

**Summary Report from the Duka la Dawa Muhimu (DLDM) Baseline Assessment
April 19-25, 2004**

EXECUTIVE SUMMARY

The primary objective of the Mbinga assessment was to gather baseline information that could assist MEDA and MSH over time in answering the following question: "How much of an impact does project training and technical assistance have on DLD businesses?" The secondary objective was to supplement the information being gathered in Namtumbo and Songea Rural with respect to supplier relationships and access to financing so as to design an appropriate credit facility for non-urban businesses as part of ongoing project activities.

Although the benefits of the baseline survey cannot be fully realised until the DLD have been accredited and had several months to operate as ADDOs, the survey has already shed light on business owner priorities and experiences, which can guide stakeholders' decision-making in the short and medium-term. Of particular interest are the following observations:

1. Business owners overwhelmingly buy from suppliers in Ruvuma, especially from Southern Highlands Pharmacy.
2. Approximately 50% of businesses already keep some kind of financial records, although less than 25% calculate their profitability.
3. The vast majority of businesses earned an average monthly profit in the past year of Tshs 50,000 or less. No business is reporting monthly profits in excess of Tshs 100,000.
4. Owners have made little use of external funding to date. Only one owner has borrowed from a bank and one has accessed supplier credit. Three have obtained funding from a local SACCO. Nine have obtained financing from family or friends.
5. The number one reason for wanting to become an ADDO was to be able to access training. The second most important reason was to be able to sell a broader range of drugs.

METHODOLOGY

A team of three MEDA staff with experience in monitoring and evaluation of urban and rural businesses arrived in Songea on Sunday, April 18 and, during the next six days, endeavored to visit as many of the 36 DLDB that have applied for accreditation in the Mbinga area as possible, collecting data on current business status and practices using the questionnaire attached as Annex I.

Interviews were held with 33 of the 36 businesses, which can be grouped into three categories:

a) Start-up category

Seven (7) shops were in the start-up stage. Shops grouped in this category were those whose renovation or construction is more than 75% completed and they are expected to be operational two to four weeks from now. Owners of these shops were interviewed yet some sections of the questionnaire could not be filled out because no operational experience or issues could be shared by the owners at such a pre-mature stage.

The owners and their shops (in brackets) were:

1. Fausta Lugongo (FAUSTA DUKA LA DAWA)
2. Godfrey N. Sende (-)
3. Joyce Ponera (JOYCE PONERA DUKA LA DAWA)
4. Mustapha Amri Issa (AMANI DUKA LA MADAWA)

5. Cornelius Lombandali Msuha (LOMBANDALI DUKA LA DAWA BARIDI)
6. Eva Mwambambale (SUMA DUKA LA DAWA BARIDI)
7. Stephen Ngonyani (MATIRI DUKA LA DAWA)

b) Interviewed and observed category

In this group, fourteen (14) shop owners were interviewed while at their shops and the interviewer had the opportunity to make an independent observation of the shop / business. Businesses in this category are in operation and running more or less smoothly. This is where you really see excitement, expectations, and interest in the ADDO program as something that owners seem to feel strongly about.

The owners and their shops (in brackets) were:

1. Monica Garus Komba (KIDS MEDICAL STORE)
2. Geoffrey Mbunga (MBAMBA BAY DUKA LA DAWA BARIDI)
3. Ramadhan M. Sway (SUNDAY MEDICAL STORE)
4. Alanus Octavian Hyera (MSIMAMO DUKA LA DAWA NA VIPODOZI)
5. Samwel F. Komba (MSAMARIA MWEMA MED. STORE)
6. Remegius Mapunda (MAPUNDA'S MEDICAL STORE)
7. Anord Mhua (EGA DUKA LA DAWA)
8. Badwin A. Mwambe (MWAMBE MEDICAL STORE)
9. Evodia D. Ndunguru (DM MEDICAL STORE)
10. Mustapha Waziri (MBINGA MEDICAL STORE)
11. Regina Ndimbo (MKESU DUKA LA DAWA)
12. Felician Kinunda (FELLY DUKA LA DAWA)
13. Gasper Lupoli (LUPOLY MEDICAL STORE)
14. Dastan Mangwea (LIWEHA DUKA LA DAWA)

c) Interviewed while attending training, shop observation not carried out

Owners of businesses listed in this category were interviewed in Songea. This was necessary because the owners and their dispensers were attending accreditation training in Songea and their shops were closed and will remain closed until sometime in May when the training is over. Thus, surveys were completed, but the shops were not visited and physical observation of the shops could not be carried out. Owners of shops in this category are as follows:

