



Livestock Health

Locally led.

System strengthening



A Market Systems Approach to Increase Access to Veterinary Services for Hard-to-Reach Agro-pastoral Communities in Southern Ethiopia

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Irish Aid
An Roinn Gnóthaí Eachtracha
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Resilience in Pastoral Areas - South (RIPA-S), 2020 - 2024

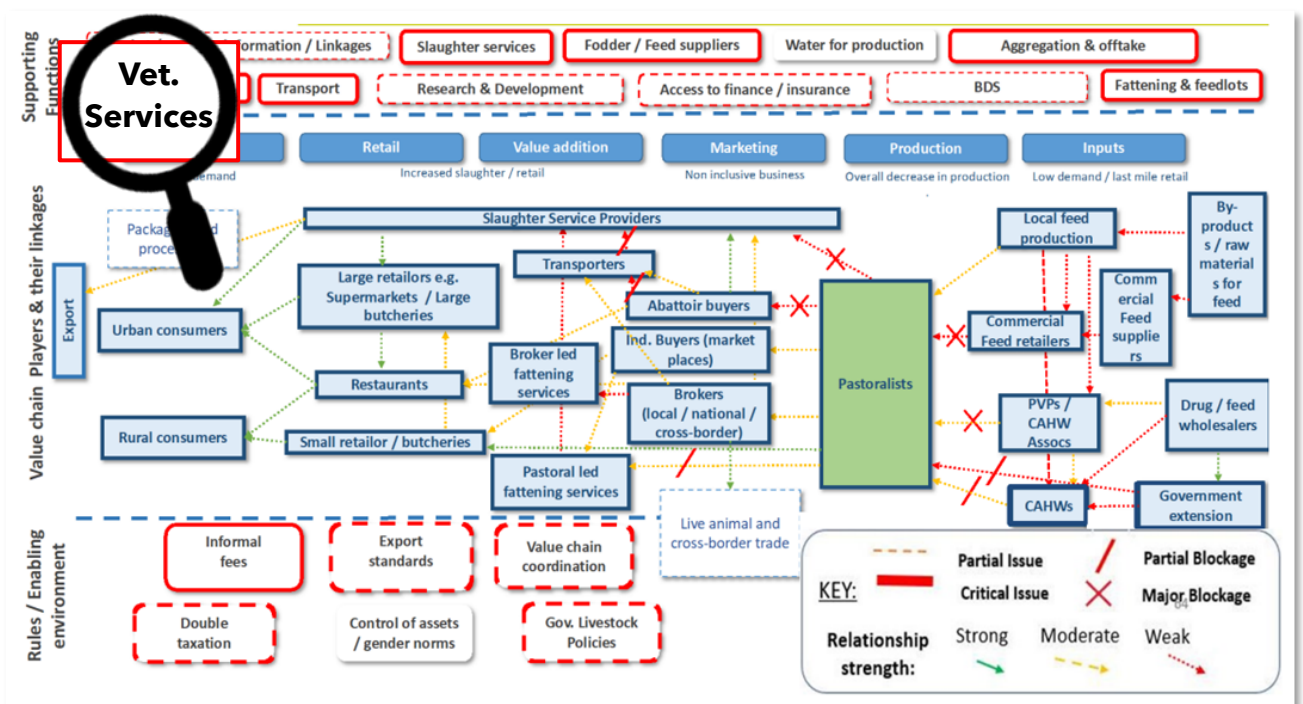
Target Zones:

- Borena
- East Borena
- S. Omo
- Liben
- Dawa

Brief background: With support from USAID Ethiopia, and in partnership with Global Communities, GOAL and International Development Enterprise (iDE), Resilience in Pastoral Areas - South (RIPA-S) is a five-year program (2020 - 2024), targeting pastoralists and agro-pastoralists in Southern Ethiopia. The purpose of RIPA is to improve resilience through improved food security and inclusive economic growth. GOAL uses a [Market Systems Development](#) (MSD) approach in livestock, crop, and financial systems to intensify and sustain pastoral and agro-pastoral production and marketing.

