

**PRIVATIZATION OF ANIMAL HEALTH SERVICE
DELIVERY SYSTEMS IN SOUTHERN SUDAN**

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BY

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ABBREVIATIONS/ACRONYMS

AHA	Animal Health Auxiliary
ACROSS	Association of Christian Resource Organisation Serving Sudan
BYDA	Bahr-El-Ghazal Youth Development Association
CAHWs	Community Animal Health Worker
CAPE Unit	Community-based Animal Health and Participatory Epidemiology Unit
CBPP	Contagious Bovine Pleuro-Pneumonia
CBO	Community Based Organisations
CCPP	Contagious Caprine Pleuro-Pneumonia
CDC	County Development Committee
CRS	Catholic Relief Services
DOT	Diocese of Torit
DVO	District Veterinary Officer
EVK	Ethno-veterinary knowledge
FAO	Food and Agricultural Organisation
ICRC	International Committee for the Red Cross
ITDG	Intermediate Technology Development Group
KLA	Kogo Livestock Association
NAVS	Nile Agro-Vet Supplies
NGO	Non-governmental organisation
NPA	Norwegian People's Aid
NSPEC	National Socio-economics Planning Council
OAU/IBAR	Organisation of African Unity/Inter-African Bureau for Animal Resources
OLS	Operation Lifeline Sudan
PACE	Pan-African Programme for the Control of Epizootics
PARC-VAC	Pan African Rinderpest Control Vaccination Programme
RAS	Rapid Appraisal Survey
RLDA	Rumbek Livestock Development Association
SINGOs	Sudanese Indigenous NGOs
SP	Sudanese pound
SPLM/A	Sudanese People's Liberation Movement/Army
SRRA	Sudan Relief and Rehabilitation Association
TDA	Toposa Development Agency
UNICEF	United Nations Children's Fund
VCC	Veterinary Coordinating Committee
VSF-Belgium	Veterinaires Sans Frontieres - Belgium

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EXECUTIVE SUMMARY

Since 1993, a consortium of non-governmental organisations (NGOs) have been working in South Sudan with objectives to increase food production through improved and sustainable animal health delivery system.

The NGOs have achieved the following:

- established strong institutional support systems
- developed and implemented an appropriate animal health service delivery structure
- established veterinary coordinating committees (VCCs) to increase participation of the community in service delivery
- developed and implemented appropriate technical training programmes
- initiated cost-recovery measures to prepare the ground for eventual privatisation

They are now developing a legal and policy framework for community-based animal health delivery services.

However, there is over-dependence on NGOs and the United Nations (UN) agencies for the delivery of drugs and vaccines. There is need to shift from dependency on institutional support offered by these NGOs to community-based animal health delivery services to achieve sustainable animal health services when they leave, and in the absence of a central government and established infrastructure. It is believed that sustainable animal health services can only be achieved through a privatised system. In this arrangement, the private sector is enlisted in the delivery of animal health services with the beneficiaries meeting the full cost of services, while the government regulates and monitors the services. Community animal health workers (CAHWs) are maintained as the lead health service delivery agents under the supervision of stock persons and animal health auxiliaries (AHAs).

This study aims at developing initiatives and strategies that will promote a privatised delivery of animal health service in South Sudan to ensure future sustainability of the animal health service delivery system beyond the life span of the supporting projects. The study has used the Rapid Appraisal Survey (RAS) and formal survey through structured questionnaires besides tapping on the existing knowledge from NGOs, the Food and Agriculture Organization (FAO), Operational Lifeline Sudan (OLS) livestock sector personnel, the United Nations Children's Fund (UNICEF) and recent reports from other relevant studies.

The study team found a favourable attitude towards a privatised system among the communities and stock owners have expressed a strong desire to see the establishment of private outlets that would make drugs available and accessible at all times. The high livestock population creates a high demand of animal health services within the community.

The policies of the Sudan People's Liberation Movement (SPLM) are favourable towards a privatised delivery system and they allow private and public sectors to provide services without restrictions. Specifically, the liberation of the livestock sector towards privatisation is one of the policies that the Agricultural Commission of the SPLM is encouraging.

The study recommends that privatisation be introduced in South Sudan in two phases with specific roles for the various stakeholders. The pilot phase will run for two years, from June 2002, and target animal health delivery services in the Western Bank of the Nile. The second phase will commence after two years, from June 2004 to June 2006. The planning, preparation and implementation of phase II should be based on experiences learnt in phase I. Among the measures and strategies required for privatisation to succeed, the study spells out the roles of the local authorities, the consortium of NGOs and existing community-based institutions under a privatised animal health delivery system in South Sudan.

CHAPTER ONE

1.0 INTRODUCTION

“We are Dinka because of cattle.” This quotation, common among the Dinka people of South Sudan, emphasises the importance African communities attach to livestock. It further underscores the significance of livestock as an essential component to the economic well being of these communities. It provides food, wool, manure, traction, hides and skins and contributes immensely to the economic and social standing of cattle owners.

In South Sudan, livestock has contributed to the sustenance of the livelihood of about 10 million people during and before the ongoing civil war. At the time of this study, it was estimated that the livestock population was approximately 5 million cattle and twice as many shoats. For livestock to play this role, the animal health services are of utmost importance.

South Sudan has been at war since its independence in 1956. The continuous conflict has had devastating overall effect on the social, economic, cultural and political stability of the Sudanese. Millions of people have been killed, displaced or turned refugees. At present, South Sudan is controlled partly by the government, several rebel groups and the Sudan People’s Liberation Movement/Army (SPLM/A). The prolonged conflict has created a complex emergency situation resulting in the displacement of people, loss of human life, widespread insecurity and destruction of property, infrastructure, schools and health facilities.¹

Prior to the civil war, the Directorate of Animal Resources, through the provincial veterinary departments, provided animal health services. Each district had a District Veterinary Officer (DVO) assisted by veterinary assistants. During this period, emphasis was on treatment, disease reporting and vaccination campaigns from various veterinary clinics as the private sector in animal health service delivery was virtually non-existent.

With the resumption of war in 1983, the service delivery structure was maintained as before in government controlled areas, while in the SPLM/A controlled areas, livestock activities have been under the direction of the Chief Veterinary Co-ordinator with a veterinary co-ordinator heading each county. In SPLM/A controlled areas, which is the main focus of this study, the development of the animal health service delivery system during the ongoing SPLM/A civil war can be examined in two phases:

- Phase I (1988-1992) or the Emergency Intervention Stage; the livestock service provision was not community-based but emphasised:
 - (a) rinderpest control through blanket vaccinations by a team of local vaccinators supported by NGOs, bilateral and multilateral organisations including the International Committee for the Red Cross (ICRC), Association of Christian Resource Organization Serving Sudan (ACROSS), Norwegian People’s Aid (NPA)
 - (b) free distribution of drugs and clinical services
 - (c) independent implementation of activities by participating NGOs

¹ Jones et al, 1998, Community-Based Animal Health Services in South Sudan: The experience and the future. Keynote Paper presented to the Association of Institutes of Tropical Veterinary Medicine Conference, Harare 1998.

- Phase II (1993 to date), the participating NGOs formed the United Nation Children's Fund (UNICEF)/OLS consortium to reduce duplication of efforts and optimise resource use. This level, unlike the Emergency Intervention Stage, emphasised:
 - (a) increasing household food security to the community
 - (b) developing the community-based animal health delivery system to support increased food security
 - (c) controlling and eradicating rinderpest
 - (d) treating and vaccinating livestock
 - (e) introducing cost recovery measures to create a conducive environment for eventual privatisation of the delivery system
 - (f) establishing VCCs to increase community participation in the delivery system
 - (g) training animal health delivery personnel (CAHWs, AHAs and stock persons)

The resulting service delivery structure in the second phase (SPLM/A controlled areas) is presented in Fig.1

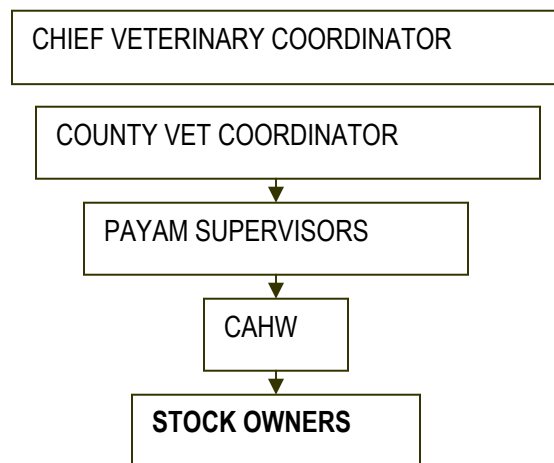


Fig.1 The Sudan Relief and Rehabilitation Association (SRRA) community-based animal health service delivery system
Source: **John Sebur** (personal communication)

The above structure has been sustained in South Sudan mainly through the financial support of participating NGOs who have assumed the role of the state in (public) animal health service delivery. In other sub-Saharan African countries, before and during 1980s, budgetary constraints and fiscal deficits led to change of policy from public to private animal delivery services. NGOs in South Sudan, likewise, have reached a stage where they have to think of approaches to privatise these services to become sustainable. Privatisation involves the private delivery of animal health services (especially private good services) through the private sector, with the beneficiaries meeting the full cost of services.

Like in other sub-Saharan countries, the private delivery of animal health services in South Sudan has presented a major challenge to most players. The implementation of animal health privatisation programme will require a radical change from the current situation, whose framework is founded on donor support. The challenge would further be compounded by the unique conditions in the area such as:

- (a) low cash economy
- (b) lack of market
- (c) insecurity
- (d) high cost of service delivery

- (e) poor infrastructure
- (f) reluctance of livestock owners to pay for services since the community is used to free or subsidised services
- (g) absence of a fully-fledged central government structure to provide the enabling environment

It is against this context that this study examines:

- the economic performance and viability of the individual and group initiatives in the SPLM/A controlled areas of South Sudan on privatisation of animal health service delivery systems
- the attitude of livestock owners, as the key stakeholders towards privatisation
- the presence of community-based support institutions in the animal health delivery
- the capacity of local authorities to support privatisation
- the overall policy and legal framework in South Sudan

1.1 Study Objectives

The study assesses the current economic performance and future prospects of individual and group initiatives involved in the delivery of animal health services in South Sudan. These initiatives include:

- Nile Agro-Vet Supplies (NAVS)
- Kogo Livestock Association (KLA)
- Rumbek Livestock Development Association (RLDA)

It also recommends strategies to be adapted for further development of these initiatives. Specifically, this study aims at:

- (a) ascertaining the economic viability of each animal health service delivery through:
 - drug turnover of each private animal health service delivery initiative
 - demand for animal health services in the community
 - business practice
 - effects of exchange rates on animal health service delivery
 - impact of market for livestock
 - potential for diversification of sources of income
- (b) assessing the attitude of livestock owners towards privatisation of the animal health delivery services as far as:
 - willingness to pay for privatised drugs
 - preference for type of animal health service delivery
- (c) building the capacity of local authorities to support and regulate privatisation
- (d) recognising the presence of community-based support institutions in animal health service delivery system, for example, the Sudanese Indigenous NGOs (SINGOs)
- (e) developing the overall policy and legal framework in South Sudan

(for details see Annex I)

1.2 Study Team

Members of the study team were, John Sebur, a local consultant and animal scientist who previously served as the Chief Veterinary Co-ordinator for the Sudan Relief and Rehabilitation Association (SRRA); and F.O Okwiri, an international consultant and a small business development expert who previously managed the Kenya Veterinary Association Privatisation Scheme (KVAPS). Pamela Yamo-Lamba, an economist, did the write-up and data analysis.

The study mission was conducted in two phases. During Phase I the economist and the FAO/OLS Assistant Livestock Project Officer accompanied the team. In Phase II, the FAO/OLS Assistant Livestock Project Officer and the following personnel were part of the study team:

- Bahr-El-Ghazal Youth Development Association Representative
- VSF- Belgium Community Development Officer
- FAO/OLS Livestock Officer in charge of Tonj County based in Thiet

1.3 Scope of the study

Due to limited time and guided by the terms of reference, the consultants concentrated on the SPLM/A controlled areas (for details see Annex I). These areas are inhabited by sedentary agro-pastoralists, so this report does not address privatisation of animal health service delivery amongst the nomadic pastoralist communities in South Sudan.

1.4 Methodology

During this study, the team used the informal or Rapid Appraisal Survey (RAS) and the formal survey based on structured questionnaires. The RAS surveys yielded useful information on the objectives, achievements, lessons learned and perceived strengths and weaknesses including future strategies of the various organisations visited, in the use of community-based animal health service delivery systems. (The list of the organisations and the key informants is provided in Annex II)

The Business Performance Questionnaire and the Livestock Owners Perception Questionnaire were developed as additional tools for gathering information (see Annex III and IV). These tools enabled the team to collect data on business turnovers; prices of various veterinary drugs as charged by different players; main sources of drug procurement; gross profit margins at various levels of each service delivery model and break-even sales volumes; and case-load for every animal health provider interviewed.

CHAPTER TWO

2.0 Livestock Policy and the Current Position Audit of the Community-based Animal Health Delivery System

Lack of appropriate policies has been a major hindrance to the overall growth and development of the livestock sub-sector due to the prevailing war. South Sudan lacks the standard institutional infrastructure from which emanates law and order. However, there is every political and military effort by the SPLM/A on the ground to establish some form of civil administration structures and processes throughout the liberated areas and the Sudanese have accepted these structures and submit to them accordingly. The civil authority in South Sudan does not have a department of veterinary services, nor institutions that can enforce laws, rules and regulations therein.

