



## Implementing a Multi-Institutional Pooled Procurement Programme, Benefits and Challenges: The Experience of the Ghana Catholic Pharmaceutical Service

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### Background

Pooled procurement of pharmaceuticals is a model that has been used successfully in the Caribbean, the Gulf States, and some countries in West Africa as a regional effort to address the problem of the high cost of pharmaceuticals. The Catholic Pharmaceutical Service in Ghana has, over a three-year period under the SEAM Program, implemented a pooled procurement model as a strategy to address problems of affordability and availability of essential medicines in the mission sector. The implementation has yielded tangible benefits and also revealed critical challenges that need to be addressed for the successful implementation of a multi-institutional pooled procurement programme.

### Objectives

To improve the capacity of the Catholic Pharmaceutical Service to achieve better pricing and increase the availability of good-quality medicines

### Methods/Intervention

A baseline assessment was carried out to establish the level of problems with availability and affordability. A central procurement unit was set up to coordinate product selection and forecasting, pool orders, conduct tenders, process purchase orders and contracting with suppliers, make payments, and resolve any procurement problems that arise. Prequalification of suppliers was instituted to assure the quality of products procured. Facilities participating in the pooled procurement were trained in inventory management, and standard operating procedures for drug supply were reviewed and implemented. An end-line evaluation was carried out to assess the impact of the interventions on availability and affordability.

### Results/Benefits

Two tenders conducted for 20 and 40 products yielded 20% and 48% cost reductions, respectively. Nearly 9 out of 10 essential medicines (87%) procured through the pooled procurement programme were approved by the Ghana Food and Drugs Board for marketing in the country, compared with 65% obtained through government institutions. The average availability of essential medicines at the Catholic supply depots increased from B = 73% to E = 81%. Average median prices for purchasing tracer items by facilities were similar in the Catholic (B = 192, E = 665) and government facilities (B = 171, E = 668). The average median patient prices were considerably higher in Catholic facilities (B = 378, E = 1,084) than in government facilities (B = 239, E = 814). Price markups for tracer essential



medicines were higher among Catholic facilities (B = 71%, E = 86%) than government facilities (B = 41%, E = 35%). Processes for managing a pooled procurement programme have been developed. A procurement procedure manual and standard bidding document are in place. A network of facilities with the potential to obtain significant economies of scale and improve drug supply management has been pooled together.

### **Implications**

Despite the initial success of the programme, a number of obstacles threaten the programme and need to be addressed. These threats include the loose commitment to the programme by the facilities in the network, logistical problems for supplying stock to the facilities, insufficient staff to coordinate the various aspects of the programme, and financial instability that leads to tardy payment to suppliers.

### **Conclusion**

The Catholic Pharmaceutical Service pooled procurement programme has demonstrated by its 2003–2005 tender results that pooled procurement can produce tangible economic benefits, as well as make available quality essential medicines to its institutions. To realize the full benefits of the programme, the commitments of institutions, financial instability, and logistical and human resource problems have to be addressed.