1. January G. Mapunda (DUKA LA DAWA BARIDI)
2. Janet Yohana Mpangala (UPENDO DUKA LA DAWA BARIDI)
3. Leonard Ngogi (PARADISE DUKA LA DAWA)
4. Emanuela B. Ndomba (NDOMBA DUKA LA MADAWA)
5. Prosper Ndomba (NDOMBA DUKA LA MADAWA BARIDI)
6. Dominic J. Kamanga (KWAMBE DUKA LA DAWA BARIDI)
7. Menrad Komba (KOMBA DUKA LA DAWA)
8. Musa Selemani Madamba (MKINGA MEDICAL STORE)
9. Bartholomeo Kantebwe (TUMAINI MEDICAL STORE)
10. Godfrey A. Turuka (MPEPAI DUKA LA DAWA)
11. Chrispin Muhoro (EMILY MEDICAL STORE)

Three of the 36 shops included in the scope of work for this assignment could not be interviewed or observed. One shop at Liuli could not be reached because a broken bridge on the way to Liuli had been closed for repairs and the consultants' trip to Liuli had to be aborted midway at Lipingu Village. A shop at Litembo could not be visited because the route to Litembo was impassable due to rains. There was also one shop at Litui that was closed because the owner was away and dispensers were attending training in Songea that forced the shop to close its doors.

RESULTS

The results of the baseline assessment are summarized below. For the purposes of clarity, each survey question is stated and then a summary of the responses is provided.

Q1: Could you please tell me something about the history of your business?

This warm-up question succeeded in setting a conversational tone for the interview and helped the consultants distinguish themselves from TFDA and other inspectors. All of the owners had stories to share about their trials, tribulations and successes. The background information that was provided by each business will be used to assess progress and inform technical assistance over time.

In general, the businesses are relatively young. Four were started in 2004 and thirteen in 2003. Only one business is more than ten years old. Eighty-seven percent (87%) of the businesses assessed are less than five years old.

Q2a: What types of products are you selling? Do you sell:

	YES	NO	N/A
cosmetics	13	14	6
oral contraceptives	16	11	6
antibiotics	6	21	6
antimalarials	27	-	6
antifungals	25	2	6
worm medicine	27	-	6
IV solutions	3	24	6
other injections	7	20	6
meds for pain/fever	25	2	6

Q2b: Do you sell any other type of product that I have not mentioned?

Other products sold include toothpastes, water guard, Ngao, condoms, soft drinks, gloves, cough syrups and tablets, liniments.

Q3a: From where do you usually purchase your products/supplies? *(Note: owners were free to mention more than one type of supplier.)*

Pharmacy in Ruvuma	22
Pharmacy outside of Ruvuma	12
Wholesaler in Ruvuma	12
Wholesaler(s) outside of Ruvuma	5
Traveling salesmen	0
Other retail sale shops	0

Q3b: What is your primary source of supply? *(Note: owners were free to mention up to three primary suppliers.)*

Southern Highland Pharmacy (Ruvuma)	22
Njowoka Shop (Ruvuma)	4
Mzena Medical Store (Ruvuma)	3
Wholesaler in Dar (unspecified)	3
Samiro Pharmacy (DSM)	3
Ruvuma Pharmacy	2

Shellies (DSM)	2
Bhojan Chemists (Mbeya Town)	2
Bahari Pharmacy (DSM-Kariakoo near Uhuru)	1
DJ Pharmacy (DSM)	1

Q4: How do you decide who to purchase your supplies from?