2.1 General Economic and Livestock sub -Sector Policies

The 1994 Resolution of the National Convention of South Sudan states, (in part) *“The South Sudan economy shall be a free market economy in which both the public and private sectors shall complement each other.”*² The convention further supports the following:

- (a) cross border, regional and international trade and establishment of mechanisms for revenue collection
- (b) foreign investments with a guarantee on profit repatriation
- (c) establishment of mechanisms for exploration and extraction of mineral resources
- (d) establishment of a system for internal and external marketing of agricultural products
- (e) establishment of the National Socio-economics Planning Council (NSEPC) as the highest advisory organ on issues pertaining to national economy

The only serious attempt at developing a comprehensive livestock sub-sector policy and legal framework formulation was initiated in August 1998 and commissioned in September 2001 with the joint collaboration of PACT-USAID, FAO-OLS and the Pan-African Programme for the Control of Epizootics (PACE) of OAU/IBAR with Vetwork Services Trust as the consultant. The aim of this consultancy was to formulate policies and strategies that would create an enabling environment for sustainable livestock development and natural resource management. One of the emerging findings of the Vetwork Trust Consultancy was the request by the Sudanese for inputs and regulations to control veterinary services. They envisaged that the regulations would help them in preventing and controlling disease and marketing livestock and livestock products. The consultancy draft report further recognises privatisation of animal health delivery services as one of the options for future sustainability of service delivery but cites the following major limitations:

- (a) shortage of professionals in the livestock sector
- (b) inadequate funding for the privatisation
- (c) lack of credit schemes to extend loans to animal health workers willing to venture into private business
- (d) subsidised drugs by NGOs posing competition for animal health workers willing to venture into private practice
- (e) different currencies in South Sudan and variability in exchange rates³

² The Resolutions of the 1994 National Convention only apply to the SPLM/A held areas of South Sudan; there are areas that are still under the control of the Government of Sudan and other rebel factions.

³ The Draft Report of the Consultancy on Policy and Legal Framework on Livestock Sub-sector in the New Sudan. (October 2001)

2.2 Current Community-based Animal Health Delivery Structure

Fig. 2 presents the structure and terms of reference of the animal health service providers under the SRRA animal health delivery system in South Sudan.

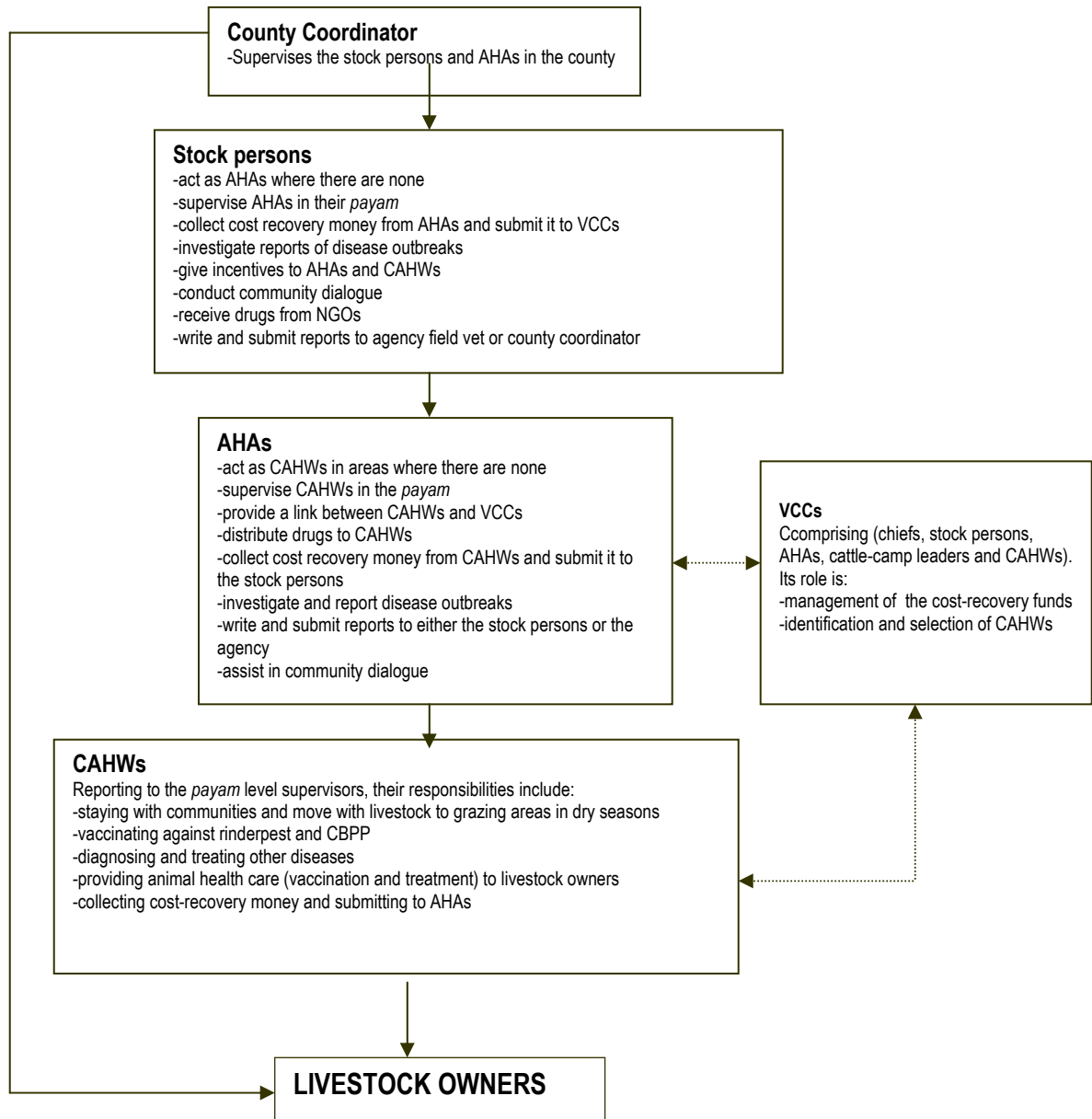


Fig. 2: Structure and TOR of Animal Health Service Providers in South Sudan
Source: A Review of Rinderpest Prevention and Surveillance in South Sudan

2.3 Study Findings and Observations

It has emerged from the study that service delivery by the AHAs, CAHWs and stock persons under the structure described in section 2.2 is hardly sustainable beyond the life span of the supporting projects. Various key players involved in the OLS livestock programmes have raised concerns about the sustainability and viability of the existing system. They have considered privatisation or commercialisation of veterinary services (see section 2.1 on policy) as an option of achieving sustainability hence the idea of gradually transferring programme activities fully into the hands of community-based organisations or associations. In section 2.3.1 to 2.3.3 below, the consultants present views of animal health providers on privatisation.

2.3.1 Stock persons

The stock persons interviewed during this study worked either as county coordinators or *payam* supervisors. At their level, the most demanded veterinary product lines were antibiotics (Penstrep, Alamycin and Tenaline) followed by anthelmintics (Albendazole, Ivermectin) and trypanocidals (Ethidium and Veridium) in that order. Other drugs in demand were louse powder, iodine, healing oil and tick grease. The demand for drugs is seasonal, for example, during the dry season most animals move to the swampy areas *toic* in Bahr-EI-Ghazal region. Livestock is exposed to flukes and other worms increasing the demand for dewormers. During the rainy season, the demand for oxytetracyclines is higher due to outbreaks of Contagious Bovine Pleuro-Pneumonia (CBPP) and Contagious Caprine Pleuro-Pneumonia (CCPP).

Stock persons provide drugs to AHAs, supervise the system, plan and facilitate community dialogue. They receive drugs from the livestock supporting NGOs in their counties, while the NGOs provide logistic and technical support (equipment, training, transport, protective clothing and some incentives, such as salt, soap, commission from drug sales, and others). When asked about venturing into private delivery of animal health services, majority of the stock persons indicated that they would not be able to sustain their businesses without support from NGOs.

In addition to the individual formal questionnaire, the consultants met a group of 14 stock persons in Marial Lou County attending refresher courses and posed the following questions:

- (a) As stock persons do you see yourselves playing any role in the privatisation of animal health service delivery system in South Sudan? If yes, list your perceived role(s).
- (b) In your opinion list the conditions that must be met to privatise the livestock sector.

(The answers are listed in Annex V)

However, it is clear that this cadre is neither ready nor prepared for privatisation. The first question the stock persons asked the consultants after the briefing was not only startling but also confusing. They asked, “*Has South Sudan become independent so that you can introduce privatisation?*” The consultants perceived this as further proof of the reluctance of the stock persons to accept change by venturing into private business. This reaction is normal and would have been triggered by fear of the unknown, inadequate sensitisation, poor understanding of the concept of privatisation and the sense of financial stability in the community.

2.3.2 *Animal Health Auxiliaries (AHAs)*

The AHAs knew the drug prices in their regions and were able to work out their average monthly sales turnover from drug sales. They also understood the cost-recovery scheme. Although the community is reluctant to repay the cost recovery money, the AHAs were ready to collect the same from them and from the CAHWs if NGOs and local authorities would offer logistics support.

Stock persons and the animal health auxiliaries reported similar products as top on the fastest moving veterinary product lines. Majority of the AHAs indicated that they would operate effectively without support from NGOs. This shows that AHAs are confident enough to venture into private practice.

2.3.3 *Community Animal Health Workers (CAHWs)*

As is evident in Fig. 2, CAHWs are the central players in the community-based animal health service delivery system and the actual providers of clinical services. Most CAHWs indicated that they could sustain the animal health service provision even with the withdrawal of NGO support. Nevertheless, they also said that start-up capital would be a major constraint. Other challenges that the CAHWs are facing that must be adequately addressed before full privatisation include the following:

- adverse effects of changing seasons occasioned by:
 - periodical flooding (in the rainy season) that restricts clinical activities and turnover
 - movement of cattle during the dry season making it difficult for the CAHWs to track animals and provide services
- insecurity caused by the ongoing civil war
- the threat of being mobilised into the SPLM Armed Forces
- cattle rustling especially in Kapoeta County
- difficulties in accessing vaccines due to the long distance from the cold chain facilities
- lack of transport, and AHAs and the CAHWs indicated that they needed bicycles and spare-parts to improve mobility
- lack of spare parts for the refrigerators
- poor monetary economy leading to lack of cash to pay for the services of stock owners; repayment is in kind or credit resulting in bad debts
- misuse of veterinary drugs; some community members use Oxytetracycline and Penstrep to treat human beings
- intermittent supply of veterinary drugs
- low commission from sales of drugs hence low motivation for CAHWs
- lack of awareness by livestock owners resulting in non-cooperation during service delivery
- lack of markets for livestock and livestock products hence low purchasing power amongst the stock owners
- **Non-standard practices by NGOs.** The consultants gathered that not all regions are at the same level of cost recovery and NGOs do not have uniform pricing system. This leads to price differentials from county to county and, subsequently, the creation of black markets.
- **Negative attitude of farmers.** Most stock owners believe that NGOs are at their *beck and call* and will always be there to serve them. Consequently, the recently implemented drug prices at 165% cost recovery have, in some counties, led to reduced sales. The consultants were informed that in such areas, stock owners refuse to purchase drugs hoping that NGOs would lower the prices. This might lead to expiry of some drugs in stores; a scenario that the CAHWs reported often reduces their activities confining them to vaccination campaigns only.

2.4 Are AHAs, VCCs, CAHWs and Stock persons Ready for Privatisation?

The consultants applied the Durham Model to assess preparedness of the animal health service providers for privatisation. The Durham Business Start-up and Growth Model (see Annex VI) lists the following basic ingredients as prerequisite for start-up and survival of small/micro business units:

- (a) motivation and commitment
- (b) ability and experience
- (c) the idea base
- (d) the resource base

(a) Motivation/Commitment

Motivation is the most important ingredient in any business start-up. During the study, the consultants established that in Mundri County, 86 CAHWs have been trained in animal health service delivery. Of these, 48% are no longer active in the community. In Tonj County, out of 60 trained CAHWs 16% are no longer active while in Rumbek out of 85 trained CAHWs, 29% are no longer active. In Diocese of Torit in Kapoeta, out of 23 trained 21% was no longer active.

The high drop out level in Mundri County could have been caused by several factors, namely:

- high numbers of trained CAHWs compared to the total livestock population
- poor selection process
- high cost of drugs as a result of the institution of full cost-recovery hence reduced demand for services

The consultants found the implementation of the current selection process for CAHWs wanting. This is further confirmed by the UNICEF/OLS Review Report indicating that after the initial leaders' workshop, they did not hold community dialogue to select CAHWs instead they hand-picked them and constituted themselves into VCCs. This resulted in communication breakdown between the various stakeholders.

(c) Ability and Experience

The consultants observed that AHAs, CAHWs and stock persons have adequate practical experience in disease diagnosis and treatment hence they would have no problems in extending these services as private practitioners.

(c) The Idea Base

The question is whether providing animal health services is a good business idea; whether it works in real life situation; and if there is effective demand (backed by cash) for the services. The demand for animal health services is positively correlated to the value attached to the animals. The question, therefore, is whether southern Sudanese attach value to livestock and the answer is yes. To confirm this, the VCCs Executive Committee in Ananatak told the consultants that, "*The cattle are our banks and anyone who provides animal health services is actually helping us to chase away our bank robbers.*" The consultants, therefore, consider animal health service delivery a good business idea that should be promoted since a market for the service exists.

