned and regular procurement, the process can follow its usual process, given the procurement process has been started early enough. However, for processes where timing matters, RMS Ltd must be able to prepare tender documents and sign them
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⁹ Note: there are many different conferences and trade exhibitions. The ones suggested here were chosen either because of their relevance to the African Union's localization agenda, or because of their reputation and size.

	off as fast as possible. The authority matrix should be revised to include exceptions: for processes that are routinely completed without big risk to the business, the delegation of approval authority can be further delegated down to head of departments.
Opportunities	RMS Ltd has issued a new authority matrix in January 2024, which reduces the number of reviews and approvals to maximum four for different business steps.
Improvements	<ol style="list-style-type: none"> 1) Complete a business risk assessment (see suggestion further down) and add a list of exceptions to the authority matrix, that further delegate signatory powers. 2) Do not use the tender committee for procurements below a certain threshold (e.g. below RWF 5 million) and/or for non-technical items (e.g. cleaning items, basic consumables, etc.), and let the procurement team conduct the relevant evaluation and present their recommendation to the head of department. 3) Automate the tender document preparation process in the ERP: send the documents for review in parallel, with automated reminders sent to relevant employees if the task is not completed within two days. 4) Exchange with UNICEF about delegation matrix and risk management. 5) Ensure the procurement procedure manual includes all relevant methods (pooled procurement, etc.).
Strengths	RMS Ltd has already reduced the number of approvals required, down to a maximum of three for the tender process (four for contracts).
Exceptions	Keep the existing process for procurements that are planned well ahead and where lead times can be longer.

Procurement of medical equipment takes time.

Needs	Once RMS Ltd receives procurement requests for medical equipment, the procurement process takes time, reducing client satisfaction. RMS Ltd needs to be able to respond with sufficient speed, while maintaining high quality procurement processes. It is key to plan needs as much as possible ahead of the year and start procurement processes early. Clients also need prior information about lead times, so they can place their requests with enough lead times. For urgent replacements of items, RMS Ltd needs a dedicated procurement specialist that can source items at high value-for-money within necessary timelines.
Opportunities	MEMS information system is being developed, which will support planning equipment and parts purchases ahead.
Improvements	<ol style="list-style-type: none"> 1) Plan equipment replacements and preventative maintenance a year ahead, with support of the MEMS information system. 2) At the time of the request, clearly communicate realistic timelines for the procurement of the item. 3) Use the commercial team or RMS branches to regularly inform clients (e.g. health facilities) of usual lead times and advise them to request specific equipment early enough. 4) For emergency repairs requiring specific items, it is worth calculating the revenue shortfall for the facility and invest it in potentially more expensive items that in turn arrive faster in Rwanda. 5) Use information gathered as part of the request for information process recommended in the planning section to inform clients about potential equipment available, and gauge customer interest. It will also help achieve efficiencies of scale when ordering equipment. 6) Consider alternative financing mechanisms such as leasing of equipment. 7) Use market conferences to involve stakeholders such as RBC about available equipment and delivery terms.

Strengths	RMS staff in branches interact with clients regularly and can advise them on procurement lead times. They are also well-placed to distribute additional information such as new agreements signed.
Exceptions	None.

Evaluation and selection of items

There is no systematic price benchmarking of bids.

Needs	RMS Ltd aims for maximum value for money, to ensure items are affordable to the user. While the price element is not the only driver of value for money, it is a key one – and requires RMS Ltd to have the necessary information to assess whether bid prices are acceptable or require further negotiation.
Opportunities	RMS Ltd has access to selected other countries' price lists, and has dedicated a staff to doing price benchmarking, and build up that capacity within RMS Ltd. The African Medicines Agency (AMA) is being established in Kigali, and could take on a key role in monitoring and publishing reference prices for the African continent, which would also offer formal and informal collaboration opportunities for RMS Ltd.
Improvements	<ol style="list-style-type: none"> 1) Establish a price reference database, using prices from other governments (e.g. MSD Tanzania, Ministry of Health South Africa) other global buyers (e.g. UNICEF supply catalogue, UNFPA catalogue, global drugs facility, etc.). 2) Automatically link product codes within the ERP, so that price benchmarking happens automatically within the e-procurement system for entered prices. 3) Share prices with other governments, and with international bodies such as African CDC, AMA and others, so that they can be used with other buyers and RMS Ltd can benefit from their feedback.
Strengths	RMS Ltd already has cheaper prices for 73% of the items that were benchmarked for this assessment.
Exceptions	None.

Contracting with successful bidder

There is no historic price benchmarking with bidders.

Needs	Price evolutions are important markers of not just global market dynamics, but also supplier satisfaction and implications of payment terms. Any deviation of prices in new contracts with existing suppliers should be investigated, to understand the root cause, and either mitigate the cause in the future or negotiate prices.
Opportunities	The use of framework agreements allows RMS Ltd to enter staircase pricing (e.g. once a certain threshold of orders is reached, the price per unit decreases).
Improvements	<ol style="list-style-type: none"> 1) Integrate historic price benchmarking in the benchmarking work being established by RMS Ltd. 2) Review price changes annually with the evaluation of the supply plan implementation and add the price review and analysis to the business intelligence reports provided to senior management. 3) Ensure that framework agreements have staircase pricing agreed. 4) Build collaborations with other institutions and governments to receive and exchange price references. 5) Establish a product catalogue with indicative prices.