A ranking of "1" indicates greatest importance on a scale of 1 to 10.

Factor used to decide where to purchase supplies	# of businesses that mentioned this factor	Average importance of the factor	# of businesses that ranked this factor as most important	# of businesses that ranked this factor as 2nd most important	# of businesses that ranked this factor as 3rd most important
Quality of products	27	2.4	10	7	5
Availability of the products I want to buy	25	3.2	5	5	5
Price of products	28	3.3	6	5	6
Expiry date *	3	4.0	1	0	0
Customer service	27	4.2	1	6	4
Reputation of supplier	26	5.7	0	0	0
Positive previous experience with the supplier	25	5.8	1	3	3
Ability to buy in-person from a local supplier	26	5.9	1	1	1
Distance I must travel to purchase/pick up my purchase	24	6.2	2	1	3
Availability of credit from the supplier	21	7.8	1	0	0

* Expiry date was not on the original list of decision factors, but three businesses mentioned it as an additional factor.

Q5/6: In the past, how did you recruit or attract new customers? Did you ever do something special to encourage your customers to keep coming back to your store, or to buy from your shop instead of somewhere else? If so, what?

Note: A number in brackets refers to the number of businesses who mentioned the same strategy.

- Good customer service (16)
- Professionalism in health advice and counseling (13)
- Availability of a variety of products (12)
- Setting reasonable prices (9)
- Use of sign board (7)
- Smartness, cleanliness and good arrangement of the shop (6)
- Provision of quality products (5)
- Word of mouth from customer to customer (5)
- Being sensitive to the needs of the customers (5)
- Giving a discount (3)
- Use of motivations or incentives like calendars, drinking water, etc. (2)
- Packaging of medicine
- Popularity of the owner
- Through radio greetings
- Attending promptly to complaints

Q7: Have you ever received complaints from customers?

YES 15
NO 13
N/A 5

If yes, what kind of things have customers complained about? Were you able to do anything in response? Did you change anything about the way you manage your business because of that experience?

Complaints	Responses
Poor customer care by dispensers (3)	Owner warned dispensers and things are now fine
Higher price compared to the competition (3)	
Side effect from the drug on the customer (2)	Advised the customers to follow all the necessary conditions of taking medicines to avoid side effects.
Poor packaging (in a newspaper)	Now uses special envelope
Customer received few tablets than she was supposed to (the child sent to buy the medicine dropped some of them on the way)	Now the number of tablets sold is written on the packaging envelope
Lack of variety of products/medicines due to various reasons (e.g. robbery, low capital)	Try to have variety of products even in small quantities
Limited opening and closing hours	Now open 7:30 am – 6:00 pm
Not allowed to buy ½ or less dose	Educate the customers on the disadvantages of using ½ dose
Ineffectiveness of medicines due to use of ½ or less dosage	Advise customers on the importance of taking full dose.

Note: A number in brackets refers to the number of businesses who commented on the same point.

Q8: In the past, how did you price your products?

Purchase costs	26
Affordability of buyers	8
Market competitor's price	6
Expiry date and / or slow moving products	4
Quality and brand of product	3
Profit margin for the business	3
Demand and importance of drug	1
Physical appearance of customer	1

Q9: Did you keep financial records last year?

YES = 14
NO = 13

Those who answered “yes” were also asked the following questions:

	YES	NO
Did you record daily sales?	15	1
Did you record the cost of purchases?	14	2
Did you record other expenses?	14	2
Did you pay yourself a salary from your business or record your personal drawings from the business?	9	7
Did you keep a cash book?	5	11

Did you record how much profit you made each month?	8	8
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Why did you keep financial records?

To track profit and loss of the business	6
Income and expenditures	4
To track the business progress	4
Helps to determine the re order level	3
For business control purposes	2
Help in negotiating taxes	1
To be able to use the profit for investment or buying more stock	1

Q10: Last year, on average, how many hours per week did you spend on record keeping?