(d) The Resource Base

In small business start-up, resources are ranked lowest because when a business man is motivated, committed, has the essential experience and the business idea is sound, then that business, even with very modest resource levels, will still survive in the market place.

Currently, NGOs are providing the resources. Under a privatised service delivery, chances are that the involvement of the NGOs in providing financial support may be translated as the usual relief interventions. This may cause high delinquencies in loan repayment (see recommendations below).

2.5 Attitude of the Stock Owners towards Privatisation and Type of Service Delivery

Most stock owners that were interviewed had experience in livestock management, judging from the length of time that they had owned livestock. The average period of livestock ownership was 19 years; the longest period of ownership was 49 years while the shortest was six years.

Most stock owners indicated that CAHWs were their main animal health care service providers. Others providers were:

- ethno-veterinary (traditional) practitioners (10%)
- AHAs (10%)
- stock persons (10%)
- self (10%)

Services often demanded by the stock owners were mainly disease diagnosis, treatment and vaccinations. Most stock owners said that they wanted the present community-based animal health care service delivery system strengthened by increasing the number of CAHWs working with the communities. They indicated the importance of equipping the CAHWs with bicycles and providing them with incentives. The stock owners showed a strong desire to establish private veterinary drug shops envisaging that it would increase the quantity of drugs in the market, and also make them available.

However, when asked about the current cost of animal health services, 39% of the stock owners indicated that the charges were fair, 34% indicated that it was expensive while 26% indicated that the cost of animal health care services was very expensive.

This contradiction confirms the high extent of the 'donor-dependency' syndrome in South Sudan. It further confirms the observations expressed in the UNICEF/OLS Review Report ⁴ stating that, "while the livestock owners understand the concept of cost-recovery, they have misgivings as to its genuineness in the southern Sudan context, where free emergency relief services are provided for all the other sectors."

When asked to list other requirements of the communities and whether they would be ready to pay for them, the majority answered in the affirmative. Some of the items that they needed include:

- essential basic items, such as salt, sugar, soap and blankets
- farming implements
- bicycles parts
- cooking utensils
- fishing nets
- horticultural produce
- footwear
- clothing

⁴ Rinderpest Prevention and Surveillance within the frame of the Household Food Security Programme in South Sudan, March 2001.

As mentioned elsewhere in this report, the demand for various animal health services is seasonal. This factor could adversely affect the turnovers and the resulting profits for a privatised delivery system. Therefore, the above-mentioned business opportunities would provide the practitioners with alternatives for diversifying during low seasons. However, this should be approached with caution so that the practitioners do not drift away from their core business.

2.6 Problems Relating to Variability in the Exchange Rates

Different currencies in South Sudan (Kenya shillings, Uganda shillings, US Dollar, the dinar and the old Sudanese pounds) cause variability in exchange rates thus posing a serious challenge to the privatised system. Not all currencies are readily accepted in South Sudan. The dinar is mainly used in SPLA controlled areas except in the Western Equatoria. The Kenya shilling is used in Rumbek and in the southern parts bordering Kenya while the old Sudanese pound is used in Mundri, Yambio and Maridi (Odiko, 2001). This scenario has resulted in exchange rate variability from region to region, for example, the exchange rate for the dinar in Tonj is different from Yei. The consultants established that the old Sudanese pounds are slowly being phased out of circulation and they are also worn out because of non-replacement. The situation is further compounded by the existence of two exchange rates, the official rate and the actual exchange rate resulting in different prices from one region to another. The solution to the problem is addressed in section 5.1 part III.

2.7 Observations and Recommendations

For the privatised community-based animal health service delivery system to be sustainable, the consultants recommend the following based on their findings:

- Stock owners are still reluctant to pay the full cost recovery level, yet this is a prerequisite for privatisation of the animal health service delivery system. The consultants suggest that all NGOs should implement the 165% cost recovery measures by June 2002 and plan farmer-training meetings to sensitise the communities on the importance of cost recovery in animal health service provision. The NGOs should stress why livestock sector activities are developmental and not relief interventions. With support from the local authorities, emphasis should be placed on the privatisation of the animal health services.
- Campaigns to create awareness will be necessary if the concept of privatisation is to be understood accurately and accepted by the animal health providers. The consultants thus recommend that the ongoing business sensitisation programmes in Mundri County, supported by VSF-Belgium/OXFAM, should continue and expand to cover other counties targeted for privatisation.
- Because the current level of training for community-based animal health workers is inadequate to support privatisation, the consultants recommend the following:
 - The current OLS Training Manual should be reviewed by a professional liaising with UNICEF/OLS to emphasise aspects of training that are geared towards privatisation.
 - Courses on entrepreneurship and good record keeping should be included if the community-based businesses are to be sustainable.

- Apart from business training, private practitioners require support in start-up capital. A privatised financial support system should be in place, from the beginning, involving the entire community so that the support is not viewed as part of the relief system. Loans should be given, preferably in kind, to reduce diversion of funds. Financial associations or village banks should be established to offer credit (see chapter four) but these may take some time before they operate and the consultants recommend that private practitioners are issued with initial 'kick-start' drug kits. Subsequent purchase of drug and other supplies should be on cash basis.
- Since privatisation is a new phenomenon in South Sudan, even the ongoing business training under the VSF-Belgium may not provide the practitioners with adequate skills. The implementing NGOs should maintain intensive field follow-up of the private practitioners after the training. This will allow them to correct mistakes in good time as a weaning process and build self-confidence among the private practitioners. Where possible, micro-enterprise advisers should be brought in periodically to assess and advise on the practitioners' progress.
- The survival and the eventual sustenance of a privatised animal health service delivery system depend on the demand (backed by cash) for these services. Cash economy has not been adequately developed in South Sudan, although the potential exists judging from the business opportunities listed by stock owners. The proposed village banks should not be restricted to the livestock sector but expanded to offer financial services to all sectors. This will enable the community to engage in various income-generating activities, enhance their disposable income and inspire demand for animal health services.
- To minimise chances of having fake drugs in the markets, the community will have to be educated on the risks that could arise from using these drugs. They will be trained to identify quality drugs and their sources. The local authorities will address regulations and conditions for the sale of veterinary drugs because they are best suited to play the role in the absence of a central government.
- Institutional capacity building will be paramount to support the system. Currently it is doubtful whether the VCCs are the true representatives of the communities. Consequently, the composition of the VCCs should be reviewed to give proper community representation and be re-oriented to provide the support role.
- The current selection criteria for the CAHWs are appropriate. However, there is need for follow-up, initially by the implementing NGO to ensure that the selection is properly conducted. When the VCCs have been appropriately re-organised (see chapter three) they could assume the role. Some experiences could also be drawn from the Intermediate Technology Development Group (ITDG) CAHWs selection exercise in Turkana District, Kenya where the training (provided in modular units) is also used as part of the process. (see Okwiri et al, 2001).

CHAPTER THREE

3.0 Options for Privatisation

“Sustainability of community-based animal health services has been the main concern of all stakeholders in the livestock sub-sector in South Sudan. Privatisation of veterinary services has been considered as an option to attain sustainability” (Ondiek, 2001).

The consultants concur that the following services can be commercialised:

- drug supplies
- clinical services
- herd health
- vaccination services

The current OLS animal health service delivery system can offer veterinary services except drug supply and vaccination. The two may not be adequately addressed without the direct involvement of the participating NGOs (see Aklilu et al, 1999) because clinical and herd health services are now mainly provided by CAHWs supervised by the more skilled AHAs and stock persons. Under a privatised service delivery system the arrangement, where CAHWs are the lead health service delivery agents should be maintained. It is also advisable that CAHWs do not charge separately for services rendered, but include it on the cost of the drugs dispensed. CAHWs should use a cost plus margin pricing structure (see chapter four). For the individual CAHWs to survive in the market place, he/she will need institutional support and strong institutional linkages with the AHA and the stock persons. The NGOs are currently providing the support but with their exit, an alternative arrangement must be put in place. Below are models that could be considered for the privatisation of the animal health service delivery system in South Sudan.

3.1 The Livestock Association Model

In this approach the *payam*-based VCCs in each county form one VCC that evolves into a livestock community-based association. The purpose of the association is to ensure that the delivery of livestock services to stock owners in the county, for example, the Kogo Livestock Association (KLA) formed in Mundri County in October 2001 (see Annex XI).

With the initial support of the NGOs, the community-based association is assisted to start and manage veterinary drug shops at the counties and also coordinate and manage all the community-based animal health service delivery systems in the area. This support could be offered in phases with reduced input in the final stage.

The community-based association employs an AHA or a stock person to manage operations at the county level. The *payam* VCCs buy drugs from the county drug shop and employs *payam*-based AHA or stock person to supervise activities and dispense drugs to the CAHWs within their *payams*. The CAHWs, in turn, offer animal health services to stock owners in their communities supervised by the AHAs employed by the *payam* VCC. Other lessons on the operation of an association could also be drawn from the Wajir District Pastoral Association (see Okwiri et al, 2001).

Merits:

- The association can act as a strong support institution to individual CAHWs and the entire delivery system thereby replacing the current role played by NGOs

- Involving the community in animal health service delivery ensures community support and ownership of the delivery system
- The association approach may enhance resource mobilisation, for example, under KLA the association had identified a plot and built two *tukuls* (traditional Sudanese huts) by the time of the study. One hut serves as a drug store while the watchman lives in the other one. It was also envisaged that ten people from each *payam* would contribute shares at the rate of SP 50,000 per person towards the share capital.
- The community-based organisation would, normally, be accountable to the entire community contrary to the individual entrepreneur set-up
- An association can provide an effective community advocacy forum
- The animal health service providers are already commissioned employees of the community rather than the donor agencies and transition to full employees of the association would be easier (see Aklilu, 1999)
- Support by NGOs to the association is most likely to benefit more people
- The current VCCs were formed to act as implementing partners to the NGOs and to eventually take over the activities of the NGOs. They are, therefore, best placed to manage the privatisation
- The Association Model is best placed to address the public good and issues, such as livestock marketing facilities, drought management, conflict resolutions and outbreak of diseases
- The Association Model is likely to attract resources from the STAR-Fund currently administered by the Catholic Relief Services (CRF) in South Sudan

Demerits:

- VCC members are there by virtue of their positions and not necessarily elected by the people. They are not bona fide representatives of the community so KLA, in this case, lacks the mandate of representing the community
- Decision-making is often slow and resolutions are often not implemented in good time. These factors may reduce the effectiveness and efficiency of associations under a privatised system
- There could be lack of commitment in the above set-up, for example, in the case of KLA, one of the resolutions in October was that each *payam* representative contributes SP 50,000 as shares but by the time the consultants visited Kotobi in Mundri County, only one *payam* out of seven (including the displaced Dinka community) had contributed the required amounts
- Establishment and replication of associations often take time and resources, for example, the District Pastoral Association in Wajir in Northern Kenya, where OXFAM-GB has taken over 12 years and an enormous amount of money to set up

3.2 Individual Entrepreneurial Approach

In this option, an individual (AHA or stock person) who is qualified can be supported financially to open an animal health clinic cum drug shop either at county or *payam* level. The CAHWs in the region will buy drugs from the individual and work under his supervision. A good example of this approach is NAVS.

Merits:

- The individual can be motivated to run his private drug shop
- Decision-making is fast and implementation of the decisions is also quick
- High levels of commitment by the individual
- Proper planning, management and control system can be instituted through the individual entrepreneur
- Conflicts about business interests are minimised, as the individual is the sole implementer of all decisions
- This option is easier and cheaper to implement compared to others

Demerits:

- The success of animal health service delivery outlet in ideas and resources is wholly dependent on the sole entrepreneur
- Controlling the individual may be difficult, for example, he may prefer to increase margins and reduce turnover thus rendering the drug prices too expensive, especially in a situation where there is no competition
- Such small business may not survive shocks like drought and conflict for there is no insurance or buffer banks to support them, for example, the bombing of NAVS in Yei led to suspension of operations
- Quality control of drugs is harder under this system because the entrepreneur would be tempted to go for cheaper and sometimes fake drugs to maximise his profits
- Sole entrepreneurs do not have the capacity to provide services since they are merely drug suppliers
- If a person is supported to set up a drug shop, the community will perceive this as assistance to an individual rather than the whole community so this approach is likely to lack community support
- If the individual relocates, the community is likely to suffer because drug supply will be disrupted, whereas under the community-based approach, the community is unlikely to relocate even in times of insecurity
- The individual entrepreneur is accountable only to himself and performance is measured solely by profit margins with little regard to community interests

Because of the above reasons, the individual entrepreneurial approach may not be the best option to adopt in the privatisation of the animal health service delivery system in South Sudan.

3.3 The FARM-Africa Meru Animal Health Workers Group Model (Kenya)

In this approach, livestock health care providers (AHAs, CAHWs, stock persons and veterinary assistants) in each county are assisted to form associations or groups. The objectives of the associations are:

- To mobilise funds and extend the same to members as loans to start-up or expand individually managed veterinary service outlets
- To manage the privatised animal health service delivery system within the county

This approach is similar to the Meru Animal Health Workers Group (MAHWG) formed by community-based animal health providers (AHAs, CAHWs and veterinary assistants) under the FARM-Africa Meru Dairy Goat Breeding and Animal Healthcare Project in Meru Central and Meru South districts of Kenya, established in September 1996.