Strengths	RMS Ltd has framework agreements in place for most program commodities, and essential commodities.
Exceptions	Existing pooled procurement channels such as the Global Drug Facility, procurements through UNICEF, UNFPA or similar do not require historic price benchmarking, as this is completed by the procurement service of the respective platform.

Contract management of suppliers

There is no assessment of supplier satisfaction.

Needs	Pharmaceutical procurement relies on a limited number of manufacturers, often internationally, and RMS Ltd has to compete with buyers around the world for preferential prices and contract conditions.
Opportunities	RMS Ltd's monitoring and evaluation team already has experience measuring customer satisfaction, which can be adapted and used to also assess suppliers' satisfaction.
Improvements	<ol style="list-style-type: none"> 1) Develop a standard form to collect supplier's feedback on the engagement with RMS Ltd. This can be sent either with the acceptance report, or proof of payment. 2) Develop short summaries for senior management with suggested actions to improve supplier satisfaction and maintain RMS Ltd's reputation as a buyer.
Strengths	RMS Ltd's flexible approach to payment conditions, also accepting pre-financing conditionalities, for example, helps suppliers manage risk, ultimately improving their satisfaction with RMS Ltd compared to other buyers.
Exceptions	Procurements through the Global Drugs Facility or other pooled procurement options do not need to be assessed.

There is no systematic assessment of supplier performance.

Needs	RMS Ltd needs to systematically assess supplier performance, to only continue collaboration with those that have delivered on time, high quality and according to contract provisions. Assessing a supplier's performance and providing feedback on it will also help the supplier improve their own processes.
Opportunities	With the new e-Procurement system being developed as part of the ERP, part of the assessment can happen automatically. Furthermore, with the suggested assessment of supplier satisfaction, this assessment of the supplier's performance will provide a good balance and full round feedback on the procurement process.
Improvements	<ol style="list-style-type: none"> 1) Develop scorecards for suppliers based on their performance, and share in a feedback meeting, where the above-mentioned supplier satisfaction is also discussed. 2) Update and streamline the SOP for supplier performance evaluation. 3) Integrate the performance assessment as part of the ERP (e.g. sticking to agreed timelines, delivery acceptance rate, response time on queries and emails).
Strengths	RMS Ltd already holds informal feedback discussions with suppliers about their performance.
Exceptions	none

Storage, ordering, invoicing and delivery of items to clients

Proformas and stock levels are not aligned, and sometimes old product codes are used for orders from clients, affecting order fill rate.

Needs	RMS Ltd wants to improve customer satisfaction. One reason for the low satisfaction is issues with order fill rates, which relate back to proformas being issued and then not fully honored. RMS Ltd needs to fully align stock levels with proformas issued and ensure that clients do not order using old product codes (which affects the order fill rate).
Opportunities	Ongoing improvements in information systems (e.g. continued work on improving eLMIS, implementation of ERP, etc.) will lead to higher data accuracy of supply chain information.
Improvements	<ol style="list-style-type: none"> 1) Clean up the eLMIS and ensure correct product codes are used. 2) Centralize the ordering process, to ensure alignment with inventory. 3) Implement a final review process (by the lead pharmacist) for proformas at branch level, to ensure items can be delivered. 4) Include a commitment system for products in the warehousing system, while delivery is awaiting. 5) Introduce a quarterly or monthly performance bonus (or an award, to encourage intrinsic motivation) for branches with high order fill rates. 6) Conduct study visits to learn from other organizations about warehouse and invoice management, including UNICEF's supply division.
Strengths	RMS branches already engage clients on product codes and maintain good working relationships.
Exceptions	none

The RMS branches do not have commercial teams and lack financial capacity.

Needs	RMS branches are in client contact daily, and therefore need commercial capacity. The finance capacity is low, as nurses and pharmacists have substantive involvement in finance processes, without the necessary background. Furthermore, the strategic plan aims to implement vendor managed inventory with 15% of facilities by June 2026, which would have to be managed by commercial teams.
Opportunities	With the ongoing re-organisation (rationalization) of the RMS branches, there is an opportunity to put in place a commercial team that oversees several branches and supports client engagements. There is also an opportunity to put in place an overseeing finance team (like an in-house consulting team), that advises branches, provides training, stop gap measures and on-the-job coaching.
Improvements	<ol style="list-style-type: none"> 1) Set up a commercial team to support branches, engage with clients, support mitigation efforts in case of conflict and encourage sales through targeting customers based on analytics. 2) Include a finance function and commercial function in the new structure of the consolidated branches. 3) Setup an overseeing finance team with the responsibility to provide stop gap measures to branches, train public health staff in finance procedures and coach finance staff at branches.
Strengths	There are already three finance staff at branch level, and branches have access to the necessary system to issue proformas and invoices.
Exceptions	none

There is no service at RMS branches over the weekend, and no shift system during the week.

