

SEAM PROJECT
Mbinga DLDM Follow Up Assessment
Summary Report
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1.0 EXECUTIVE SUMMARY

This assessment was a follow up evaluation designed to compare the performance of Duka la Dawa Muhimu before and after being accredited as Accredited Drug Dispensing Outlets (ADDOS). The comparison is based on information gathered during a baseline survey conducted eight (8) months ago. The main objective of the follow up assessment was to gauge the impact of the business training and technical assistance provided under the project.

It is evident from the survey results that the project has had a positive impact and has succeeded in building capacity within the DLDM. The following are observations of particular interest made during the assessment:

- 1.1** All but one of the businesses surveyed has financial books which are updated at least once per month.
- 1.2** All businesses are able to gauge profitability and the majority earn profit each month. Seven (7) businesses earn an average monthly profit of Tsh 10,000, eight (8) businesses record an average monthly profit of Tsh 16,000, four (4) businesses earn an average monthly profit of Tsh 100,000, two (2) businesses earn an average monthly profit of Tsh 160,000 and two businesses earn Tsh 500,000 monthly.
- 1.3** Business owners are able to purchase supplies within Ruvuma region, particularly from Southern Highland Pharmacy and Ruvuma Pharmacy. In general, ADDOS seem to be diversifying their purchasing sources.
- 1.4** Most DLDM owners are able to access financial services from local service providers. Eleven (11) owners have managed to access loan capital from MEDA, five (5) from National Microfinance Bank and Mbinga Community Bank; two (2) from SACCOs, two (2) from ROSCAs and moneylenders. Improved business performance and increased access to credit is decreasing ADDO dependence on family, friends and savings.
- 1.5** All but one business owner believed that it was worth the investment to become an ADDO. This positive response was recorded in spite of the fact that 78% of all ADDOS went into debt in order to finance their accreditation investments and 96% of the owners surveyed claimed they did not receive all of the benefits they expected to receive as a result of becoming an ADDO.
- 1.6** DLDM owners ranked the increase in customers, the free advertising as part of the “Duka la Dawa Muhimu” campaign, and the ability to provide better advice and guidance to customers as the greatest benefits of accreditation.

2.0 METHODOLOGY

The intention was to visit all 33 businesses that participated in the baseline survey. However, consultants were able to visit only 23 of these shops. Of the ten that were not visited, one shop had been shut down by the authorities; two others were temporarily closed; the owners of four shops had traveled outside of Mbinga and shop dispensers were not willing to be interviewed in absence of the owners; and three shops could not be reached in the time available due to inclement weather and transport difficulties. For the purposes of this assessment, only the 23 shops that were visited in both the baseline and follow up surveys are discussed herein.

The 23 businesses discussed in this report can be grouped into two categories:

a) Businesses interviewed and observed in both surveys

Under this group 12 businesses were interviewed while at their shops and the interviewer had the opportunity to make independent observations of the shop. Businesses in this category are operating smoothly. Owners are very proud of their businesses and compliment the ADDO project for the achievement their businesses have attained today.

The owners and their shops (in brackets) were:

1. Monica Garus Komba (KIDS MEDICAL STORE)
2. Ramadhan M. Sway (SUNDAY MEDICAL STORE)
3. Samwel F. Komba (MSAMARIA MWEMA MED. STORE)
4. Remigius Mapunda (MAPUNDA's MEDICAL STORE)
5. Arnold Mhua (EGA DUKA LA DAWA)
6. Badwin Mwambe (MWAMBE MEDICAL STORE)
7. Evodia Ndunguru (DM MEDICAL STORE)
8. Mustapha Waziri (MBINGA MEDICAL STORE)
9. Felician Kinunda (FELLY DUKA LA DAWA)
10. Gasper Lupoli (LUPOLY MEDICAL STORE)
11. Danstan Mangwea (LIWEHA DUKA LA DAWA)
12. Godfrey Mbunga (MBAMBABAY DUKA LA DAWA)

b) Businesses that were only interviewed in the first visit, but were both interviewed and observed in the follow up assessment

During the baseline survey, owners in this category were interviewed, but on-site observation was not possible. During the follow up survey, all of the businesses in this category were both interviewed and observed. Shops number eight through twelve below were not in full operation by the time of baseline survey.

Owners of shops in this category are as follows:

1. Janet Yohana Mpangala (UPENDO DUKA LA DAWA)
2. Leoarnad Ngongi (PARADISE DUKA LA DAWA)
3. Emmanuela Ndomba (NDOMBA DUKA LA DAWA)
4. Menrad Komba (KOMBA DUKA LA DAWA)
5. Musa Madamba (MKINGA DUKA LA DAWA)
6. Bartholomew Kantebwe (TUMAINI MEDICAL STORE)
7. Godfrey A. Turuka (MPEPAI DUKA LA DAWA)
8. Fausta Lugongo (FAUSTA DUKA LA DAWA)
9. Mustapha Amri Issa (AMANI DUKA LA DAWA)
10. Eva Mwambambale (SUMA DUKA LA DAWA)
11. Cornelius Msuha (LOMBANDALI DUKA LA DAWA)

Although the target group for the follow up survey was the group of businesses that participated in the baseline assessment, consultants also collected information from eight (8) businesses that were accredited after the baseline survey. The summary observations from these interviews are attached as Annex I.