Some of the successes noted during the review of the project in 1998 were:

- Forty-five community-based animal health workers were trained and are now providing services to the farmers
- Eight private practices were operational, six of these were run by AHAs
- A community-based goat breeding improvement project, run and managed by the community has been set up.⁵

⁵ Hendy C. September 1998, Meru and Tharaka Nithi Dairy Goat and Animal Healthcare Project, Mid-Term Review.

Merits:

- Members of the association are all animal health professionals and they have the same interests
- Members of this association can use this forum to enhance or strengthen linkages thereby improving the drug supply line to stock owners
- The group can mobilise resources for extending credit to members to set up individually run drug shops
- They can effectively advocate for the importance of delivering animal health care services in their communities
- The animal health providers can co-guarantee each other for loans to ensure that credit is fully repaid

Demerits:

However, the viability of this approach in privatisation is limited due to the following factors:

- Like any other group-based initiative, this approach is likely to be riddled with decision-making problems
- Such groups lack homogeneity, like in Sudan, stock persons would feel superior to AHAs and CAHWs resulting in communication break down
- More resources and time would be needed to sensitise the community on this approach if it is to succeed as a privatisation option
- Long distances in South Sudan without proper transportation would make it difficult and expensive for group members to meet
- Group operations may be riddled with problems similar to those experienced by Bakhita Comboni Women Group in Marial Lou. The group received loans and training support from CRS for starting a grinding mill but it is currently facing working capital problems and the loan is non-performing after only one year of operation.

3.4 The Rumbek Livestock Development Association Model

This approach is similar to the FARM-Africa Meru Model (discussed in section 3.3 above) save for the co-opting of local authorities. An example of this approach is the Rumbek Livestock Development Association (RLDA).

Merits:

The advantage of this approach may include support from the community because the leaders are involved.

Demerits:

This approach may also present numerous problems as already witnessed in RLDA, such as:

- The involvement of the local authority in the delivery system have created role conflicts
- Once elected into positions of authority, the local leaders would use their positions to force issues upon the rest of the group members leaving few options for seeking redress
- This approach relegates the animal health service providers from decision-making since the local authority leaders will play this role
- The approach may result in diversion of money, for example, in Rumbek where funds were used to set up a viable hides and skins enterprise and the operation was later taken over by the local authority

3.5 The *Duka* Model

This approach is similar to the Kenyan experience where financially able individuals set up Agro-vet shops either with their own savings or with funding from commercial banks. Where the individuals are not veterinary professionals, they employ professionals to manage the operations.

Merits:

Advantages related to these approaches include:

- The individuals are usually highly motivated and committed to running the business
- Due to their high level of commitment, they often respond better to customer needs
- They use resources efficiently since most of them have good business acumen
- More *dukas* may be established thereby increasing competition and reducing prices thus benefiting stock owners

Demerits:

This approach may not be successful in South Sudan at present due to the following reasons:

- Entrepreneurial culture is not widespread in South Sudan
- *Dukas* do not have the capacity to provide services since they are simply drug suppliers
- The entrepreneurs may not respect professional ethics and chances of diversifying into non-core businesses are high
- Lack of professional knowledge in dispensing veterinary drugs and services may lead to drug abuse and misuse

3.6 The Recommended Option for Privatisation of the Community-Based Delivery System

After looking at all the options for privatisation in the animal health service delivery system in South Sudan, the consulting team recommends the community-based pastoralist association approach as an exit approach for the NGOs. These organisations would be handing over the management of animal health services to a community-based institution that, in the long term, would be more sustainable than the individual entrepreneur.

The consultants view the Livestock Association Model, for example, the KLA Model in Mundri County as the best option for privatisation in South Sudan. The model will require institutional development and strengthening of institutional linkages. The consultants, therefore, recommend that key training needs be identified for the CBOs in Mundri (Ondiek, 2001) and adopted for other associations.

These are:

- institutional development, involving strategic planning where long term direction of the association (vision, mission, goal, co-values, strategies), institutional mandate and geographic scope of operations is defined
- organisational development for the new CBO focusing on capacity building for the association including development of a viable organisational structure and operating systems (financial, procurement and administration procedures)
- introducing the CBO staff to the meaning and implications of privatisation
- training the animal health workers in business management
- creating awareness and popularising programmes to the community (livestock linkages)

Prior to the launch of the training programme, there will be need to form associations in counties where there are none. Where associations exist, it will be necessary to enlist community support and ownership by reviewing the composition of the VCCs. The consultants thus recommend that participating NGOs in each county should do the following:

- convene leaders workshops in each county and brief them on the proposed re-organisation
- assist leaders to launch community dialogue at *payam* level and elect VCC representatives ensuring that the following groups are fully represented:
 - livestock owners
 - women's groups
 - area development committee representatives
 - animal health service providers
 - local authority representatives
 - participating NGO representatives (initially)
- convene a meeting for all the elected *payam* VCCs to choose a county VCC (association)

To fully institutionalise this model, the consultants recommend the following roles for the various stakeholders in community-based privatisation:

(a) OLS livestock sector

- offer overall regulatory role through harmonisation of the various NGOs activities
- develop, refine and disseminate manuals for setting up and managing associations
- co-ordinate the gradual handing over of NGO activities to the associations over four years

(b) Participating NGOs on the ground

- provide initial financial, technical and logistical support to the associations in their catchment areas
- conduct exercises to identify business training needs at each service delivery level, prepare and document any appropriate business management training package for the same
- support the initial business training activities, programme implementation, project development, supervision and back-stopping
- prepare materials for business training
- hand over activities to the association, gradually and in phases, to ensure future sustainability

(c) Civil authorities

- address regulations and conditions for sale of veterinary drugs
- enforce loan recovery measures
- solve conflicts among the community-based workers and stock owners
- authorise loans to community-based service deliverers willing to go private
- issue licences to private practitioners in the delivery system

(d) Community-based associations

- facilitate the selection of candidates to be trained as AHAs and CAHWs
- source for quality drugs
- regulate prices
- guarantee loans to CAHWs
- ensure adequate supply and provision of drugs

- ensure that loans extended to CAHWs are repaid
- employ stock persons/AHAs to manage community-based veterinary drug shops
- intermediate in conflicts between CAHWs and livestock owners
- facilitate community dialogue during privatisation
- ensure timely payment for drugs and services by farmers
- monitor activities of private drug suppliers and involve local authorities to minimise the effects of black markets
- represent the livestock sector in the proposed village banks and serve as guarantors to loans extended to animal health service providers

(e) NGO/private veterinarians

Initially, NGO veterinarians will play the roles listed below but later, private veterinarians, or where possible, veterinarians employed by the association will assume the roles.

- train, supervise and monitor AHAs, CAHWs and stock persons
- take charge of quality assurance of animal health control programmes at the counties
- open a drug shop/private clinic, if desirable, authorised by the association
- participate in disease surveillance

(f) Stock persons

Stock persons will be employed at the county or registered by the associations to provide private services. Their roles will include:

- providing animal health services with the AHAs and CAHWs
- stocking and distributing vaccines and drugs to the AHAs at county or *payam* levels
- organising vaccination campaigns and supervising AHAs and CAHWs
- participating in selecting and training CAHWs
- attending VCC meetings
- organising and conducting community dialogue
- reporting disease outbreaks to the VCCs and associations
- participate in disease surveillance

(g) AHAs

- liaising between CAHWs and stock persons
- helping with the supervision and drug distribution to the CAHWs at county or *payam* level
- organise community dialogue
- supervise CAHWs
- diagnose and treat livestock on request of CAHWs
- participate in VCC and association meetings
- report disease outbreaks to the VCCs and associations
- participate in disease surveillance

(h) CAHWs

- treat and vaccinate livestock and offer other veterinary services
- conduct community dialogue
- participate in VCC and association meetings
- report disease outbreaks to the stock persons and associations
- participate in disease surveillance

CHAPTER FOUR

4.0 Privatised Drug Supply System for South Sudan

The privatisation of drug supplies is probably the most discussed topic among veterinarians and livestock aid agencies involved in Operation Lifeline Sudan (OLS). The matter is viewed as the most challenging transitional stage in preparation for the inevitable donor pull-out in the long term (Aklilu, 1999).

In South Sudan, under the lead role of the FAO/OLS, up to eleven NGOs support livestock health service delivery. This consortium delivers drugs, vaccines and services through the community-based delivery system to livestock owners. However, each NGO is allowed to employ its own staff and buy a limited amount of curative drugs depending on the budget and the needs on the ground.

As discussed in chapter three, under a privatised system, associations in each county will be expected to assume the current role played by NGOs. The consultants, however, recommend that privatisation is introduced in South Sudan in two phases, namely, phase I (pilot phase) and phase II.

(a) The Pilot Phase (Phase I)

The consultants envisage that this phase should last two years from June 2002 and target the privatisation of animal health delivery services in the Western Bank of the Nile (Rumbek, Yiroi, Tonj, Talli and Mundri). The consultants also prefer that the pilot phase is undertaken in this region due to the following reasons:

- high livestock population
- ongoing initiatives to form livestock associations
- relative security in the Western Bank of the Nile
- majority of the counties are likely to achieve full cost recovery (at 165%) by June 2002
- easy accessibility of the area, by road, from Koboko to Bahr-El-Ghazal throughout much of the year
- the monetary economy is much more established compared to the Eastern Bank of the Nile
- livestock trade and trade in livestock products, such as hides and skins are more established than in the Eastern Bank of the Nile

(b) Phase II

This phase should commence after two years with a project life of extending from June 2004 to June 2006. The planning, preparing and implementing of the project should be based on experiences learnt from phase I.

The consulting team thus envisages a situation where veterinary drugs will be supplied to South Sudan by road instead of air transport. Road transport is the most feasible mode in the absence of NGOs. This supply system will come from Uganda in the pilot phase and from Kenya in the second phase. These drug supply linkages are discussed below.

4.1 The Uganda Supply Link

This link will serve those counties located to the Western Bank of the Nile and specifically in Equatoria and Bahr-El-Ghazal regions due to the close proximity. The Nile Agro-Vet Supplies (NAVS) (see section 4.2), based in Yei, may be considered as a possible link between pharmaceutical companies in Uganda and the county-based drug shops because of its previous experience in drug procurement in the region. Other interested drug suppliers could also be considered in this option depending on the interests of the community.

During the study, the proposed management team of the Kogo Livestock Association (KLA) expressed the desire to purchase drugs directly from Kampala rather than through NAVS because of an earlier survey indicating that drugs are cheaper in Kampala (Ondiek, 2001). However, it should be noted that this approach might not be feasible because of the following reasons:

- The KLA management has no experience in the procurement of drugs.
- It takes up to one week to transport goods by road from Kampala to Mundri because of lack of regular public transport. People hike lifts on lorries delivering supplies to Mundri and Rumbek in the north and KLA may incur huge costs during that one week thereby reducing profits.
- As discussed in chapter three, it may not be feasible for the association to consider drug procurement as a core-business since the activity is time consuming and may distract them from the core-business of animal health service delivery.
- The supporting NGO, OXFAM-GB, does not support the idea of KLA management procuring drugs from Kampala.

Table A presents actual costing and possible pricing structure as discussed with NAVS management and various NGO staff members during the study. The wholesale prices were obtained from the main pharmaceutical companies in Uganda (Cooper Uganda, Norbrook, Eram Uganda Ltd.) while the NAVS margins (25% for Western Ekuatoria and 30% for Bahr-EI-Ghazal) were arrived at after considering the wholesale price and the following factors:

- overhead and transport costs from Kampala to Mundri and Rumbek (see section 4.1)
- current margins charged by cattle traders purchasing veterinary drugs from Kampala (70% margin for Equatoria and 100% for Bahr-EI-Ghazal) (see Aklilu, 1999)

Table A: Costing/Pricing Structure (Equatoria and Bahr-EI-Ghazal)

PRODUCT/BRAND	NAVS P.P	EQUATORIA				BAHR-EI-GHAZAL			
		County P.P	Payam P.P	CAHW P.P	CAHW S.P	County P.P	Payam P.P	CAHW P.P	CAHW S.P
		125%	135%	145%	165%	130%	140%	150%	170%
Alamycin 20%/100ml	3,000	3,750	4,050	4,350	4,950	3,900	4,200	4,500	5,100
Ethidium tabs.	420	525	567	609	693	546	588	630	714
Ivomec 50 ml	16,500	20,625	22,275	23,925	27,225	21,450	23,100	24,750	28,050
Penstrep 100ml	3,400	4,250	4,590	4,930	5,610	4,420	4,760	5,100	5,780
Vermitan 10% 1 Ltr	12,500	15,625	16,875	18,125	20,625	16,250	17,500	18,750	21,250
Louse Powder 400 g	850	1,062	1,147	1,232	1,402	1,105	1,190	1,275	1,445
Mineral Lick 2kg	1,531	1,913	2,066	2,219	2,526	1,990	2,143	2,296	2,602
Healing Oil 250 ml	2,647	3,308	3,573	3,838	4,367	3,441	3,705	3,970	4,499
Tick Grease 250 g	1,135	1,418	1,532	1,645	1,872	1,475	1,589	1,702	1,929

Key:

All figures are in Old Sudanese Pounds and exchange rate 1:2 UGS and 1:10 KSHS

P.P- Purchase Price

S.P –Selling Price

Recommended sources of drugs in Uganda:

Drug	Source
Alamycin 20% 100mls	Norbrook
Ethidium tabs	Coopers Uganda
Tick grease 250gm	Coopers Uganda
Healing Oil	Coopers Uganda
Mineral Block	Coopers Uganda
Louse powder	Eram Uganda Ltd.