Needs	Hospitals and health facilities operate 24/7. There might be unforeseen stockouts, resulting in hospitals or patients picking up medical items at private pharmacies, meaning RMS is missing a sales opportunity.
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	<p>Furthermore, the branches have limited capacity due to the number of delivery vehicles available. With a shift system, and potentially one extra driver per branch, the branches could offer quicker turnaround on deliveries and would also be available longer for clients' requests.</p> <p>RMS Ltd's strategy aims to reduce order turnaround times from 14 days to 3 days by expanding distribution capacity – RMS will have to achieve efficiencies within existing resources, to achieve this target.</p>
Opportunities	RMS Ltd's reorganization of branches allows for a re-thinking of the staffing setup and best use of resources. If delivery vehicles are used for 8-9 hours a day, this means missing out on 3-4 more hours (e.g. 37.5% of the total) of deliveries and sales. Just by introducing a shift system, and potentially hiring additional drivers, sales could be boosted, and client satisfaction could increase.
Improvements	<ol style="list-style-type: none"> 1) Set up a pilot with a hub at 1-3 branches to cover the whole country over the weekend. Assess sales after 3 and 6 months, and customer satisfaction, to establish if the introduction has led to a) increased sales, b) increased availability of drugs (reduced stockouts at facility level) and c) increased customer satisfaction. Use the commercial team to inform clients accordingly and engage on orders. 2) Engage staff at branches to discuss a shift system, covering an early shift and late shift, overlapping during core business hours. In theory, with no or minimal extra investments in HR, branches should be able to make more deliveries, and hence reduce the turnaround times. This would reduce the non-working hours of key capital such as delivery vans, and reduce the need to buy new delivery vehicles, increasing value for money.
Strengths	As a private company, RMS Ltd has the flexibility to hire and fire, and establish its own working environment that best suits the company's goals.
Exceptions	none

The markup policy for medical items incentivizes high absolute prices. The Food and Drugs Authority sets the mark up that wholesalers are allowed to add to their prices (and a different markup for retail sellers). For RMS Ltd, they are allowed to charge 20% on top of the purchasing cost of items. This 20% should cover operational costs and distribution costs. Having a fixed margin incentivizes wholesalers to have higher initial unit costs (as 20% of 100 is more than 20% of 80, for example), which ultimately increases the costs for patients and health insurances.

Needs	The pricing policy of the Rwanda Foods and Drugs Authority (FDA) needs to set the right incentives. The currently proposed policy enforces a sales mark up of 20%, no matter the base price. This encourages sellers to buy at higher prices, to have a higher mark up to cover their operational costs. The FDA needs to balance this instruction with incentives to keep prices low.
Opportunities	The pricing policy has not yet been implemented, and RMS Ltd has completed its own calculations that show that to be financially sustainable, a higher sales mark-up is required.
Improvements	<ol style="list-style-type: none"> 1) Involve key supply chain actors in updating the pricing policy. 2) Review the pricing policy every year. 3) Adapt the pricing policy and provide a range for the markups (e.g. 20% of items with a unit price of above RWF 2500, and a markup of 30% for items with a cost price cheaper than RWF 2500): for low-value items, a higher markup is justified, while for expensive items, a lower markup is sufficient to cover operational costs.
Strengths	The pricing policy is relatively well enforced by the FDA.
Exceptions	None

(Public) Financial management for health procurement

Program commodities are not paid in time to suppliers, due to the lengthy payment process.

Needs	RMS Ltd needs to be able to pay suppliers on time, to maintain good relationships and access good prices.
Opportunities	The ongoing USAID Transforming RMS project shows that directly funding program commodities through RMS Ltd is possible. RMS Ltd has an offer for a low-interest loan (at 2%, with currency depreciation and other transaction costs closer to 6-8%).
Improvements	The following recommendations are ordered from the “most ideal” to the “least ideal” recommendation. <ol style="list-style-type: none"> 1) Review the signed MOU between RBC and MOH and enforce payments on a quarterly basis based on the supply plan, and then reconcile against actual purchase orders. This would not mean that suppliers are paid in advance, just RMS Ltd. Otherwise, agree to pay based on purchase orders, to allow for more time to process the payment. 2) Improve the payment process (see detailed recommendations in the previous section). 3) Access a credit line from a bank to pay suppliers on time and add the cost of interest and transaction fees to the invoice submitted to RBC.
Strengths	RMS Ltd has experience in handling donor funding directly.
Exceptions	None.

RMS Ltd needs to regularly access foreign currency to pay their international suppliers.

Needs	RMS Ltd needs access to foreign currency at best conditions to pay their international suppliers.
Opportunities	There are various partners working in health that bring foreign currency into Rwanda regularly.
Improvements	<ol style="list-style-type: none"> 1) Engage with partners such as Partners In Health (or other organizations that raise funding internationally and have regular expenses in Rwandan Franc) for currency swap agreements (e.g. RMS Ltd pays Partners In Health locally in Rwandan Franc, and Partners In Health pays US dollars directly from their headquarters into RMS Ltd’s accounts.) 2) MINECOFIN to explore the possibility to pay some of the receivables to RMS Ltd in foreign currency, to reduce the exchange rate risk for RMS Ltd. 3) RMS Ltd to track and report foreign exchange rate losses to MINECOFIN.
Strengths	The Rwandan government has longstanding and strong relationships with key health partners, who finance parts of the health system.
Exceptions	None

Health facilities have accumulated large amounts of debt with RMS Ltd.