A livestock market systems assessment was conducted in 2020/21 to identify the system-level challenges, opportunities and the key actors to develop a portfolio of interventions where there are opportunities to facilitate **sustainable change at scale** in livestock systems that are critical to agro-pastoral communities.

Mapping of the livestock system in RIPA-S areas: Illustrating the value chain dysfunctions, critical supporting functions, and rules that are preventing the system from working more efficiently and inclusively for agro-pastoralists.



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Key numbers Between March 2022 & May 2024

\$1.5m
**Worth of
veterinary inputs
imported**

3
**New veterinary
wholesale points
in hard-to-reach
areas**

723,591
**Sheep & goats
treated for
parasites with a
smart subsidy.**

**Vet inputs worth
\$479,380
purchased by
PVPs and Gov.**

371 CAHW
**Purchased vet
inputs worth.
\$90,780**

Through a private sector partnership with a wholesaler, Wetaga, and support from Awash Bank, Wetaga imported ETB 82,500,000 worth of veterinary inputs, **extended its distribution system to hard-to-reach areas**, and improved price controls, which benefitted excluded agro-pastoralists.

Wetaga invested >\$330,000 in three new wholesale points in Moyale South (Sept. 2023), Nagelle (May 2023), and S. Omo (Dec. 2023) to bring quality vet inputs closer to veterinary service providers, Private Vet Pharmacies (PVPs), and Government and community Animal Health Workers (CAHWs). Wetaga is pre-financing PVPs, demonstrating increased levels of trust and **inclusive business behaviour**.

Counterfeit and smuggled vet drugs in the Moyale corridor of Ethiopia compete with and undermine legitimate supply chains, causing loss of revenue for local governments. It also leads to financial losses for agro-pastoralists, as the drugs do not work. This results in multiple and higher treatment costs, reducing productivity and contributing to livestock morbidity, mortality and drug resistance. To compete with counterfeit inputs coming over the border from Kenya, Wetaga applied a 20% off smart subsidy on a broad spectrum internal and external antiparasitic medication to the value of \$59,901 (ETB 3,294,600). Between Aug-Dec. 2023, 723,591 sheep and goats from 5,259 agropastoral households (12% female-headed households), were treated by the system actors to reduce livestock morbidity and mortality.

53 PVPs within the RIPA operational area (5 female and 32 new) purchased vet inputs from the three new Wetaga wholesale points, worth ETB 26,700,116. Since May 2023, 12 PVPs from outside the RIPA area have purchased vet inputs valued at \$108,539, as well as local government who purchased vet inputs worth ETB 2,822,957 (\$51,326). Others have purchased inputs worth ETB 1,590,971 (\$28,927). PVPs are pre-financing CAHWs, which also **demonstrates inclusive business behaviour**.

CAHWs are providing vet services at the last mile. 19 are female. Their main constraint was a consistent supply of inputs to be able to provide services. CAHWs purchased ETB 4,992,921 worth of inputs from PVPs,

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System level constraints

Government

Free or subsidised drugs are available but with regular stock-outs, which causes aid dependency and discourages private sector-led veterinary service provision. Contraband and counterfeit drugs circulating widely reducing Government revenue and contribute to drug resistance.

Private sector

Hard currency requirements for the importation of veterinary inputs means that supply does not meet demand, causing supply chain shortages and leading to price variability. This reduces agro-pastoralists ability to pay for veterinary services.

There are poor business linkages between wholesalers and Private Veterinary Pharmacies (PVPs), with wholesalers located centrally, far from the RIPA-S area. There are also no inclusive business models between market actors, wholesalers, PVPs, and CAHWs - and formal financing is difficult to secure.

Community

CAHWs often have limited business acumen, do not charge appropriately for their services, and do not earn a profit. As a result, they seek out alternative livelihoods.

Women have little power or control over veterinary inputs and services, and communities often expect CAHWs to provide veterinary services for free.