The consultants further compared the resulting prices as presented in Table A above with the current OLS Prices (at 165% cost recovery). This comparative analysis is presented in Table B below.

Table B: Comparative Analysis of Recommended OLS Drug Prices (165%) and Proposed Drug Prices under the Uganda Link

PRODUCT/ BRAND	NAVS P.P (Uganda)	OLS C.R.C.P Maridi/Yambio	P.C.P W.Equatoria (165%)	Variance	OLS C.R.C.P Rumbek	P.C.P B.E.G (170%)	Variance
Alamycin 20% L.A 100ml	3,000	5,600	4,950	650(F)	4,800	5,100	300(A)
Ethidium 250mg per tablet	420	727	693	34(F)	650	714	64(A)
Ivomec 1% 50 ml	16,500	27,700	27,225	475(F)	23,500	28,050	4,550(A)
Penstrep 100ml	3,400	5,600	5,610	10(A)	3,400	5,780	2,380(A)
Vermitan 10% / ltr	12,500	31,400	20,625	10, 775 (F)	26,700	21,250	5,450(F)
Louse Powder 400 g	850	1,000	1,402	402(A)	840	1,445	605(A)
Healing Oil 250 ml	2,647	2,200	4,367	2,167(A)	1,900	4,499	2,599(A)
Tick Grease 500 g	1,135	1,900	1,872	28(F)	1,600	1,929	329(A)

Key:

P.P=Purchase price; C.R.C.P=Current recommended consumer price; P.C.P=Proposed consumer price.

A= Adverse; F= Favourable

From Table B the following deductions can be made:

- Under the OLS pricing, drugs are cheaper in Bahr-EI-Ghazal than in Western Equatoria, while under the proposed Uganda Link, drugs will be cheaper in Equatoria than Bahr-EI-Ghazal because of the distance from the source of the drugs resulting in different profit margins.
- Among the commonly used drugs, the differential between the OLS recommended prices and the proposed Uganda link prices is insignificant.
- Vermitan 10% is cheaper in Western Equatoria and Bahr-EI-Ghazal when sourced through the Uganda link, while Healing Oil and Louse Powder are more expensive.

4.1.2 How Prepared is NAVS to Play the Linkage Role?

NAVS is a private veterinary drug shop in Yei Town that has been operating for one and a half years, with an average monthly turnover of SP 100,000. The average gross margin is 60%, with monthly over-head costs of SP 655,069, an indication that it is currently operating below its break-even sales volume.

The main contributing variables to non-profitability of this drug shop are:

- high over-heads due to high transport costs
- weak contacts/linkages with potential buyers (NGOs and stock owners to the north)
- drug subsidies by NGOs
- poor infrastructure
- low livestock population in Yei County
- weak business skills
- general insecurity in South Sudan
- absence of banking facilities

Despite these constraints, NAVS may still have the potential to participate in the privatisation of veterinary drug supply system in South Sudan due to several reasons, namely:

- The management exhibits strong basic ingredients for small business start-up and growth, for instance, the owner-manager is highly motivated and has personal drive and a strong ability and experience in drug procurement.
- NAVS has a competent logistician though not technically trained.
- It has developed a strong relationship with an experienced veterinary assistant who could provide technical support to NAVS operations in Yei.

However, for NAVS to play the linkage role, the following actions are recommended:

- The owner-manager ought to devote more time, not only in procuring drugs but also on delivery of the same to customers, for example, in Kotobi, Rumbek and Thiet.
- NAVS should establish a reliable and cheaper transport system. Discussions that were initiated between NAVS and the management of Yei Communication and Transportation Agency (YECTA) should be formalised by developing and signing a memorandum of understanding.
- NAVS ought to sign another memorandum of understanding with *Kony-rot-yikony* Self-Help Group to transport drugs to Thiet from Rumbek.
- NAVS should adopt the pricing structure proposed in table A and discuss the adjustments with the different counties. For example, the prices in Table A are higher than the current OLS Prices, consequently, the stock owners require briefing on the reasons for the differences.

- Yei, where NAVS is located has a low livestock population so for NAVS to succeed, strong institutional working linkages will have to be developed with the counties in the north. OXFAM field offices, for example, could provide the necessary link in Rumbek and Mundri, while FAO/OLS and VSF-Belgium field officers could assist in Tonj County in the short-run. In the long-run, these linkages will be maintained by the associations.
- Appreciating the ongoing small business training for KLA and the planned one for Rumbek Livestock Development Association (RLDA) in January 2002, NAVS personnel, especially the logistician, should be considered for further training at the expense of NAVS.

4.2 The Kenya Link Drug Supply Line

Phase II of the privatisation will cover the Eastern Bank of the Nile and obtain drugs from Kenya. Under this supply link, drugs could be procured from Lokichoggio and transported to Narus for subsequent distribution to Mogos, Namurpus, Lotimor, Nyangachor and Napotosigira.

However, there is no established veterinary distributor in Lokichoggio because Turkana District and the neighbouring Toposa County in Sudan are beneficiaries of NGO relief drugs procured directly from Nairobi. The consulting team also confirmed that there is no dependable private organisation in Narus to act as a link. The team, therefore, recommends that:

- OLS should advertise, identify and select a pharmaceutical company in Kenya willing to trade in South Sudan. The selected company should appoint a reliable distributor in Lokichoggio from whom NGOs will procure drugs.
- The OLS and the participating NGOs (Diocese of Torit taking the lead) will coordinate the re-organisation of existing VCCs and support them to establish a county level association in Narus. The association should subsequently develop working linkages with VCCs at Nyangachor, Namurpus, Napotosigira and Lotimor during the first two years, prior to beginning phase II of privatisation.

4.3 Sales Projections – Privatisation Pilot Phase

There are no up-to-date records of a livestock census in South Sudan. The last one was conducted in 1974 and current estimates are based on extrapolations from this.⁶ The pilot phase of privatisation will target five counties, namely, Tonj, Rumbek, Yiroi, Talli and Kotobi. These counties have an estimated cattle population of 1.2 million (personal discussions) giving an average population of slightly over 200, 000 heads of cattle per county.

Data collected from KLA in Mundri and RDLA in Rumbek indicated that average monthly sales for July to October 2001 were as follow:

⁶ Rinderpest Surveillance Review in southern Sudan, March 2001

Table C: Current Average Monthly Unit Drugs Sales in Mundri and Rumbek Livestock Associations

	MUNDRI		RUMBEK	
	Price per Unit (OSP)	No. Of Units	Price per Unit (OSP)	No. of Units
Drug				
Oxytet 100ml L.A	4,000	80	4,800	*
Novidium tabs	3,000	30 tins	6,500	*
Penstrep 100ml	4,000	50	*	*
Louse Powder 40g	2,000	34	*	*
Vermitan 10% /ltr	+		26,700	*

The above figures (OLS Prices in Old Sudanese Pounds) were obtained from the associations

Key:

* Records unavailable

+ Drug out of stock and had not been re-ordered for the last three months

The consulting team found the above figures too low compared to the livestock population. Further more, the records were not properly kept. In view of the unreliability of the records, the consulting team in tables D and E below, present monthly drug sales projections based on the current number of active CAHWs per county and the recommended OLS initial drug supply kit per CAHW after training.⁷

Table D: Projected Monthly Drug Sales for Equatoria

DRUG	No. of Units per CAHW	Total No. of Units per county (65 CAHWs)	P.P per Unit (NAVS)	S.P per Unit (AHAs)	Total monthly cost of purchases	Total monthly sales
Vermitan 10% / Ltr	2 bottles	130	15,625	16,875	2,031,250	2,193,750
Oxytet 20% 100ml	6 bottles	390	3,750	4,050	1,462,500	1,579,500
Novidium/Homidium	50 tablets	3,250	525	567	1,706,250	1,842,750
Tick Grease 500g	2 tins	130	1,418	1,532	184,340	199,160
Louse Powder 400g	2 tins	130	1,062	1,147	138,060	149,110
TOTALS					5,522,400	5,964,270

Table E: Projected Monthly Drug Sales for Bahr-EI-Ghazal

DRUG	No. of Units per CAHW	Total No. of Units per county (65 CAHWs)	P.P per Unit (NAVS)	S.P per Unit (AHAs)	Total monthly cost of purchases	Total monthly sales
Vermitan 10% / ltr	2 bottles	130	16,250	17,500	2,112,500	2,275,000
Oxytet 20% /100ml	6 bottles	390	3,900	4,200	1,521,000	1,638,000
Novidium/Homidium	50 tablets	3,250	546	588	1,774,500	1,911,000
Tick Grease 500g	2 tins	130	1,475	1,589	191,750	206,570
Louse Powder 400g	2 tins	130	1,105	1,190	143,650	154,700
TOTALS					5,743,400	6,185,270

Key:

Number of CAHWs active: (Tonj, Mundri and Rumbek are 60, 50 and 85 respectively)

Average number of active CAHWs per county is 65

The consulting team consider these projections as the minimum sales per county per month based on the following:

⁷ Training Manual for community animal health workers in South Sudan, UNICEF/OLS 1997

- Because of the seasonality of the demand for animal health services that coincides with the onset of the rains, the CAHWs managed business units should begin operations in May at the onset of the rains. Therefore, NAVS must deliver products to the counties during the last quarter of April or the first quarter of May, latest, when the roads are still passable.
- The OLS recommend initial drug supplies (see tables C and D above) per CAHW each month is expected to double during the second month and triple in the third month. This level should be maintained throughout the year.
- The county co-ordinators will be employees of the association and will earn a monthly salary of SP 280,000.
- Each association will employ the services of a watchman at SP 40,000 per month.
- The overhead cost structure for RDLA has been adopted for all drug shops at the counties including the following:
 - stores clerk's salary SP 140,000
 - rents SP 30,000
 - repairs and petrol SP 40,000
 - satellite telephone contacts SP 14,000
 - Juvana (local council tax) SP 10,000 (0.5% the purchase value)
 - *depreciation costs SP 22,833

N/B The Depreciation cost is based on equipment valued at SP 1,370,000 depreciated over five years and composed of (motor bike SP 1.1 million, assorted surgery kit SP 500,000, drenching gun SP 70,000 and furniture SP 106, 000).

The resulting cash-flows for the counties is presented in Annex (VII and VIII), the profit and loss accounts are presented in Annex (IX) while the profitability ratios are presented in table F below.

Table F: Profitability Ratios for Association Managed Drug Shops

Key Ratio Up	Formula	Equatoria	Ratio	Bahr-El-Ghazal	Ratio
Mark-up.	$\frac{(\text{Gross Profit})}{(\text{Cost of goods sold})} \times 100$	$\frac{(20,104,110)}{(182,239,200)} \times 100$	11.03%	$\frac{(20,325,110)}{(183,565,200)} \times 100$	11.07%
Net Profit Margin	$\frac{(\text{Net Profit})}{(\text{Sales})} \times 100$	$\frac{(13,183,114)}{(182,239,200)} \times 100$	7.23%	$\frac{(13,403,114)}{(182,565,200)} \times 100$	7.3%

4.3.1 Profitability of the Association Managed Drug Shops

The consulting team has prepared cash flows (see Annex VII & VIII), profit and loss accounts (see Annex IX) and used two ratios (mark-up and net profit margins) as presented in Table F to gauge the profitability of this option.

Cash flow is a term used to describe the flow of money into and out of a venture including loans and investments. Net cash flow is the most important item in cash flow and in Bahr-El-Ghazal and Equatoria, net cash flows is positive.

A profit and loss statement records expenses and income during a set period (in our case the first year of operation). It does not rely on the timing of actual payments. Rather, it uses actual accruals and accounting conventions to spread costs over time. The profit and loss statements as presented in Annex IX indicated that Bahr-EI-Ghazal and Equatoria based associations would register profits during the first year of operation.

In both the associations, the mark-up as presented in Table F above is 11% an indicator that this business is profitable and the suggested wholesale prices and cost of sales are reasonably low. Likewise, the net profit margins of 7% in Bahr-EI-Ghazal and Equatoria based associations show that the overhead structure adapted from RLDA are reasonable. It further confirms that at the indicated levels of operation, the association can employ stock persons without jeopardising the profitability of these ventures.

CHAPTER FIVE

5.0 Strategy for Moving towards a Privatised Animal Health Service Delivery System

The consulting team envisage that moving from the current delivery system to a fully privatised system will take four years to implement with the pilot phase taking the first two years (June 2002-June 2004). To manage this transition, there will be need for an appropriate financing system, and re-defining the roles of participating NGOs and local authorities as discussed below.

5.1 Financing the Privatised Delivery System

Financing the privatised community-based animal health service delivery system is a key factor if privatisation is to be realised in South Sudan. Several options could be considered.

i. Support to Indigenous NGOs to Provide Credit Intermediation

The consultants considered support to indigenous NGOs, such as Bahr-EI-Ghazal Youth Development Association (BYDA) and the Toposa Development Agency (TDA) as an option for credit intermediation in South Sudan.