Needs	RMS Ltd needs to be able to pay suppliers on time, to maintain good relationships and access good prices.
Opportunities	The RSSB is currently reviewing tariffs used to reimburse health facilities for services delivered, which would increase financing of health facilities. They have also started implementing capitation payments. Conversations between RSSB and RMS Ltd have started about receiving 40% of the capitation payments (which are earmarked for supplies) directly. RMS Ltd has an offer for a low-interest loan (at 2%, with currency depreciation and other transaction costs closer to 6-8%).
Improvements	The following recommendations are ordered from the “most ideal” to the “least ideal” recommendation. <ol style="list-style-type: none"> 1) Increase the tariffs paid to health facilities, to allow them to pay RMS Ltd for their supplies on time. 2) Fully implement capitation payments to health facilities and pay RMS Ltd 40% of the capitation directly from RSSB, to cover costs of supplies delivered to facilities, and reduce transaction fees. 3) Before branches issue any new proforma for an indebted facility, ensure that health facilities have set up a monthly standing order to RMS Ltd (even of minimal amounts), to reduce the debt gradually. 4) Dedicate personnel at RMS branches to recover debts. 5) In-source pharmacy management at hospitals to RMS Ltd and establish a separate organization unit that runs pharmacies at hospitals. Hospitals can be paid either in a profit-sharing agreement, or can receive rent for leasing the hospital pharmacy to RMS Ltd. 6) Outsource pharmacy management at hospitals to private providers and enforce payment before delivery. This might impact availability of drugs. 7) RSSB to explore the option to pay some of the receivables to RMS Ltd in foreign currency. 8) Integrate RSSB verification RMS Ltd ERP orders and eLMIS, to reduce the time it takes to verify claims, and move away from manual verification.
Strengths	RMS Ltd is currently able to financially handle 77% outstanding receivables, by using other sources of revenue to pay for its operations.
Exceptions	None.

There are no SOPs for financial processes.

Needs	To build the financial capacity of RMS Ltd, and mitigate the effects of staff turnover, detailed Standard Operating Procedures for financial management are required.
Opportunities	The Quality Assurance and Quality Control team is currently working towards various certification of RMS Ltd (ISO norms) and has realized the lack of SOPs for financial processes.
Improvements	<ol style="list-style-type: none"> 1) Establish SOPs for all key finance processes, both at RMS Ltd and at branches. 2) Provide regular training to finance staff. 3) Conduct exit interviews with leaving staff and summarize reasons for turnover and strategies to address them.
Strengths	The existing SOPs for procurement and other business functions are good, and there is a finance manual that can serve as a basis of SOPs.
Exceptions	None.

Cross-cutting issues in health procurement

Multiple layers of approvals cause delays in procurement and financial processes.

Needs	RMS Ltd must be able to pass through procurement and financial processes with efficiency, to maintain supplier and customer satisfaction.
Opportunities	RMS Ltd has issued a new authority matrix in January 2024, which reduces the number of reviews and approvals to maximum four for different business steps.
Improvements	<ol style="list-style-type: none"> 1) Complete a business risk assessment (see suggestion further down) and add a list of exemptions to the authority matrix, that further delegate signatory powers. 2) Automate processes as much as possible in the ERP: send the documents for review in parallel, with automated reminders sent to relevant employees if the task is not completed within two days. 3) Digitalise completely within RMS Ltd and avoid paper-based processes. 4) Quantify the cost of delays and report them regularly.
Strengths	RMS Ltd has already reduced the number of approvals required, down to a maximum of three for the tender process (four for contracts).
Exceptions	Keep the existing process where business risk is perceived high (any potential issue will lead to significant reduction in a) availability of drugs at facilities, b) affordability of drugs, c) financial sustainability of RMS Ltd.

The below Figure 17 shows an example of how processes could be assessed to determine the best authority (and delegation thereof). Decisions are put into a matrix based on their potential impact of profitability of RMS Ltd, and impact on performance indicators (e.g. availability and affordability of drugs to patients). If the impact on both axis is low, the head of department should be able to make the final decision. If the impact on profitability is big, but low on performance indicators, the CFO should be able to make those decisions. For decisions with high impact on performance indicators, but low on profitability, the Deputy CEO can sign and make decisions. The CEO approves all decisions with a high impact on profitability and performance indicators.