None. I do not keep records.	9
None. Someone else keeps the records for my business.	1
1 hour per week	2
2 – 3 hours per week	1
4 – 6 hours per week	2
7 or more hours per week	11
I don't keep records daily but I spend time at end of month.	2

Q11: During the last year, on average, what was your profit per month?

No profit. I lost money last year.	2
Tshs 0 to 10,000	2
Tshs 10,001 to 30,000	6
Tshs 30,001 to 50,000	10
Tshs 50,000 to 100,000	7
Tshs 100,001 to 200,000	0
Tshs 200,001 to 500,000	0
More than Tshs 500,000	0

Q12: What kinds or sources of funding have you used to date?

Own savings	22
Friends or family	9
SACCO	3
Bank	1
Local savings and credit group (e.g., ROSCA)	0
Moneylender	0
Supplier credit *	1

Note: Supplier credit was not on the original list; it was mentioned by one owner as an additional source of financing.

Q13: Has your shop ever been inspected by the local authorities?

YES = 22

NO = 6

Those who answered “yes” were also asked the following questions:

How often in the past 3 years?

Once	9
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Twice	6
Three times	5
Four times	0
Five times	0
Six times	0
Seven or more times	1

Who inspected the shop?

District pharmacist	11
TFDA	8
Regional Inspectors	6
ADDO	3
TRA	1
Pharmacy Board (PB) Inspector	1
Ward and village dispensary Doctors	1

Q14: How many employees do you have?

- Eleven businesses have only one employee. All employees work full-time and two have been hired in the last three months. In three of these businesses friends or family also help out.
- Fifteen businesses have two employees, 14 of whom work full-time and 1 part-time. Three of these businesses have hired someone in the last 3 months. Three also have friends or family who help them out in the business.
- Only one business has three employees. Two are full-time and one is part-time. No employee has been hired in the last three months. Friends or family also help out with the business.

Q15. Last year, on average, how often did you visit your shop?

Twice per month	4
Once per week	3
2 – 3 days per week	2
4 – 6 days per week	2
7 days a week	17

Q16. Why are you interested in becoming an ADDO?

A ranking of “1” indicates greatest importance on a scale of 1 to 10.

Reasons Given	# of businesses that mentioned this reason	Average importance of the reason	# of businesses that ranked this as most important	# of businesses that ranked this as 2nd most important	# of businesses that ranked this as 3rd most important
To access training	31	2.4	14	5	5
To be able to sell a broader range of drugs	31	3.2	9	7	4
To be able to provide better advice and guidance to customers	31	3.5	3	11	6
To gain more customers	31	4.9	0	5	5

To benefit from the ADDO advertising campaign (radio, newspaper, road shows, brochures, etc.)	30	5.3	3	0	3
To increase profits	31	5.6	0	1	2
To receive a favorable tax rate	28	6.1	1	1	2
To access loans	28	6.6	0	1	2
To know what licensing fees will be	29	6.7	0	0	2
To make business premises renovations/improvements *	1	1.0	1	0	0
To get good supplier sources *	1	5.0	0	0	0
To get quality assurance for pharmaceuticals *	1	6.0	0	0	0
To improve quality of services provided *	1	10.0	0	0	0
To understand regulations of DLDM *	1	10.0	0	0	0
To develop good business practices *	1	10.0	0	0	0

*Any reason with an asterisk next to it was not on the original list offered to businesses for ranking purposes; the reasons were mentioned by businesses as additional factors that should have been on the list.

Q17. Have you made any changes to your business in preparation for your ADDO application?

YES = 32

NO = 1

If yes, what kind of changes?

Changes made include: painting, installing ceiling boards, putting glass on shelves, building doors, windows and an additional room for storage.

Can you estimate how much it has cost to make these changes?

Tshs 250,000 or less	5
Tshs 300,000 – 350,000	10
Tshs 400,000 – 500,000	7
Tshs 600,000	6
Tshs 750,000	1

How did you finance this investment?

From own savings and from the business.