

## - Facilitation in Action - Affordable Veterinary Medicine Hits the Shelves in Karamoja

Despite prevailing beliefs, a study commissioned at the outset of Mercy Corps' USAID-funded Northern Karamoja Growth, Health, and Governance (GHG) program found that disease had a much larger impact on livestock herds than conflict (cattle raiding).<sup>1</sup> As such, animal health and veterinary services has been a priority sector for the GHG program.

GHG's three-member animal health team identified large inefficiencies in the veterinary drug system, which is characterized by a 60% price differential between Karamojong drug shops and those in Soroti alone (in the neighbouring region), much less Kampala.<sup>2</sup> Local drug shops often make small orders at retail prices and travel themselves to pick up the goods, driving up the transaction cost. Sporadic and inadequate supply has allowed illegal purveyors to capture a large share of the market; not only do such unlicensed suppliers often sell drugs in open stalls (which risks exposure to harmful sunlight), and not only do they lack the ability to provide customers with technical advice, they also enable the proliferation of fake and adulterated products. These factors combine to form a dangerous cocktail that prevents access to vital animal health care services for Northern Karamoja's largely-pastoralist population, leading to high herd mortality in a society where cows and goats are a primary source of livelihoods and a bulwark against food insecurity.

GHG developed a three-part strategy: (1) work with national drug suppliers to quantify and demonstrate the potential of the Karamojong market; (2) work with local drug shops & veterinarians to invest in necessary infrastructure, expand value propositions, and commit to taking large enough orders to increase efficiencies; and (3) work with the National Drug Authority (NDA) to crack down on illegal drug sellers.

### What has worked?

GHG staff pitched the business case of serving the market in Northern Karamoja to a number of suppliers, looking for an early adopter to jump at the opportunity. This worked brilliantly. Norbrook, a world-class veterinary drug supplier, put itself out as the leader, sending an exploratory team within two months and following up with a deal at the next meeting. They offered free delivery and UGX 10 million (\$4,000) in credit to be split



Norbrook's Dr. Geoffrey (right) delivering drugs to Dr. Sam (left), at Sago Vets, Abim

amongst two local dealers, who would become drug distributors in the region. **Within two weeks of receiving their shipment, JICAHWA drug shop in Kotido district cut prices by 20-30% across the board, introduced a discount for wholesale purchases and community animal health workers, and launched a large outreach and advertizing campaign.**

<sup>1</sup> Burns, J., G. Bekele and D. Akabwai (2013). Livelihood Dynamics in Northern Karamoja. Feinstein International Center, Tufts University.

<sup>2</sup> Soroti is a major commercial and administrative city in Eastern Uganda. It is located along the highway from Mbale to Lira, 290 km northeast of Kampala. It lies 190 km southwest from the GHG program's target area, in the neighboring Iteso region.

The initial groundwork with local shops paid off: **SAGO Vets' licensing and infrastructure allowed them to engage with Norbrook and JICAHWA went above and beyond the offer of UGX 5 million in credit, adding on an additional UGX 4 million in cash order** to ensure they were well stocked and able to maximize the opportunity.

**Norbrook's competitors have expressed interest in entering the region, some with and some without further GHG prompting.** Dr. Poncianah Akumu of JICAHWA reported that Norbrook rival Cooper Uganda Ltd. had called her to try to interest her in purchasing from them – and she responded that she would be happy to, if they could match Norbrook and deliver to her door. Eram Uganda Ltd., another supplier, is also looking to enter the market by providing drugs that Norbrook does not supply. This is an early indicator of systemic change: market signals have been sent that are inciting the interest of reliable, high-quality suppliers of vital animal health products to serve the region.



Mr. Egabu, sales agent, at JICAHWA drug shop after receiving drugs.

#### What has not worked?

Placing GHG as the broker between the drug shops and Norbrook allowed the program to make **a large communication error around repayment period, as there was initially no direct contact between the supplier and distributor.** This could have been rectified by ensuring the parties spoke directly to confirm arrangements before the delivery was made.

The NDA has offered to help with publicity and marketing, but **has refused to engage in any serious crackdown on illegal retailers up to this point.** They move slowly and see that level of action being multiple years down the road. If legitimate drug shops can win on price with direct delivery, however, they may be able to outcompete the illegal ones even without the NDA.

#### What's next?

Following successful links between new distributors and the Kampala-based supplier, the GHG team is providing ongoing support to distributors and their retail partners to increase sales through stores and roving agents. The focus needs to be on proving to Norbrook that its UGX 10 million will pay off with sustainable sales and prompt repayments.

At the same time, recognizing that many donor-funded programs work in the animal health sector, the GHG team is coordinating with a wide range of actors to ensure that handouts and other distortional programming does not undercut the nascent commercial link with Norbrook.