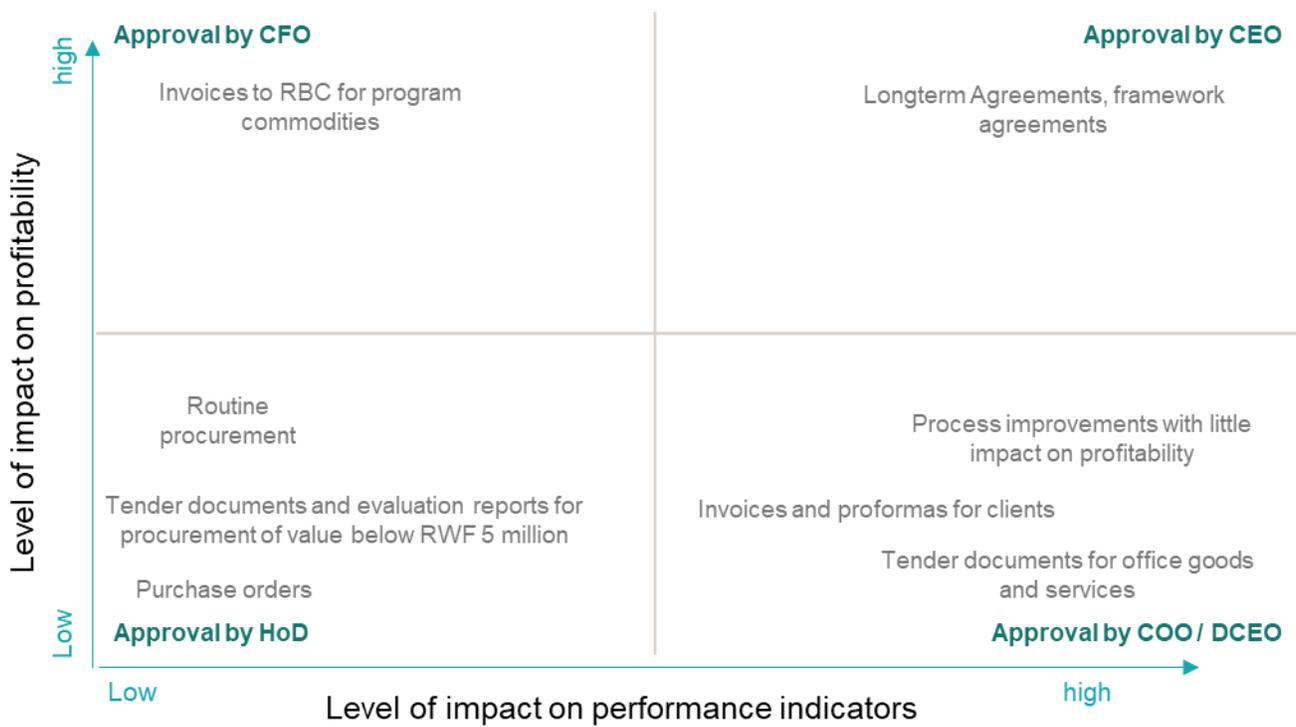


Figure 17: Example of a business risk matrix, to evaluate the risks of different type of decisions, and at what level final approval should be.

The understanding of the implications of the private status of RMS Ltd varies among employees.

Needs	RMS Ltd needs to be able to focus on profitability, to guarantee that drugs are available and affordable at health facilities. The staff of RMS Ltd needs to understand the private status of the company and its implications for operating procedures. The awareness of stakeholders about the special status of RMS Ltd also must increase.
Opportunities	A new CEO has been recruited in 2024, who brings a wealth of experience and has already started impacting the company culture and strategy.
Improvements	<ol style="list-style-type: none"> 1) Institute quarterly business review meetings with all employees, where senior management presents business figures (e.g. total sales, total profit, missed sales (i.e. stock outs), customer satisfaction, order fill rate, best performing branches, other Key Performance Indicators from the RMS Ltd Strategy) in a one-hour call to reinforce the business focus of each unit. 2) Fully implement the ongoing RMS restructuring, including renaming the M&E Manager to Strategic Information Manager (or similar). Reinforce the company's values regularly, have different employees highlight what those values mean for them and their work in staff meetings.
Strengths	RMS Ltd's board consists mainly of private sector representatives.
Exceptions	The restructured organogram (was awaiting board approval in September 2024) already partly reflects some of the changed language of units.

The agreements with BUFMAR and Mediasol potentially lead to inefficiencies, as they add a layer of costs and administration to medical procurement.

Needs	RMS Ltd can achieve the best prices and maximize their profitability, if they are given access to the full pharmaceutical market. Having two parallel structures conducting the same function as RMS Ltd does not yield full economies of scale.
Opportunities	The establishment of a price benchmarking function within RMS Ltd will allow to also benchmark BUFMAR and Mediasol.
Improvements	<ol style="list-style-type: none"> 1) Review the agreements and cost structure of BUFMAR and Mediasol. 2) Benchmark prices of BUFMAR and Mediasol, and together work on achieving good value for money.
Strengths	RMS Ltd has shown that their procurement is more efficient than other central medical stores, and other pooled procurement options.
Exceptions	None.

Recommendations to ensure the financial sustainability of RMS Ltd.

RMS Ltd is under double pressure: the organisation operates fully without government support as a private company that needs to break even with their costs, but also must fulfill performance indicators such as availability and affordability of drugs in public health facilities. Balancing the two will remain a challenge, if the right financial structures are not put in place that allow RMS Ltd to be and act as a commercial private company. In the longrun, if RMS Ltd is not financially viable, the drugs will also not be available nor affordable. The precedent set by instructing RMS Ltd to accept debt from health facilities, and continue supplying them, is endangering financial sustainability in the long run. The government will have to increase their funding towards

health facilities to ensure that health facilities can pay for their drugs, otherwise they will likely have to financially support RMS Ltd in the future. Either way – increased financing is needed. RMS Ltd needs to be allowed to focus on their profitability as a priority. In this regard, the following actions are crucial to set up RMS Ltd, and with it the availability and affordability of drugs in the public health sector, for sustained profitability of RMS Ltd:

- Increase the financing for supplies: either through increased health insurance tariffs for reimbursement of health services to health facilities, or through increased capitation and channeling 40% of the capitation payments directly to RMS.
- Pay off existing debt (RWF 20 billion) with additional resources from the Ministry of Finance (to be budgeted for in the next national budget).
- Introduce a range in the pricing policy of FDA for sales percentage mark ups of medical items, to allow RMS Ltd to cover their operational costs while keeping unit prices low.
- Let funders of program commodities enter direct agreements with RMS Ltd, like USAID’s Transforming RMS project.

These are essential to the long-term success of RMS Ltd’s mission to provide affordable medical supplies at the time of need for health facilities.

Monitoring and Evaluation

The revised strategic plan from July 2024 includes key performance indicators. To streamline monitoring and evaluation for the implementation of the recommendations of this report and to achieve efficiencies, a special focus is suggested on the following indicators:

- Number of days of procurement lead-times: the time interval from tender initiation to the delivery of commodities in the warehouse.
- Order processing time: The time taken from when an order is received to when it is fulfilled
- Forecast accuracy rate: The number of commodities forecasted versus the total number of actual demands

The above three indicators can be automated in the ERP. In the addition to those indicators, the following indicators are suggested to be added to measure progress towards increased efficiencies:

- Average time (in days) for payment of suppliers, disaggregated by essential commodities and program commodities
- % of suppliers being satisfied or highly satisfied with their engagement with RMS
- Number of commodities with a price benchmark (or alternatively for outcome indicators: % of commodities procured cheaper as price benchmark)

The first and last one can also be automated in the ERP. The second proposed indicator needs to be established once the supplier satisfaction process is ready.

