



## » MAJOR INVESTMENT FROM THE ABRAAJ GROUP TO DOUBLE SIZE OF UGANDAN PHARMACY CHAIN



**Program Name:** Vine Pharmaceuticals  
**Type of Program:** Pharmaceutical Retailer  
**Location:** Kampala, Uganda  
**Partner:** The Abraaj Group, Africa Health Fund  
**Type of partnership:** Funding partnership  
**Origin:** CHMI Website Messaging  
**Result:** Significant investment that has the potential to double Vine's retail outlets and expand its wholesale business.  
**Potential Impact:** 56,250 new clients/month; 75,000 existing clients/month; 78% are women age 20-40

### SUMMARY

**Vine Pharmaceuticals** ("Vine") is the largest pharmacy retail chain in Uganda. Founded in 1999 by Grace Munyirwa, it currently manages 20 different retail outlets with the support of 96 staff. In January 2013, **The Abraaj Group** ("Abraaj"), a private equity firm, announced a significant investment in Vine Pharmaceuticals, a partnership that originated with a connection through CHMI's website messaging platform. This investment represents The Abraaj Group's first foray into the pharmaceutical retail and distribution sector and an opportunity for Vine to realize its dream of becoming Uganda's neighborhood pharmacy.

### KEY STEPS IN FORMING PARTNERSHIP

Representatives from Abraaj initially learned about Vine through the IFC Health in Africa report, but didn't have a way of contacting Vine. While researching different health market innovations on CHMI's website, they came across Vine's CHMI profile and used the CHMI website platform to connect with Mr. Grace Munyirwa. CHMI staff monitor the website messages and followed up to help facilitate the connection.

**The funding partnership between The Abraaj Group and Vine took nine months to formalize.**

- Initial connection through CHMI's website messaging platform happened in February 2012
- Discussions between Abraaj and Vine about the pharmaceutical market in Uganda, expansion possibilities, and funding requirements followed.
- Abraaj then performed due diligence including internal approvals and a conditions precedence, which established pre-conditions for Vine to meet before money could be dispersed.
- Funds were dispersed in November 2012 followed by a public announcement in January 2013.
- Capacity-building efforts with Abraaj Group's internal technical assistance arm will be ongoing in key areas of support: marketing, new product assessment, information systems, and strategic value assessment.

## IMPACT

The impact from the investment in Vine Pharmaceuticals will take 3-5 years to realize.

Here is the vision:

- Double the number of stores Vine operations from 20 to 40 retail locations.
- Spread geographically to new regions in the Northern, Eastern, and Western parts of Uganda.
- Increase the number of clients served by ~75%, from 2500/day to 4375/day
- Grow the emerging wholesale business to the government, hospitals, and clinics.
- Expand offerings to existing clients to include free in-house physician consultations and new affordable products such as eye glasses.
- The support from The Abraaj Group's technical arm will also help strengthen Vine and make it more attractive to future investors.

## VINE PHARMACEUTICALS

Vine Pharmaceuticals was founded in 1999 by Grace Munyirwa and has grown to become Uganda's largest retail pharmacy chain. Currently, the 20 retail locations in Kampala and surrounding suburbs serve 2500 clients every day, offering medicines and cosmetics. Seventy-eight percent of Vine's clients are women between the ages of 20 and 40 and make an average of USD 250-1,000 per month. Vine wasn't looking for funding when representatives from The Abraaj Group contacted Mr. Munyirwa, but the investment offers opportunity to help Vine expand faster. A limiting factor in how fast Vine will be able to expand will be how long Uganda's National Laboratory – a pharmacy regulator – takes to approve each retail location.

## THE ABRAAJ GROUP

The Abraaj Group is a private equity investor that seeks to grow businesses in growth markets. Launched in 2002 and based out of Dubai, the Abraaj Group has reached 7.5 billion under management and has expanded its presence to Africa, Asia, and Latin America through its acquisition of Aureos Capital in February 2012. Aureos had been running the Africa Health Fund (the "Fund") since 2009, whose goal is to improve the access of low-income Africans to affordable, high quality health services. The Fund comprises a number of investment partners: International Finance Corporation, Bill & Melinda Gates Foundation, the African Development Bank, and the Development Bank of Southern Africa, among others.

### CHMI impact stories

CHMI connects innovative health programs with potential partners who can help them scale up, replicate, or improve healthcare services. This case study series highlights examples of successful partnerships created through CHMI that are making quality healthcare more affordable and accessible in low- and middle-income countries.

» This story was compiled through interviews with Susan Edwards and Grace Munyirwa.

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