During the study, the consultants held lengthy discussions with BYDA and TDA representatives, and found that the two associations had similar objectives, namely:

- To foster development of their respective communities by providing an enabling environment
- To empower the people and facilitate activities that eventually lead to community self-reliance
- To facilitate conflict resolution and bring unity among the peoples of South Sudan
- To eventually expand development activities to cover the whole of South Sudan

The strengths of the two, as community-based associations were:

- They are community-based initiatives hence attract grass-root support
- As vehicles for development, they understand the socio-cultural aspects of the communities and the development needs of their people
- They may have an advantage in resource mobilisation
- They have the capacity to act as a bridge between international NGOs and the communities they serve and they could eventually assume responsibilities of the NGOs as part of the exit strategy
- They play an important role in advocating for the needs of their communities

Of these two institutions, BYDA has a stronger demonstration of credit intermediation than TDA. TDA emphasises conflict resolution because of the ongoing inter-tribal conflicts within and around the Kapoeta County. The conflicts render the county unfavourable for any form of privatisation, at least in the short-run. This factor is further aggravated by the poor cash economy (barter trade is major form of trade in this region) that is not conducive to privatisation.

Some of the success stories of BYDA noted during the study include:

- BYDA assisted 30 women to receive micro-credit through the Catholic Relief Services (CRS). Currently, only two women out of 30 are having difficulties in repaying their loans.
- In Yirol, BYDA identified and trained a group of ten people in business management; the group later received start-up loans.

- BYDA runs a successful seed bank programme in Yirol County where community members are loaned one tin of seed for planting with an agreement to repay two tins after harvesting.
- The association recently completed a project proposal for the *Kony-rot-yikony* Self-Help Group to obtain funding from CRS under the STAR-Fund (USAID) to buy a lorry.
- In Tonj, Tawa Women's Group has been assisted by BYDA to prepare a proposal for the group to obtain funds to set up a grinding mill.

Demerits:

Though BYDA has played an important role in preparing project proposal and sourcing for micro-credit, the consultants identified the following weaknesses:

- BYDA appears to be a club for the elite. This is evident from the membership fee of USD 500 per individual, an equivalent of SP 1,560,000. This figure is beyond the reach of many people in South Sudan.
- Although BYDA has excelled in sourcing micro-credit on behalf of groups, it has not established a credit system that can be widely used by communities or individuals.
- Although the association intends to expand its activities to other areas of South Sudan, it is currently only active in the Bahr-El-Ghazal region.

ii. Using Existing County Development Committee (CDC) Credit Line for Funding Private Community-Based Initiatives

Under this approach, the existing credit programmes under CDC would be used to fund private initiatives in the animal health delivery system. Currently CDC handles loan repayment funds from community groups supported by the CRS STAR-Fund. This is a revolving fund that is re-loaned to other groups to establish group management projects. CDC is expected to play a credit intermediary role under this approach. Fortunately, the CRS STAR-Fund targets groups rather than individuals and the proposed livestock user associations could benefit from this.

iii. Sub-Contracting Kenya Rural Enterprise (K-Rep) to Assist in the Establishment of Village Banks

Participating NGOs could consider sub-contracting K-REP to assist in the establishment of the Financial Service Associations (FSAs) or village banks. FSAs are shareholding financial enterprises through which rural communities can mobilise funds and also access a broad range of financial services, such as savings, micro-credit, among others.

The main objective of FSAs is to provide a financial institution that is accessible, operated and owned locally.

The strong points for FSAs are:

- They capitalise on the informal local rules, customs, relationships, knowledge and solidarity while introducing formal banking concepts and methods
- People can buy shares and save with the FSAs since it is owned and operated by local residents and elected representative
- FSAs reinforce local identity and the sense of belonging to the community where it has its roots
- They provide loans that are financed principally from the locally mobilised equity that is FSAs risk capital

- They lend on the basis of shares and repayment is assured through peer pressure, with the latter acting as collateral for the social group

The village banking concept was introduced to Kenya by K-REP to offer the required financial intermediation for rural communities and enable them to take part in Kenya's economic development. Most of the target communities have been denied access to banking services for many years because they live in remote and insecure areas making them unattractive to commercial banks. In establishing these banks, K-REP undertakes community dialogue, assists in forming groups, encourages group savings, develops member transaction systems and assists groups to purchase safes and construct banking premises.

In a recent review of the performance of K-REP, (Tom Miller, 2000) it was stated that by 30 June 2000 (three years after inception) K-REP had established 43 FSAs in 17 districts of Kenya, many of them in remote areas, with over 16,200 shareholders. During the time of the review (September 2000), 93 % of the established FSAs were fully operational with total capital of over Kshs. 14 million (approximately US\$ 200,000). The total savings were approximately Kshs. 5 million from 8,000 transactions and had extended 4,000 loans totaling over Kshs. 13 million. Approximately half of these loans were extended to women.

Marsabit is one of the twelve districts in Eastern Province of Kenya, and is slightly over 500 km from Nairobi. The district borders Ethiopia to the northeast, Turkana to the west, and Samburu to the south. It is the second largest district in Kenya covering 11% of the total area of the republic.

The performance of K-REP village banking activities in Marsabit District is valuable to the South Sudan study because the two areas have similar environments. Marsabit and South Sudan have poor infrastructure, conflict prone, sparsely populated and the people share some degree of nomadic life style. Most inhabitants, like the South Sudanese people, are pastoralists and livestock keeping and trade is their major source of income. The only banking facility is in Marsabit Town and serves locations, such as North Horr, close to the Ethiopian border, over 300 kms away.

In Marsabit District, K-REP has established FSAs in North Horr (1998), Korr (1998) Badda Huri (1999), Gabra Scheme (2000) and Kalacha (2000). Reports, by January 2002, indicate the following about the five FSAs:

- had total shares of 2,637 valued at Kshs. 791,100
- disbursed loans totaling Kshs.3, 280,570
- registered savings of up to Kshs. 610,000
- total interest on loans disbursed stood at Kshs. 428,681
- penalties on late payment was Kshs. 70,764
- non-performing loans were only 0.5% of the total loan portfolio⁸

In conclusion, the consulting team finds option I and II not viable because the source of funds is mainly from donors and might be viewed as part of relief interventions thereby increasing the rates of non-repayment of loans. The third option is more feasible because it is sustainable since it is owned and managed by the community. From Kenya's experience, it is also fairly easy to establish village banks (in three years 43 FSAs had been formed) so long as the community is sufficiently sensitised. The other advantage of this approach is that it will target all sectors. This will enhance household incomes and increase the ability of the general community to pay for animal health services.

⁸ FSA Report, January 2002

Forming village banks in South Sudan may also offer a lasting solution to problems of various currencies, variable exchange rates and inconvertibility of these currencies as earlier presented in section 2.5.

Aklilu (Aklilu, 1999) suggests the following two strategies to counter the currency problems in South Sudan:

- Cost recovery money should be loaned to cattle traders and paid back in Kenya or Uganda shillings. This money can be lent to drug suppliers who pay back in local currency for onward lending to cattle traders.
- Cattle traders and drug suppliers should forge a partnership where the former avail Uganda shillings to the latter to buy drugs that are sold locally and the loan from the cattle traders is repaid in local currency.

However, both strategies may not provide a lasting solution since the processes suggested are slow; open to abuse by unscrupulous traders and may not necessarily solve the exchange rate problem because the parties are not trading on the same commodity. On the other hand, village banks have the following advantages:

- Establishing village banks involves the entire community rather than just two parties, stock and drug traders, and therefore, from time to time, they can deliberate and decide on the desired exchange rates.
- Each county gets an opportunity to decide on their own exchange rates, taking account of prevailing economic forces and the exchange rates in neighbouring counties.
- Village banks will allow the cost-recovery money withdrawn from the community and currently held by VCCs to be pumped back into circulation and eventually benefit other sectors through a trickle down process thus improving the general trade and household incomes.
- Once stable, the village banks will financially empower the communities leading to self-reliance and reduce donor dependency.
- Village banks will introduce an entrepreneurial culture to the community that is currently lacking.

5.2 The Role of VCCs in Financing the Privatised Delivery System

VCCs and umbrella associations at the county level could also register as members of the village banks and use the facilities. They could subsequently play an important role in financing a privatised animal health service delivery system by mobilising the health workers (AHAs and CAHWs), registering them as members of the village banks and applying for loans with the VCCs as additional guarantors.

Cost recovery money currently held by VCCs will be deposited into the village banks and used as guarantee fund once the banks are established at community level. A 'lien' could be put on these funds (no withdrawal so long as some guaranteed loans have not been fully repaid). The village banks could consider paying interests on the deposit at 5% per annum. The VCCs will further receive 2% of any loan disbursed, as a guarantee fee while loans will be extended to the animal health practitioners at 10% interest.

5.3 The Role of NGOs in Privatisation

NGOs can play the following roles in privatisation:

- continue with the technical training of AHAs, CAHWs, and stock persons as the community-based animal health service delivery workers for up to four years

- introduce specialised training on business management for the community-based animal health service delivery workers to perform in the privatised system and enable practitioners, especially CAHWs, to acquire necessary business skills to run their own small units at community level
- re-organise and strengthen the VCCs and assist them to form county level umbrella associations to manage the distribution of veterinary drugs
- provide financial support, jointly, to the lead agency FAO/OLS to sub-contract K-REP to assist in forming village banks, starting with the pilot counties of Tonj, Talli, Yirol, Rumbek and Mundri
- continue to support and maintain vaccination programmes for a minimum period of two years until the associations are financially strengthened to play this role; sub-contracting these vaccinations to the private practitioners would further enhance their income
- continue supplying veterinary drugs and conducting vaccination in areas that are still under emergency situation in South Sudan

5.4 The Role of Local Authorities

The type of support expected from the local authority to a privatised community-based animal health service delivery system in South Sudan could broadly be divided into legal, financial and administrative. Under a privatised system, the civil authority will be required to support the following aspects of the drug supply system:

Financial

- extend tax holidays to associations and community animal health workers during the pilot phase of privatisation

Administrative

- enforce law especially on non-performing loans recovery
- arbitrate
- sensitise the community on privatisation
- provide an enabling environment for the survival of small businesses

The roles are summarised in Annex VIII.

CHAPTER SIX

6.0 Conclusions and Recommendations

Like the rest of sub-Saharan Africa, privatisation of animal health service delivery in South Sudan is the only viable option if the sub-sector is to become sustainable. However, privatising the delivery of veterinary services in South Sudan will require radical change from the current situation. The ongoing civil war presents a unique and complex situation characterised by:

- a low cash economy
- lack of markets for livestock and livestock products
- insecurity
- high cost of service delivery due to poor infrastructure
- reluctance of stock owners to pay for services since the community is used to free or subsidised drugs and services
- absence of a fully fledged central government structure to provide the enabling environment
- shortage of professionals in the livestock sector due to displacement
- different currencies and variability in exchange rates
- lack of credit skills to finance privatisation initiatives

Despite the above challenges, a number of achievements have been realised in the provision of animal health services through the intervention of the donor community, upon which the privatisation processes could be initiated. These include:

- The community-based animal health service delivery system initiated in 1994 has taken root and is providing animal health services to livestock owners in South Sudan.
- A livestock service delivery structure developed by the donor community in collaboration with SRRRA is in place with roles and responsibilities of the various players fully documented. The stock owners seem to be comfortable with the system and the structure.
- A training programme for the various cadres of animal health providers has been developed and implemented with the financial and technical support from the donor community.
- Community participation in service delivery has been enlisted leading to the constitution of veterinary coordinating communities at *payam* level in most counties.
- The introduction of full cost recovery measures in the delivery of animal health services has prepared the ground for full privatisation of services.
- The decision to have the animal health providers work for the community on commission and not as employees of the donor community, will help prepare them psychologically for privatisation.
- The existence of individual service delivery initiatives (NAVS) and community initiatives (KLA and RLDA) is a development in the right direction on the eventual privatisation of the sub-sector.
- The ongoing sub-sector policy and formulation legal frame works is a positive development towards regulating a privatised animal health service delivery system.

Despite the achievements described above, the consultants realised that there are still constraints to be overcome before privatisation can be fully institutionalised. Some of these constraints are:

- Stock owners understand the concept of cost-recovery but have misgivings about it because of the 'donor-dependency' syndrome
- Different currencies in South Sudan give rise to variation of exchange rates posing a serious challenge to privatisation
- The current OLS CAHWs training package is insufficient because it does not cover business training modules necessary for the privatisation of the sub-sector
- The current VCCs do not adequately represent the community because of their composition hence they lack community ownership
- The ongoing war and related insecurity problems may not allow privatisation to thrive
- Lack of/or deteriorating infrastructure increases costs thereby rendering private delivery unprofitable
- Lack of business acumen among the Southern Sudanese will slow down privatisation

6.1 Recommendations

In view of the above, the consulting team made the following recommendations:

- NGOs are currently providing institutional support for the community-based delivery system, but with their exit a community-based alternative will have to be put in place. The Livestock Association Model, as already discussed, is the best option to play this role.
- Financing the privatised community-based animal health service delivery system is a key factor if privatisation is to be realised in South Sudan. Subsequently, NGOs that are participating should consider sub-contracting K-REP to assist in establishing village banks. The consultants know that these banks will take at least one year to be fully operational and they recommend that the associations use the cost recovery money to initiate privatisation. The village bank option is more feasible because it is owned, managed and sustained by the community. The approach will target, not only the livestock sector, but also other areas, enhancing household incomes and increasing the general ability of the community to pay for animal health services.
- Campaigns to create awareness will be necessary if the concept of privatisation is to be understood and accepted by the animal health providers and stock owners. NGOs and local authorities should plan community dialogue on the subject.
- In privatisation, CAHWs will be maintained as the lead animal health service delivery agents supervised by AHAs and stock persons as in the current OLS animal health service delivery system. However, OLS should review the training manual for animal health workers and tailor it to match privatisation requirements (business training and entrepreneurship courses should be introduced).
- The current VCCs should be re-organised to have proper community representation and provide the necessary institutional support for the privatised system.
- There should be VCCs at county level that will be re-organised into a livestock community-based association charged with managing animal health service delivery system and running county drug shops.