The UNICEF country office and RMS Ltd should establish a quarterly review meeting, to assess progress, identify areas for collaboration and advance on the action plan. In addition, to assess the effectiveness of this assessment and the implementation of the action plan, a learning mission is suggested after a year (in the last quarter of 2025). This will help understand if the assessment and its recommendations actually helped achieve efficiencies in procurement, and/or if there are gaps that need to be assessed and addressed. A

Communication, accountability and oversight

The implementation of the recommendations of this assessment should be overseen by the Health Coordination Meeting. In addition to regular updates to the RMS Ltd Board, the CEO can give an update twice a year to the Health Coordination Meeting about the organisation's progress towards increased value-for-money through procurement efficiencies. In case RMS Ltd is interested in more in-depth documentation of progress, a longer-term research agreement could be sought with a university, to follow and document the progress of RMS Ltd as an innovative approach towards improved supply chain in health.

Next steps

Following acceptance of the recommendations of this report, RMS Ltd should add the suggested progress indicators to the Performance indicators they are currently tracking as part of their strategy. The detailed action plan can be used for implementation of the different recommendations. UNICEF remains available for follow-up work, such as knowledge sharing for procurement practices, price benchmarking, evidence generation and case studies of Rwanda's progress with health procurement efficiencies.

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Annex 1: List of stakeholders consulted

no	Name	Designation	Organization
1	Dr Abraham Loko	CEO	RMS Ltd.
2	Diana Mutoni	Deputy CEO	RMS Ltd.
3	Allan Gakwandi	TRMS Project Director	RMS Ltd.
4	Clement Rurangwa	Head of Warehouse and Distribution	RMS Ltd.
5	Gaston Kazeneza	Quantification and Visibility Officer	RMS Ltd.
6	Jonah Kwikiriza	Procurement and Logistics Manager	RMS Ltd.
7	Ignace Ndekezi	Head of Procurement and Quantification	RMS Ltd.
8	Niyonzima Theogene	Chief Finance Officer	RMS Ltd.
9	Alphonse Hakizimana	Finance Specialist	RMS Ltd.
10	Manirabona Louis	Finance Manager	RMS Ltd.
11	Christophe Ngabirano	M&E Manager	RMS Ltd.
12	Geofrey Beingana	Senior Supply Chain Advisor	RMS Ltd.
13	Charlotte Akingeneye	QA and QC Manager	RMS Ltd.
14	Jackson Ganza	QA and QC Officer	RMS Ltd.
15	Isabelle Buranga	QA and QC Officer	RMS Ltd.
16	Eugène Nshimiyimana	QA and QC officer	RMS Ltd.
17	Mukundwa Mutimukeze Germaine	QA and QC Officer	RMS Ltd.
18	Anitha Kalema	USAID/PQMT Technical Advisor	RMS Ltd.
19	Felix Nzabandora	Chief Information and Data Officer	RMS Ltd.
20	Sindambiwe Jean-Pierre	Pharmacist, regional warehouse	RMS Ltd.
21	Gaspard Harelimana	Pharmacist, regional warehouse	RMS Ltd.
22	Philip Sendi	Data analyst	RMS Ltd.
23	Dr Muhammed Semakula	Head of Planning, M&E, and Health Financing Department	MOH
24	Dr Katare Swaibu	Senior Advisor to Minister on Supply Chain Systems	MOH
25	Fiacre Rutaganda	Pharmacist, CPDS	MOH
26	Dr Gilbert Biraro	Coordinator, SPIU	RBC
27	Dr Aimable Mbituyumuremyi	Division Manager, Malaria, NTD and Other Parasitic Diseases Division	RBC
28	Marie Rose Uwamahoro	Ac. Director of Medical Equipment Unit	RBC
29	Fred Mukombozi	Acting DG Budget management and reporting	MINECOFIN
30	Denis Dadou Habumugisha	Director General of Treasury	MINECOFIN
31	Jeannine Mukangenzi	Treasury	MINECOFIN
32	Rosemarie	Treasury	MINECOFIN
33	Robert Nishimwe	Pharmacist	Kibagabaga Hospital
34	Jean d'Arc Murekatete	Logistics	Kibagabaga Hospital
35	Annet Mukamwezi	Finance / Hospital Management	Kibagabaga Hospital
36	Marie Louise Dusabeyezu	Logistics	Kibagabaga Hospital
37	Julianna Lindsey	Representative	UNICEF
38	Min Yuan	Deputy Representative	UNICEF

39	Andrew Kardan	Chief Social Policy	UNICEF
40	Vincent Sabagiriwa	Global Traceability Respository consultant	UNICEF
41	Denis Mupenzi	Supply & Logistics Specialist	UNICEF
42	Grace Ingabire	Supply & Logistics Officer	UNICEF
43	Julia Battle	Chief of Health and Nutrition	UNICEF

Annex 2: Workshop report

Workshop Report on Procurement and Finance Efficiencies Initiatives in Rwanda Report