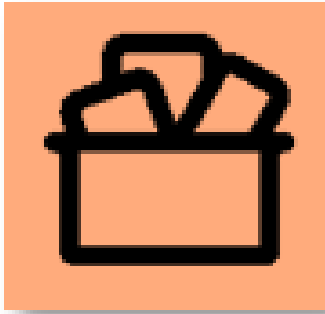


RIPA-S Livestock System Strategies

1. **Bundling Services through Innovative Financing Models to Promote Uptake.**
2. Increased Availability of Commercial Feed through Franchise Models & Local Production
3. Testing Incentive Models to Expand Fattening Programs
4. Improving Transportation Services to Improve Animal Health
5. **Building Market Linkages to Build Market Access**
6. Applying a Systems Approach to Influencing Policy Change

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Bundling goods & services



Bundling goods and services is a key supply side approach to increasing access to essential goods and services for excluded, harder-to-reach communities. This works best with an existing shop or agent who has already demonstrated their ability to do business. To be viable, retailers need multiple income streams and relationships with different suppliers. This is even more important in agricultural systems, where all inputs and services are seasonal. Bundling goods and services together at the same retail point can also facilitate business efficiencies, such as mobile money - which allows for safer transactions while also providing a critical financial service to excluded communities.

To date, 15 Private Veterinary Pharmacies (PVPs) are working for the Cooperative Bank of Oromia and Awash Bank as mobile money agents or banking agents.



Mr. Aynalem Belet, Zemichaeal PVP, Demeka Town, Hamer Woreda, S. Omo, bundles agency banking and the sale of water filter into his existing veterinary retail business.

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Wholesale Supply



Wetaga Int. Pharma & Agribusiness PLC (Wetaga) was established in 2013 and are wholesalers of veterinary inputs. RIPA-S and Wetaga partnered in 2021 to increase access to veterinary services through extending the veterinary input supply chain to Private Veterinary Pharmacies (PVPs) and their network of CAHWs in RIPA-S areas.

The partnership with Wetaga aims to target 66,661 agro-pastoralists between 2022 and 2024. The private sector partnership will leverage approx. \$371,336 (budget amount) of Wetaga resources, and RIPA-S will utilise approx. \$99,728 in USAID resources. This demonstrates how market systems approaches can amplify donor funding and facilitate the permanent market actors to reach greater scale.

See [Responding to Crisis using Market Facing Approaches](#) for how this partnership was leveraged to respond to crises.

Strengthening and expanding local supply chains

>45 new service providers

Extending the distribution system through new vet service delivery points for excluded agro-pastoral communities.

>\$479,000

Worth of vet input transactions made at the three new wholesale points using an inclusive business model.

229% ↑ in turnover

As a result of their own investment, Wetaga has increased its turnover from \$784,313 in 2022 to \$2,581,818 in 2023.

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Retail Supply



Dermi Turi, Samira Veterinary Pharmacy, Moyale, GOAL 2023

Dermi Turi, has an advanced diploma in animal health services, she established her private veterinary pharmacy (Samira Vet Pharmacy), in Moyale in 2013.

Since Wetaga established the wholesale point in Moyale, Dermi has almost doubled the value of vet inputs that she is purchasing from ETB 330,000 (~\$3,000) in 2021 to ETB 600,000 (~\$5,400) in 2023, a 44% increase.

Wetaga is supporting Dermi's business by reducing transport costs and providing pre-financing - an indicator of good business relationships.

Dermi has increased the number CAHWs that she supplies from five in 2021 to 15 in 2024. Dermi also practices inclusive business behaviour by prefinancing CAHWs. When asked why she does this, she said to support CAHWs so that she can expand her business down to kebele level. Looking to the future, Dermi hopes to expand her business further to areas where there are no veterinary services.



Bundling of goods and services In addition to selling a range of livestock inputs, Halima was linked to a water filter supplier, Tulip Addis <https://tulipaddiswaterfilter.com/> and she **now sells water filters**. She was also linked to the Cooperative Bank of Oromia and is now a **mobile money agent**. <https://coopbankoromia.com.et/>

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Supply of Veterinary Service



Kafa Tsile, a CAHW located in Hamar Woreda, S. Omo was first trained in 2014 by an NGO, Action For Development.