- Since the emergent association will require some institutional development and strengthening, key training needs identified for the CBO in Mundri (Ondiek, 2001) should be adopted for other associations in pilot privatisation areas (see section 3.8)
- To fully institutionalise this model the various stakeholders in community-based privatisation should have specific roles (see section 3.8).
- Privatisation should be introduced in South Sudan in two phases. The pilot phase should last for two years from June 2002 and target animal health delivery services in the Western Bank of the Nile and phase II should begin after two years with a project life running from June 2004 to June 2006. The planning, preparation and implementation of phase II should be based on experiences of phase I.
- Veterinary drugs should be supplied to South Sudan by road as opposed to air transport as this is the most feasible mode in the absence of the NGOs.
- Drugs should be supplied from Uganda in the pilot phase and from Kenya in the second phase.
- NAVS should be considered to provide the drug supply linkage between Uganda and Bahr-EI-Ghazal area in the pilot phase of privatisation as there is currently no established veterinary distributor in Lokichoggio. The OLS should advertise, identify and select a pharmaceutical company in Kenya willing to trade in South Sudan. The selected company will appoint a reliable distributor in Lokichoggio from whom the NGOs will procure drugs.

ANNEXES

Annex I

Terms of Reference

Privatisation of Animal Health Service Delivery system in Southern Sudan

Background

Operation Lifeline Sudan (OLS) report shows that livestock is one of the key primary resources available in Southern Sudan and one goal of OLS livestock sector has been to improve household food security to all accessible households in South Sudan by improving production. Immediate OLS objectives include the eradication of rinderpest and the establishment of a sustainable community-based animal health delivery services. Progress has been made towards these objectives (See OLS Annual Reports 1999-2000), initially through a cost recovery system and more recently through attempts to initiate a strategy to privatise animal health service delivery. The OLS livestock program has recently initiated had a 1.5 year input from a privatisation adviser Mr. John Sebur employed by the OAU/IBAR's Participatory Vaccination and Community-based Animal Health Project (PARC-VAC), an external evaluation of southern sector activities funded by the EU, an internal evaluation of privatisation efforts in the northern sector, a legal policy assessment carried out by Vetwork Services Trust and the report of a consultant employed by VSF-Belgium to assess training needs with respect to privatisation issues.

Justification

Within OLS there is currently over-dependence on NGOs and the United Nations for drug and vaccine deliveries. In the medium to long term, and in the absence of an established government infrastructure, it is believed that sustainable animal health services can only be achieved through a privatised system.

Ideas on how to achieve privatised service delivery vary. There is need to explore the various options available from a business development perspective. FAO in collaboration with the CAPE unit of OAU/IBAR and implementing NGO's have proposed that a team of consultants, currently undertaking an economic analysis of community based Animal Health Service Delivery System (CAHS) in Kenya, be used to look at privatisation initiatives in S. Sudan. CAHS in S. Sudan are likely to be further from achieving privatisation than those in Kenya due to well known constraints (conflict, lack of infra-structure, currency conversion problems, variable exchange rates and various constraints to trade in livestock and livestock products). It is felt that there may be useful lessons to draw from the Kenyan experiences to the current situation in Sudan.

Output

This assessment is designed to further develop the initiatives and strategies to develop privatised delivery of animal health service in Southern Sudan. It will utilize existing knowledge (OLS Livestock sector personnel from FAO, UNICEF and NGOs) and recent consultant reports. It will enable two field visits.

Tasks

1. Visit four project sites in Southern Sudan

Trip one - December 2001

- (a) Mundri OXFAM-UK (road trip from Uganda)
- (b) Yei Nile Agro-Vet (road trip from Uganda)
- (c) Rumbek OXFAM/NPA from Yirol County (road trip from Uganda)

Trip two – January 2001

- (d) VSF-Belgium and FA/ CAH projects. Tonj County Bahr-El-Ghazal (by air)
- (e) SCF-UK project, Mapel, Bahr-El-Ghazal (by air)

Assess the prospects of each project or business in terms of privatisation of animal health services. This assessment will take into account the following aspects:

- (a) Economic viability (drug turnover, demand for clinical and vaccinations services, business practice, effects of variable exchange rates, non-convertibility of currency, lack of currency, markets for livestock and livestock products, potential diversification of income sources)
- (b) Attitude of livestock owners e.g. willingness to pay for privatisation of services, preferences in type of service delivery.
- (c) Capacity of local authorities to support and regulate privatisation.
- (d) Presence of local associations.
- (e) The overall policy and legal environment in S. Sudan
- (f) The exit strategy of facilitating NGOs and OLS.

To draw conclusions on the strengths and weakness of those projects and business visited and to make recommendations on the strategies that the OLS livestock sector should develop in order to promote privatisation.

Using existing reports and field observations obtained an understanding of the following:

- ✓ The OLS and privatised veterinary drug supply system to South Sudan, including key veterinary drug suppliers from neighboring countries.
- ✓ Successes and failures of individual attempts at entering the private veterinary drug trade.
- ✓ Exchange rate issues.
- ✓ Drug pricing levels e.g. estimated realistic retail prices and policies used by livestock organizations in South Sudan.
- ✓ Prospects for diversification of business in South Sudan.
- ✓ The current strategy for privatisation.
- ✓ Existing constraints to privatisation.
- ✓ Current progress in legal policy development.

Consultants

Trip one

Three consultants will be required to complete this task² as per attached schedule at US\$200 per day. The three consultants will consist of business development advisor, an economist and a Sudanese privatisation expert. The consultants will be accompanied by one OLS staff and relevant NGO staff.

Trip two

Two consultants will be required to complete this task⁹ as per the attached schedule at US\$200 per day. The two consultants will consist of a business development advisor and an economist. The consultants will be accompanied by one OLS staff and relevant NGO staff.

Field support

OLS will support field support in the form of one vehicle and one driver, passes and flight bookings.

Timing

This work will be undertaken between November 2001 and January 2002 with a draft report ready for review submitted by the end of December 2001.

The results of the consultancy will be made available to all OLS livestock sector partners and will be used as a key paper in a workshop tasked with furthering the development of a privatisation strategy for Southern Sudan. The consultants, if they are available will be paid to attend this workshop. The workshop will be held in 2002.

⁹ Small Business adviser 30 days Sudan privatisation expert 12 day

Annex IIA *Name of Interviewees*

Name	Organisation and designation
Marino Edwin Issa	Animal Health Assistant
Aligo Swaka	Logistics Officer, NAVS
David Kur John	VCC Chairman Dinka Community
Festus Taban	Deputy Secretary –KLA
James Biro Daid	Treasurer – KLA
John Nkoro Layi	VCC Secretary
Sanitika Philip	Member –KLA
David Yania	Member KLA
Sunday Keliona Adi	Adm/MC/HQS Office
Mary Yapete	Assistant Treasurer – KLA
Gomo Matako	Member – KLA
David Nimaya	Secretary – KLA
John Nyoli	Member – KLA
Jackson Taban	AHA – Kaya
William Ndada	Stock person – Kaya
Peter Lado	Stock person – Kaya
Abraham Mayuom	CAHW – Rumbek
Gabriel Macuac	County Vet Logistician/Pharmacist
Peter Arow Majuk	CAHW – Rumbek
Moses Malwal	Stock owner – Rumbek
Ater Manok	Stock owner – Rumbek
Abraham Manyouh	Stock owner – Rumbek
Mustafa M. Marias	Stock owner – Yei
Isaac Kwaje Abraham	”
Hassan Arona	”
Alex Lasu	”
Nile Agro-vet Supplies	Private drug shop – Yei
Triangle Vet Unit	Private drug shop – Arua
Arua Agro Vet	Private drug shop – Arua
Marial Lou	
Julius Duku	Trainer – VSF-Belgium
Samuel Leterenwa	Field Vet/CBAHP (Eradication of Rinderpest) VSF-
Peter Koskei	Belgium
Daniel Lesaigor	Field Vet Representative - VSF-Belgium
Peter Rungurua	Community Development Officer - VSF-Belgium
Neal Edward	Trainer - VSF-Belgium
Francis Osango	Trainer - VSF-Belgium
Gabriel Mawein	Field Logistics Officer - VSF-Belgium
Charles Aguk	Field Assistant Agriculture – FAO
Festus Taban	Logistics Mechanic- VSF-Belgium
Joseph Kamande	Assistant Instructor – VSF-Belgium
	Vet Director

Annex IIB *Names of Key Informants*

Name and Place	Désignation
<u>Ananatak VCC</u>	
James Makol	AHA
Dut Maliet	CAHW
Anei Mathiang	Team Leader
Marial Riecwel	CAHW
Anei Ngor Anei	CAHW
Bol Momer	Fridge Operator
Bol Mayuer	VCC Chairman
Reic Thiing Reic	VCC Secretary
<u>Thiet VC</u>	
Mr. Ustav Gregory Chan Boi	VCC Chairman
Ms. Sit Tresa Awein	Chairlady
Mr. Peter Mau Athuar	Treasurer
Nial Beng	Payam Supervisor
Andrea Akock Adop	Stock person
<u>BYDA Meeting</u>	
Lewis Anei Kuendit	Chairperson BYDA – Tonj County
Efisia Kon Oguok	BYDA Acting Chairman
Malmario Monyokieth	
Gor Tocac	
<u>Bakhita Comboni Women's Group</u>	
Mrs. Lina Ajok Arik	
Mr. Marcello Mapouk	Deputy Chairlady
Mrs. Rebecca Adak Deng	Secretary
	Treasurer
<u>Tonj County Secretary</u>	
Charles Kual Deng	
<u>Kapoeta County</u>	
Mr. Louis Lobong Lojore	County Commissioner
Mr. Marko Lokale Lodui	Cooperative Manager
Mr. Karlo Bopuke Amoni	Payam Administrator
Daniel Ajuk Achilo	SRRA Secretary
Lokoi Iko	
Mr. Simon Komen	Pharmacist Lokichoggio
Stockperson Meeting	
Andrea Adup	Tonj County – Stock person
Gabriel Makuac	Rumbek County – Stock person
David Yotama	Mundri – County Stock person
James Chanmou	Aweil East – Vet Coordinator
Martin Athian Mathiek	Tonj County – Stock person
Augushno A. Luet	Aweil West – Stock person
Abraham Kenyang	Aweil West – Stock person
Johnson Alien	Bor County – Stock person
Maker Boung	Yirol County – Stock person
Willian Maluk	Aliap County – Stock person
Nelson Mandela	Yambio County – Vet Coordinator
William Nger	Momkien – Vet Coordinator
Marko Lat	Cuiebet County – Stock person
Samuel Hussein	Rumbek County – Stock person

Annex III Business Performance Questionnaire

- 1) County _____
- 2) Payam _____
- 3) Boma _____
- 4) Name and address of Business _____
P.O BOX _____
- 5) Name of Respondent Mr./Mrs./Dr. _____
- 6) The Respondent is: -
 - (a) Business Practitioner Yes No
 - (b) NGO Supported SRRA community based staff (SRRA/CB)
- 7) Age: _____ Years
- 8) Level of formal education of Respondent: Primary Secondary Tertiary
- 9) Professional qualification of Respondent: CAWH AHA Diploma BVM Others
Specify _____
- 10) If respondent is a Business Practitioner SRRA or CB how many years has he been in
business? _____ Years
- 11) Average monthly turn over (last two years):

	KSH	UGS	SPD
1999 _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2000 _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2001 _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12) Activities the Practitioner is engaged in:

a) Agro-Vet

List Top 5 product lines (in order of volume and priority)

Product	Turnover (UGS or SPD)	Turnover (Kshs)	Ethical/Non-Ethical
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

b) Clinical

If yes, list the top five cases you attended to:

Case	Drug Used	Average Case load/month	Professional Fee/Case
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

7) Cost Structure (Variable Costs)

For the top 5 listed product lines, please fill the matrix below:

Product line	Packs/ Unit	Unit Cost	Unit Sales Price	Average Units/ Month	Profit Margin	% Profit Margin
Procurement						
Source		(Ksh)	(Ksh)		(Ksh)	
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

8) For Clinical Service please indicate the estimated costs per case

Case	Name of drug	Cost/unit (Ksh)	Estimated cost of drug (Ksh)	Consumables (e.g. methylated spirit)	Cost of Consumables (Ksh)	Total Variable Cost (Ksh)
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

- 9) List your current equipment and estimated cost of equipment
- a. _____ Ksh _____
 - b. _____ Ksh _____
 - c. _____ Ksh _____
 - d. _____ Ksh _____
 - e. _____ Ksh _____

TOTAL ESTIMATED COST OF EQUIPMENT Ksh _____

- 10) List your average monthly overhead costs
- | | |
|--|------------------|
| Cost Element | |
| a) Depreciation | Ksh _____ |
| b) Salaries and wages | Ksh _____ |
| c) Rent and rates | Ksh _____ |
| d) Professional fees | Ksh _____ |
| e) Transport costs | Ksh _____ |
| f) Water/electricity | Ksh _____ |
| g) Telephone | Ksh _____ |
| h) Licenses | Ksh _____ |
| i) Loan repayment | Ksh _____ |
| j) Others (Specify) | |
| _____ | Ksh _____ |
| _____ | Ksh _____ |
| _____ | Ksh _____ |
| TOTAL AVERAGE MONTHLY OVERHEADS | Ksh _____ |

11) What type of support are you currently getting for your business from the NGOs operating in this area? _____

12) Would you be able to sustain your business if this support was to be withdrawn? Yes No
If No, please give reasons.

