

AFRICA MEDICAL EQUIPMENT FACILITY

FINANCIAL MANAGEMENT COMPONENT

INTRODUCTION TO THE FINANCIAL ADVISORY TOOLKIT



Creating Markets, Creating Opportunities

IFC designed a **multi-component advisory program** to address the challenges of procuring medical equipment as a joint initiative between the Financial Institutions Group Advisory, Healthcare Quality Advisory, and the Financial Management Advisory programs.

The multi-component advisory program will help **strengthen Financial Institutions' (FIs) understanding of lending to the healthcare sector** and **enhance Healthcare SMEs' (HSMEs) capacity in financial management and medical equipment planning**. The advisory program has three components:

1

Component 1: Onboarding, Training, and Implementation Support for Partner FIs

An advisory program will be delivered to banks through (i) a training program to help banks understand the Risk-Sharing Facility eligibility criteria for HSMEs and reporting requirements, and (ii) workshops to develop recommendations on how the Risk-Sharing Facility can be utilized most effectively and assist with building an implementation plan.

2

Component 2: Training & Awareness Building on Medical Equipment Planning, Procurement, Maintenance, and Other Relevant Issues for HSMEs

An advisory program will provide HSMEs with access to necessary information and training materials to facilitate smart decisions on equipment purchasing and operations.

3

Component 3: Financial Management and Business Planning Toolkit

An advisory program will be delivered to HSMEs to strengthen their financial management capacities, particularly around cashflow forecasting, budgeting, and business planning.

The intended outcomes of the Financial Management component are two-fold: 1) Building the capacities of HSMEs and improving their access to finance; and 2) Facilitating the relationship between banks, such as Co-op Bank, and HSMEs.

HSMEs



Build the capacities of HSMEs and improve their access to finance

- Build the capacities of HSMEs around business planning, cashflow forecasting, and financial controls and policies through the Financial Advisory Toolkit.
- Enhance HSMEs' financial readiness to correspond to the lending requirements of banks, such as Co-op Bank, hence improving their access to finance.

Banks



Facilitate the relationship between banks and HSMEs

- Enable banks to support HSMEs with technical advice, hence improving their access to finance.
- Train the non-financial services (NFS) arm of banks, such as Co-operative Bank, to enable them to rollout the Financial Advisory Toolkit that will be used to support other HSMEs in the future.



The **Financial Advisory Toolkit** is a package of practical tools and resources that can be used by HSMEs to address some of the most prominent day-to-day challenges faced in their financial management and to improve their financial performance

Toolkit Components

Practical Tools and Resources



Templates and Resources

Financial Planning and Forecasting

Business Plan Template and Guide

Revenue Forecasting Tool

Budgeting Tool

Liquidity Planning Tool

Awareness Material

Structure for Finance Function

Understanding Working Capital

Business Plan

The Business Plan documents your company's objectives and how it plans to achieve them in order to create alignment with internal and external stakeholders

Benefits



Clarifying Short to Medium Term Objectives



Assessing Market Attractiveness



Identifying Growth Plans



Identifying Company Value Proposition

Snapshot of the Business Plan Output

Market Overview

Key Highlights

Company Overview

Key Highlights

Expansion Plan

Key Highlights

Providing information on your company's market, performance and expansion plan will enable internal and external stakeholders, such as banks, to develop a comprehensive understanding of the nature of your company's business and its growth potential

Revenue Forecasting Tool

The Revenue Forecasting Tool is an excel based tool that will help your company develop revenue targets and a financial plan for the upcoming 5 years

Benefits



Setting Clear Short to Medium Term Objectives



Controlling Costs



Providing External Stakeholders with Information on the Company's Plan



Defining the Direction for the Company's Expansion

Snapshot of the Revenue Forecasting Tool Output

	2021	2022	2023	2024	2025	2026
Revenues	130,035,442	122,068,775	148,308,662	168,435,817	191,396,612	217,601,655
Revenue Growth Rate		-6%	21%	14%	14%	14%
COGS	32,922,604	30,517,194	37,077,165	42,108,954	47,849,153	54,400,414
Gross Profit	97,112,838	91,551,581	111,231,496	126,326,862	143,547,459	163,201,241
Gross Profit Margin	75%	75%	75%	75%	75%	75%
Operating Costs	56,541,852	70,210,661	64,677,122	69,038,685	73,697,824	78,674,985
EBITDA	40,570,986	21,340,920	46,554,374	57,288,178	69,849,634	84,526,256

The 5-year financial plan will illustrate how changes to revenue and cost drivers may impact your company's financial performance in the short to medium term. It can also support your company in providing the information and projections needed by banks to evaluate loan application

Budgeting Tool

The Budgeting Tool supports your company in breaking down its sales and cost forecasts for the upcoming year on a monthly basis

Benefits



Regular Performance Monitoring



Controlling Costs



Identifying Issues in a Timely Manner



Improving Accuracy for Future Forecasting

Snapshot of the Budgeting Tool Output

Year	January			February			March		
	Budgeted	Actual	Difference	Budgeted	Actual	Difference	Budgeted	Actual	Difference
2022									
Total Volume	323	377	17%	292	0	-100%	259	0	-100%
Total Revenues	12,206,878	12,270,000	1%	12,206,878	0	-100%	9,765,502	0	-100%
Cost of Goods Sold	3,051,719	2,000,000	-34%	3,051,719		-100%	2,441,376		-100%
Gross Profit	9,155,158	10,270,000	12%	9,155,158	0	-100%	7,324,127	0	-100%

The monthly budget will compare your company's planned and actual performance to improve the accuracy of its assumptions and ensure that it is on track to achieve its objectives

Liquidity Forecasting Tool

The Liquidity Forecasting Tool supports your company in breaking down its sales and costs forecasts into a monthly cashflow forecast

Benefits



Regular Cashflow Monitoring



Planning for Cash Inflows and Outflows



Improving Liquidity and Working Capital Management

Snapshot of the Liquidity Forecasting Tool Output

Year 2022	January		February		March	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
Cash balance at the start of the month	6,945,972		-4,816,843		3,762,194	
Operating Revenue	11,399,387	0	11,036,114	0	13,121,690	0
Other Cash Inflows	2,000,000	0	0	0	0	0
Total monthly cash in	13,399,387	0	11,036,114	0	13,121,690	0
Payment of Expenses	25,162,202	0	2,418,874	0	4,255,531	0

The liquidity forecast will compare your company's planned and actual performance in managing its working capital to identify key financing gaps and areas of improvement. It can also support your company in proving to banks its ability to pay back potential loans