Wednesday, 30th October 2024 & Thursday, 31st October 2024 in Kigali

Background

Rwanda Medical Supply Ltd. (RMS Ltd.) is a private company fully owned by government, which started its operations in August 2020 with a mandate to ensure the availability of medicines, medical supplies, and consumables for the Rwandan population. In July 2024, RMS conducted a review of its strategic plan focusing on four main objectives, i.e achieving excellent service delivery, enhancing financial and operational efficiency for self sustainability, attaining digital supply chain transformation and building and sustaining a culture of flexibility, innovation adaptation and learning. Specifically for this assignment, RMS has identified streamlining procurement processes to enhance efficiency, strategic sourcing and optimized finance business flows as major areas of interest. UNICEF Rwanda reached out to the Ministry of Health to offer support in identifying inefficiencies, achieving savings and reinvesting them into health procurement. UNICEF Supply Division had developed a methodology to increase the value-for-money in child health procurement, building on experiences in Namibia. Upon the request of the Ministry of Health, the scope was broadened into general health procurement, to capture the complete mandate of RMS Ltd. A team of a supply financing expert, an information system specialist for supply chain and a procurement services manager visited RMS Ltd. in September 2024 to conduct key informant interviews with 40 stakeholders. This was preceded by a document review that included 159 documents, such as standard operating procedures, quantification files, financial statements, procurement documents, strategic plans, policies, laws and regulations and other external assessments.

The findings of the assessment were presented at the workshop and further refined. The first day was dedicated to RMS Ltd internal discussions on findings and recommendations, while the second day was dedicated to discussing findings related to inter-agency cooperation (i.e. involving other institutions and agencies).

Objectives of the workshop:

- Achieve a common understanding of procurement challenges in health
- Develop a roadmap to address inefficiencies with actions, timelines, and responsibilities
- Agree on the immediate next steps

Outcomes

- Validated Procurement and finance efficiency assessment report
- Agreement on recommendations to be presented to the high-level Health Coordination Meeting

Participants:

Day 1:

No	Name	Designation	Organisation
1	Kazeneza Gaston	Quantification and Visibility Officer	RMS Ltd
2	Nzabandora Felix	Chief Information and Data Officer	RMS Ltd
3	Ferdinand Bizimana	Receiving Officer	RMS Ltd
4	Liliane Muhindakazi	Procurement Officer	RMS Ltd
5	Vincent Sabagirirwa	Traceability Consultant	RMS Ltd
6	Alphonse Hakizimana	Finance Specialist	RMS Ltd
7	Charlotte Akingeneye	QA/QC manager	RMS Ltd
8	Théogène Niyonzima	Chief Finance Officer	RMS Ltd
9	Beingana Geofrey	Senior Supply Chain Advisor	RMS Ltd
10	Jonah Kwikiriza	Manager PSL	RMS Ltd
11	Ignace Ndekezi	Head of Department	RMS Ltd
12	Philip Sendi	Senior Supply Chain Data Analyst	RMS Ltd
13	Diana Mutoni	Deputy CEO	RMS Ltd
14	Denis Mupenzi	Supply Specialist	UNICEF
15	Julia Battle	Chief Health and Nutrition	UNICEF
16	Noemi Schramm Ndao	Supply Financing Specialist	UNICEF
17	Claude Kasonka	Procurement Manager	UNICEF

Day 2:

No	Name	Designation	Organisation
1	Sabine Umuhire	Planning Specialist	MOH
2	Rose Uwamahoro	Ag. Director Medical Equipment Unit	RBC
3	Kazenzeza Gaston	Quantification and Visibility Officer	RMS Ltd
4	Nzabandora Felix	Chief Information and Data Officer	RMS Ltd
5	Ferdinand Bizimana	Receiving Officer	RMS Ltd
6	Liliane Muhindakazi	Procurement Officer	RMS Ltd
7	Vincent Sabagirirwa	Traceability Consultant	RMS Ltd
8	Alphonse Hakizimana	Finance Specialist	RMS Ltd
9	Charlotte Akingeneye	QA/QC manager	RMS Ltd
10	Diana Mutoni	Deputy CEO	RMS Ltd
11	Jonah Kwikiriza	Manager PSL	RMS Ltd
12	Dr Abraham Loko	CEO	RMS Ltd
13	Philip Sendi	Senior Supply Chain Data Analyst	RMS Ltd
14	Dr Alexis Rulisa	Head, Budgeting Planning	RSSB
15	Lyse Uwingabire	Project Officer	Enabel
16	Alice Marcoux	Project Manager for Health	EU
17	Mariella Munyuzangabo	Family Planning Specialist	USAID
18	Jonathan Banco	Contracting Officer	USAID
19	Denis Mupenzi	Supply Specialist	UNICEF
20	Julia Battle	Chief Health and Nutrition	UNICEF
21	Noemi Schramm Ndao	Supply Financing Specialist	UNICEF
22	Claude Kasonka	Procurement Manager	UNICEF

Agenda:

Time	Topic
Day 1	
8:30-9:00	Registration
9:00-9:20	Welcome statements, introduction of participants and facilitators Review of the goals of the workshop, agenda for the two days and community guidelines
9:20-9:30	Review of preliminary findings on procurement inefficiencies
9:30-10:30	Splitting into groups to discuss and reflect on findings
10:30-10:45	Tea, coffee and health break
10:45-12:15	Presentation of key findings by group
12:15-12:30	Wrap up and set expectations for Day 2
12:30-...	Lunch