13) List the Top 5 problems that are currently affecting your business (priority order) and suggest the best possible solutions to tackle these problems.

Problem	Best possible solution
1) _____	_____
2) _____	_____
3) _____	_____
4) _____	_____
5) _____	_____

- 14) Which currency do you use in your daily business transactions? Kenya Shillings (KSH)
 Uganda Shillings (UGS) Sudanese Pounds (SPD) Dinars?
- 15) Highlight the major problems and constraints presented by the use of the above currencies.
- _____
- _____
- _____
- 16) In this business list a maximum of 5 risks (i.e. seasonality, cattle rustling etc.) that adversely affect your business
- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 17) Suggest possible measures that can be taken in alleviating these risks:
- _____
- _____
- _____
- _____
- _____
- 18) If you were to be assisted in diversifying your business, list two business ideas that, in your opinion, make economic sense for your area:
- 1) _____
- 2) _____
- 19) Are there any local authorities that operate in your region? Yes No
 If Yes, Please name some of them.
- _____
- _____
- _____
- _____
- 21) Do these local authorities provide any support or services for your business? Yes No
 If yes, what sort of support do you get? _____
- _____
- _____
- 22) Would describe those services as: Excellent Very Good Good Fair Poor
- 23) How much do you currently pay for the following services? (Please state currency used i.e. SP, KSH or USH)
- a) Buying business License? _____
- b) Import or Commercial Tax _____
- c) Local Council Tax (Juvana) _____

Annex IV Livestock owners Questionnaire

- 1) County _____
- 2) Payam _____
- 3) Boma _____
- 4) Name of Stock Owner: Mr./Mrs./Dr. _____
Address _____

- 5) For how long have you been a livestock owner? _____ Years

- 6) Where do you currently obtain health services for your animals? Vet Assistant AHA
 Local CAHW Stock Person Self Others
Specify _____

- 7) List some of the services offered by the animal health care providers above.

Clinical	Vaccinations
_____	_____
_____	_____
_____	_____
_____	_____

- 8) How would you describe the cost of the animal health care services provided? Excellent
Very good Good Fair Poor?

- 9) Which currency do you prefer to use in paying for these services? Kenya Shillings (KSH)
 Uganda Shillings (UGS) Sudanese Pounds (SPD)

- 10) What measures can be undertaken to improve the quality of animal health care services in your location:
a) In the short run? _____
b) In the long run? _____

- 11) What other non-veterinary products and services would you like to be made available to you through private individual shops?
a) _____
b) _____
c) _____
d) _____

- 12) Would you be willing to pay for these products and services? Yes No
- 13) Some privately owned human drugs shops have been opened in your town, what do you think about opening a private veterinary drug shop?

- 13) We have asked you several questions do you have any question(s) for us?
Question 1: _____
Question 2: _____
Question 3: _____

Annex V **Answers Provided by the Stock person at Marial Lou**

Question 1

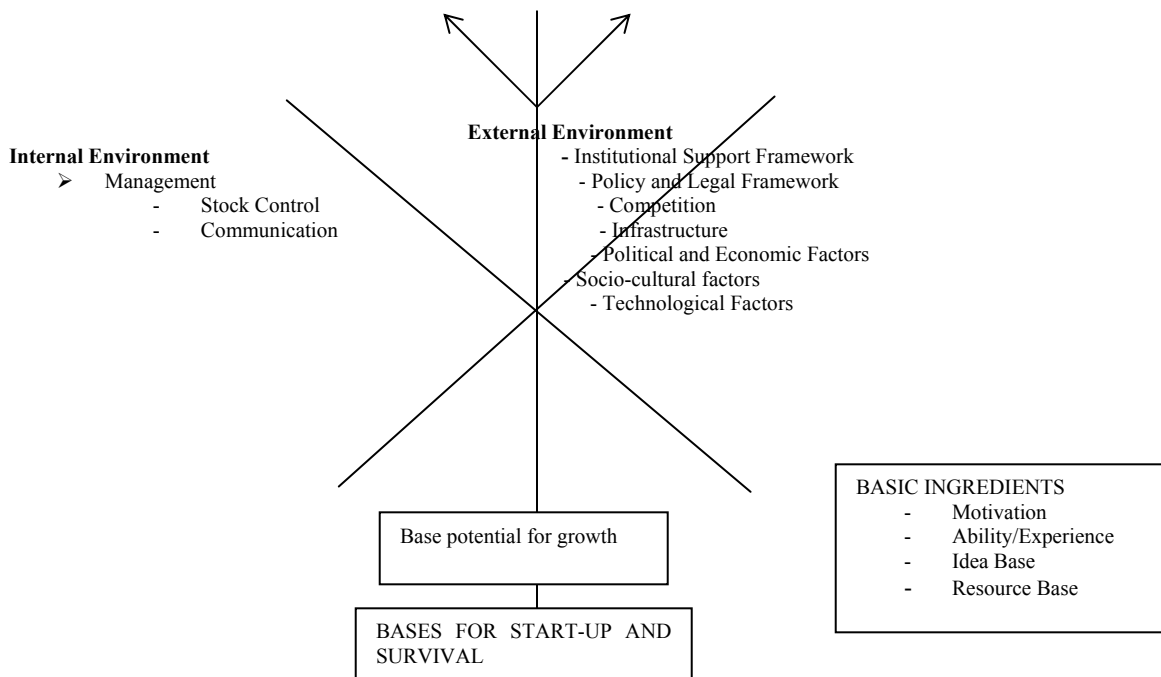
- Purchase drugs from pharmacy
- Sell drugs/supply to the *payam* Supervisor
- Building pharmacy for vet drugs
- Handling money from the service delivery systems
- Training CAHWs in privatisation process
- Creating awareness to communities
- Presentation of reports
- Managerial duties
- Technical advisory role
- Planning the execution of animal health service delivery to communities

Question 2

- Problem of insecurity checked
- Transport facilities availed for animal health workers
- The existent of diverse currencies addressed to find a common currency or exchange rate for operations
- The problem of seasonal flooding addressed and measures put in place to contain it
- Lack of communication and poor infrastructure
- Building a capital or a liquidity base to fund the process
- Clear identification of the facilitator in the privatisation process
- Capacity building will drop down
- Training in business skills
- Legal requirements set in place for the privatised delivery system
- Eradication of poverty so that stock owners can afford animal health services
- Prevent the spread of contagious diseases.
- Laymen will interfere with privatisation

Annex VI **Diagrammatic Presentation of the Durham Business Start-up and Growth Model**

Options for diversification



Annex VII Projected Cash Budgets (COUNTY BASED DRUG SHOP- EQUATORIA)

MONTH	01-May	2	3	4	5	6	7	8	9	10	11	12
CASH INFLOW:												
Sales												
Vermitan	2,193,750	4,387,500	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250
Oxytet	1,579,500	3,159,000	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500
Novidium	1,842,750	3,685,500	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250
Tick Grease	199,160	398,320	597,480	597,480	597,480	597,480	597,480	597,480	597,480	597,480	597,480	597,480
Louse Powder	149,110	298,220	447,330	447,330	447,330	447,330	447,330	447,330	447,330	447,330	447,330	447,330
OWN EQUITY	5,522,400											
TOTAL INFLOW:	11,486,670	11,928,540	17,892,810	17,892,810	17,892,810	17,892,810	17,892,810	17,892,810	17,892,810	17,892,810	17,892,810	17,892,810
Purchases												
Vermitan	2,031,250	4,062,500	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750
Oxytet	1,462,500	2,925,000	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500
Novidium	1,706,250	3,412,500	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750
Tick Grease	184,340	368,680	553,020	553,020	553,020	553,020	553,020	553,020	553,020	553,020	553,020	553,020
Louse Powder	138,060	276,120	414,180	414,180	414,180	414,180	414,180	414,180	414,180	414,180	414,180	414,180
Salaries	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
Rent	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Repairs and Petrol	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Satellite Tel.	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Juvana (Local Tax)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Depreciation	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833
L-REPAYMENT at 10% interest	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
L-GUAR. FEE												
TOTAL OUTFLOW	6,249,233	11,771,633	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033
NET CASH FLOW	5,237,437	156,907	598,777	598,777	598,777	598,777	598,777	598,777	598,777	598,777	598,777	598,777
OPENING BAL.	0	5,237,437	5,394,344	5,993,121	6,591,898	7,190,675	7,789,452	8,388,229	8,987,006	9,585,783	10,184,560	10,783,337
CLOSING BAL.	5,237,437	5,394,344	5,993,121	6,591,898	7,190,675	7,789,452	8,388,229	8,987,006	9,585,783	10,184,560	10,783,337	11,382,114

Annex VIII Projected Cash Budgets (COUNTY BASED DRUG SHOP- BAHR-EL-GHAZAL)

MONTH	01-May	2	3	4	5	6	7	8	9	10	11	12
CASH INFLOW:												
Sales												
Vermitan	2,275,000	4,550,000	6,825,000	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250	6,581,250
Oxytet	1,638,000	3,276,000	4,914,000	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500	4,738,500
Novidium	1,911,000	3,822,000	5,733,000	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250	5,528,250
Tick Grease	206,570	413,140	619,710	597,480	597,480	597,480	597,480	597,480	597,480	597,480	597,480	597,480
Louse Powder	154,700	309,400	464,100	447,330	447,330	447,330	447,330	447,330	447,330	447,330	447,330	447,330
OWN EQUITY	5,743,400											
LOAN												
TOTAL INFLOW:	11,928,670	12370540	18555810	17892810	17892810	17892810	17892810	17892810	17892810	17892810	17892810	17892810
Purchases												
Vermitan	2,112,500	4,225,000	6,337,500	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750	6,093,750
Oxytet	1,521,000	3,042,000	4,563,000	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500	4,387,500
Novidium	1,774,500	3,549,000	5,323,500	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750	5,118,750
Tick Grease	191,750	383,500	575,250	553,020	553,020	553,020	553,020	553,020	553,020	553,020	553,020	553,020
Louse Powder	143,650	287,300	430,950	414,180	414,180	414,180	414,180	414,180	414,180	414,180	414,180	414,180
Salaries	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
Rent	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Repairs	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Satellite Tel.	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Juvana (Local Tax)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Depreciation	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833
L-REPAYMENT at 10% interest	150,000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000
L-GUAR. FEE												
TOTAL OUTFLOW	6,470,233	12,213,633	17,957,033	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033	17,294,033
NET CASH FLOW	5458437	156,907	598,777	598,777	598,777	598,777	598,777	598,777	598,777	598,777	598,777	598,777
OPENING BAL.	0	5,458,437	5,615,344	6,214,121	6,812,898	7,411,675	8,010,452	8,609,229	9,208,006	9,806,783	10,405,560	11,004,337
CLOSING BAL.	5458437	5615344	6214121	6812898	7411675	8010452	8609229	9208006	9806783	10405560	11004337	11603114

Annex IX: Projected Profit and Loss Accounts for the Associations (Year 1)

	EQUATORIA ASSOCIATIONS		BAHR-EL-GHAZAL ASSOCIATIONS
Sales	202,343,310		203,890,310
Opening Stock	-		-
Purchases	182,239,200		183,565,200
Closing Stock	-		-
Cost of goods sold	182,239,200		183,565,200
Gross Profit	20,104,110		20,325,110
Less Overheads:			
Salaries	5,520,000		5,520,000
Rent	360,000		360,000
Repairs and Petrol	480,000		480,000
Satellite Telephone	168,000		168,000
Juvana (Local Tax)	120,000		120,000
Depreciation	273,996		273,996
TOTAL EXPENSES	6,921,996		6,921,996
Profit / (loss)	13,182,114		13,403,114

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Annex XI *Formation of Kogo Livestock Association (KLA)*

Oxfam started supporting CBAHP in the county since 1993 and is developing exit strategy seen in the formation of Kogo Livestock Association (KLA) in October 2000. The idea of KLA was conceived out of the realisation that Oxfam-GB will one time leave the county and that there is need for sustaining delivery of not only animal health service but also other livestock services to the communities. Hence members of seven VCCs in the county held a workshop to form one county VCC, which in turn gave birth to a livestock community-based organisation known as KLA. The purpose is to upgrade and sustain the interests of livestock owners in Mundri County and beyond. The structure of KLA comprises of General Community Members, Board of Trustees, Executive Committee Members and Vet/Livestock Management Team. While the constitution spells out policies and procedures. KLA is an emerging community-based sustainable organisation, which gradually will integrate the CBAHP in Mundri County. Oxfam is supporting the development of this association/organization and its privatisation processes whose ownership belongs entirely to the target communities in Mundri County.

PRIVATISATION PROCESS

The livestock privatisation process in Mundri County is beginning to bear fruit. KLA was formed in October 2001. The structure, policies and procedures are in place. KLA compound fully fenced and two Tukuls for an office and for watchmen to be completed within October 2001. Support from Oxfam and contribution from the communities are speeding up the KLA privatisation process. Construction of vet drug shop/pharmacy and store, and stocking with vet supplies and training in small-scale business management skills are the main priorities now.