He started providing veterinary services in his community. At that time, Kafa said there was a lack of awareness in the community of the services he could provide. He struggled with a lack of capital to invest in his veterinary service business, where the price of inputs often increased.

Even though Meklit Private Veterinary Pharmacy in Yabello Town (where Kafa gets his supplies) does not pre-finance him, he is still increasing the value of the inputs he is purchasing by 40% - ETB 10,000 (\$90) in 2021 to ETB 14,000 (\$128) in 2024.

Kafa says that over the past two years, almost all veterinary drugs he requires have been available, they are of better quality, and some drugs are even decreasing in price.

Kafa's future business plans include providing veterinary services for the community and diversifying his income.



Bundling in goods and services to CAHWs

veterinary services would create additional income streams while providing access to inputs for those in hard-to-reach areas.

Kafa Tsile, CAHW, Hamar Woreda, S. Omo, GOAL 2023

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Demand for Veterinary Services



Amina Farah Osman, Dekasoftu Woreda, Higli Kebele, Liben Zone, GOAL 2024

Amina Farah Osman is an agro-pastoral woman from Dekasoftu Woreda, Higli Kebele, Liben Zone. She owns 95 sheep and goats, and 19 camels.

She has the phone number of her local CAHWs and calls him when her animals are sick. She says he provides an excellent service. He explains the disease and has the appropriate medicine to treat the sick animals. She pays him for the treatment of her livestock.

Amina explains that: "In the past, the father of the family used to treat the animals. He injected the animals with the medicine he thought he was treating because he did not know about the veterinary health of the animals. Sometimes the animals swell up where they were injected and sometimes the animals don't get better."

Amina says the CAHW has high-quality and appropriate medicine, knowledge, and experience.

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Demand for Veterinary Services

Hasan Aliyow Farah, an agro-pastoralists from Hudet Woreda, Galhareri Kebele, Dawa Zone has 59 sheep and goats, 15 cattle, and 18 camels.

Hasan says that the CAHW in his area is well known and trusted. "We are very happy with his work."

"His services are extremely useful in our kebele because he is always available when we need him. Without him, we would have to travel far to get help for our animals."

When asked if he pays the CAHW for his service, he says: "Of course, his services are valuable, and I make sure to pay him for the work he does."



Hasan Aliyow Farah, Hudet Woreda Galhareri Kebele, Dawa Zone, GOAL 2024



Mohamed Husein Isack, Moyale Livestock and Pastoral Development Office, GOAL 2024

Mohamed Husein Isack works within the Local Government Livestock and Pastoral Development Office in Moyale. Mohamed explains that the local government department buys veterinary supplies from the Wetaga wholesale points for several reasons. "First, they are conveniently located near us, which makes it easy to get what we need quickly. Second, we know that the animal drugs they sell are of high quality. We have built a good relationship with them, and they have always provided excellent service."

"The impact of **counterfeit veterinary inputs** in our area is very severe. These fake animal drugs are widely available, poor quality and cheap. This situation is harming the businesses of those who sell quality veterinary drugs and is also creating drug resistance."