Time	Topic
Day 2	
8:30-9:00	Registration

9:00-9:15	Welcome statements, introduction of participants and facilitators Review of the goals of the workshop, agenda and community guidelines
9:15-9:30	Review of preliminary findings on procurement inefficiencies
9:30-10:30	Discuss inter-agency actions
10:30-10:45	Tea, coffee and health break
10:45-12:30	Agreement on key actions
12:30-12:45	Wrap up, next steps and close the workshop
12:45-...	Lunch

Key items discussed:

The group discussed RMS Ltd’s internal inefficiencies on day 1 and reviewed the recommendations. Most were adopted, with some minor changes. A few new recommendations were added such as:

- Quantify the costs of processes due to the multiple layers of approvals, to help guide rationalization of approvals.
- Introduce more flexible approaches to reviewing sales mark-ups (under leadership of FDA), review them annually.
- Make eLMIS more user-friendly and provide incentives to staff for data entry (can be non-financial incentives).
- Establish clear MOUs with partners that highlight the autonomy of RMS Ltd and its setup as private company.
- Develop an exit or transition strategy for the agreements with BUFMAR and Mediasol.
- Review the option of credit limits for heavily indebted health facilities.
- Establish and fully automate prize surveys, which would reduce the need to run parallel procurement to assess value-for-money.

There was a lengthy discussion whether vaccine procurement should be transitioned to RMS Ltd, or continue to be led by the respective program in RBC. A majority of RMS Ltd participants felt that RMS Ltd is better placed to conduct the vaccine procurement, while external participants expressed a different opinion to the suggestion of moving vaccine procurement on day 2.

Day 2 participants included representatives from Ministry of Health, RSSB, RBC and funders such as USAID and EU, as well as implementing partners such as Enabel. The participants reviewed recommendations that require inter-agency collaboration, and added new recommendations such as:

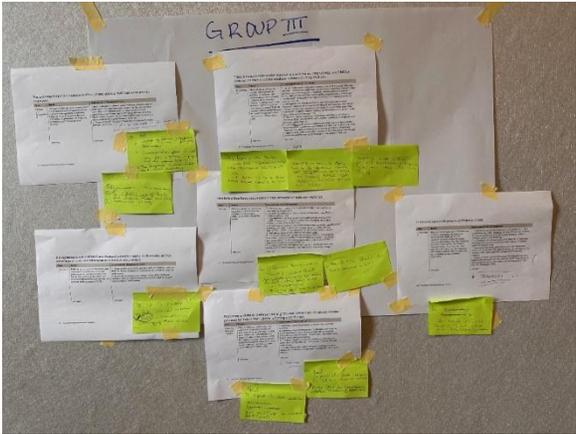
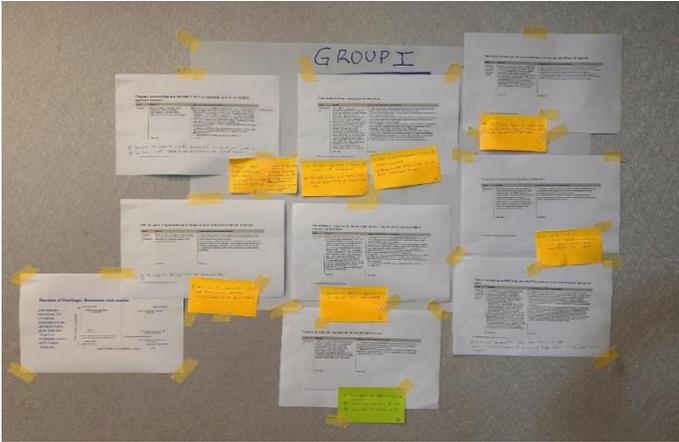
- RSSB to pay RMS Ltd in foreign currency directly for medical supplies, to allow them to access better conditions from suppliers.
- RMS Ltd should also monitor and quantify the loss due to exchange rate depreciation related to late payments, and MINECOFIN should cover that loss.
- Planning processes can be improved by leveraging ongoing digitization work with SANTEC, the Medical Equipment Maintenance system and opportunities to integrate Artificial Intelligence.
- More support from RMS Ltd towards health facilities on their stock management practices and data management capacity is required.
- FDA is encouraged to involve and consult with key stakeholders impacted by the pricing policy, such as RMS Ltd (where it directly impacts their financial sustainability).
- The Ministry of Health is to lead the transition phase from BUFMAR and Mediasol to RMS Ltd. The participants suggested to treat BUFMAR and Mediasol like other suppliers to RMS Ltd, where they are contracted in case their items are best-priced and needed.
- Focus was put on strengthening capacity for medical equipment planning and procurement, including after-sales aspects, training, better assess needs and better coordinate partners.

The workshop ended on day 2 with reflections from key partners such as RSSB, MOH and USAID. They shared their general agreement with the findings and commitment to the implementation of the recommendations. Participants agreed that it is a continuous journey towards improving value for money, and showed commitment to ensuring medical supplies are available and affordable for all Rwandans.

UNICEF ensured participants that contributions will be included in the final report, which will also include more detailed action planning. Further meetings with missing participants (e.g. MINECOFIN) are planned to ensure all stakeholders are involved in the assessment and have a chance to review the findings. The leadership of RMS Ltd will lead on the implementation of the recommendations.

A workshop review was completed with Mentimeter, giving all participants the opportunity to add their voice. The summary reports of Mentimeter for day 1 and day 2 are available as separate documents.

Photos (Day1):





Photos (Day2):





Photo: [Achieving Health Procurement Efficiencies In Rwanda Parkinn 31st Oct 2024 - Google Drive](#)