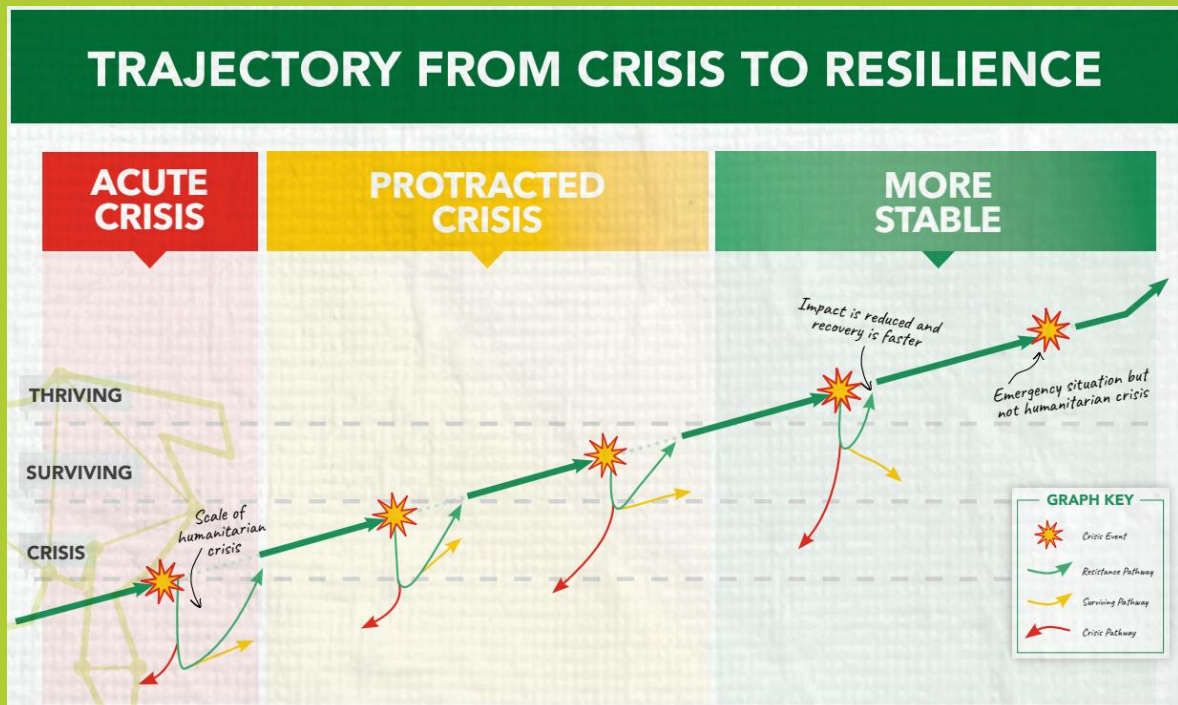
He proposes greater marketing of quality inputs and a community awareness initiative about the dangers of counterfeit animal drugs.

What Are We Learning?

1. **Like other importers** in Ethiopia, Wetaga will need to export to access hard currency to import. Wetaga will require investment to do this. A reliable supply of veterinary inputs is critical to a sustained supply chain, price stability and the provision of veterinary services to the last mile.
2. **Counterfeit inputs:** For now, the smart subsidy on veterinary inputs may be challenging counterfeit vet inputs. The Government is an actor in this system with the incentive to address this.
3. **Building business skills:** CAHWs that do not keep any formal business records and are unlikely to be able to charge accurately for veterinary services. Access to appropriate business development skills (BDS) could assist CAHWs to keep business records, price services appropriately, and link to other input suppliers to increase revenue and access to financing.
4. **Bundling goods & services:** There are substantial opportunities to “bundle in” more inputs and services with existing retailers, PVPs & CAHWs to increase revenue streams as well as access to goods and services, with a socio-economic value for agro-pastoralists.
5. **Inclusive business models** are possible even in “thin” markets where the apex market actor in the system (wholesaler) sees the opportunity and supports pre-financing. This stimulates other actors (PVPs) in the system to do the same, benefiting the smallest actor in the system (CAHW), who provides services to hard-to-reach communities.
6. **Sustainability & scale** are all about how we work. By partnering with the market actor in the system who has the power and influence to create change, the smaller actors in the system e.g., PVPs and CAHWs, develop business relationships for transport and supply of vet inputs, upskilling in product knowledge and handling and pre-financing.



GOAL's new strategic intent from **Crisis to Resilience**, providing life-saving emergency assistance and building resilience by stabilising and strengthening systems.



Private Sector Partnering RIPA-S partners with businesses, where there is alignment with the purpose of the business and a RIPA objective and where the partner has the power and influence to create **sustainable change at scale**. We partner where there are opportunities to extend existing business models to new areas, improve efficiencies and reduce exclusions in systems critical to vulnerable communities' socio-economic wellbeing.

When we partner with private sector partners, we co-design an intervention that builds on the partners existing business model, leveraging both donor and partner resources to support inclusive business models. We manage adaptively where payment is made by mutually agreed and verified milestones.

References/ Citations:

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