The questionnaire used to collect information during the follow up assessment is attached as Annex II.

3.0 RESULTS

Results from the baseline and follow up surveys are compared below for the 23 ADDOs that participated in both surveys.

3.1 In general, interviewees described their experiences as ADDO owners in the following manner:

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

- There were no problems in implementing the project and there was no bureaucracy in joining the project and receiving license (11)
- Customers, sales and income have increased. Customers are getting good and professional services (9)
- ADDO project has improved my business, and I am willing to continue to be involved in the ADDO project in the future (8)
- ADDO has a great importance on my business: I received a loan from MEDA and I have skilled dispensers (5)
- Renovations costs were very high; as result it will take time for businesses to recover the amount spent (5)
- Two dispensers' salaries are very high; it is becoming a heavy burden to businesses. (4)
- ADDO project should continue operating (4)
- Ability to sell a broader range of drugs (3)
- Business is not doing well because of high operating expenses, a lot of bureaucracy in joining the project, there were no clear directives and TFDA regulations are tough (2)
- Training course for dispensers was conducted in a very short period (2)
- Received valuable training in medicine and business management (2)
- The project has provided skills in how to manage a business. Subsequent training should be made available to DLDMs (2)
- There are still illegal drug dealers which affects ADDOs' business (2)
- It was very difficult in the beginning of the project; but as the days went on the project turned out to be very supportive. Dispensers are able to deliver quality services (2)
- Although business is not fully operating, ADDO is very beneficial to the business (2)

3.2 Product variety

The product variety has increased in almost all types of items. The majority of new products are those which Duka la Dawa Baridi were not allowed to sell in the past; but can now sell as ADDOs. Many non-drug products are being sold by ADDOs including: bottled water, mosquito nets, pads, washing detergents, toothpicks, insecticides, solvents, toothbrushes, plastic bags, shaving machines, baby socks, baby jelly, baby milk and spectacles.

Table 1: Percentage of Shops Selling Each Type of Product at the Time of Assessment

	Baseline Assessment	Follow Up Assessment
Oral contraceptives	61%	87%
Cosmetics	80%	61%
Meds for pain/fever	83%	91%
IV solutions	38%	52%
Antifungal	87%	91%
Anti malaria	91%	96%
Worm medicine	91%	83%
Antibiotics	95%	96%
Other injections	26%	87%

3.3 Purchasing decisions

There has been no major shift away from one purchasing category in favor of another. However, owners have diversified their purchasing decisions, with each purchasing option being used more now than at the time of the baseline assessment. It is worth noting that 91.3% of the ADDOs surveyed now purchase from a pharmacy in Ruvuma. Some of the reasons given for the changes described in Table 2 are as follows:

- It is easier to purchase supplies outside Ruvuma due to an increase in working capital as a result of retained profits and credit facilities from MEDA and other financial service providers
- Owners are able to receive receipts after making purchases, which helps them in managing their level of stock
- Owners are receiving credit supply on favorable terms
- Possibility of purchasing variety of products under one roof
- Availability of good services, e.g. packaging
- Nearly all essential supplies are available in Ruvuma at reasonable prices, so there is no need to travel outside Ruvuma
- Some owners decided to change so as to build long term relationship with wholesale suppliers in Ruvuma

Table 2: Percentage of Shops Purchasing from each type of supplier at the time of assessment

	Baseline Assessment	Follow Up Assessment
Pharmacy in Ruvuma	74%	91%
Pharmacy outside of Ruvuma	48%	57%
Wholesaler in Ruvuma	48%	57%
Wholesaler(s) outside of Ruvuma	13%	35%
Traveling salesmen	0	22%
Other retail sale shops	0	26%

Table 3: Factors Influencing the Decision about Where to Purchase Supplies

Factor	Percentage of businesses that mentioned this factor		Average importance of the factor to those who mentioned it		Median importance of the factor to those who mentioned it	
	Baseline	Follow Up	Baseline	Follow Up	Baseline	Follow Up
Quality of products	96 %	87 %	2.2	2.8	2.0	2.0
Distance I must travel to purchase/pick up my purchase	96%	87%	5.7	3.2	7.0	2.0
Ability to buy in-person from a local supplier	91%	74%	6.1	3.2	6.0	3.0
Price of products	100%	78%	3.3	3.4	3.0	3.0
Customer service	96%	87%	4.3	3.8	4.0	4.0
Availability of the products I want to buy	91%	65%	3.3	4.1	3.0	4.0
Availability of credit from the supplier	74%	52%	7.0	5.3	7.0	5.5
Reputation of supplier	96%	45%	5.3	6.2	5.0	6.0
Positive previous experience with the supplier	87%	39%	6.0	6.7	7.0	7.0

3.4 Marketing practices

Apart from the traditional marketing practices; there are some new techniques which owners employ to attract new customers and in to retain existing customers. There are also some practices which were being used before but have now been abandoned because they were not effective enough. Below are some examples of the new practices and those abandoned.

- Two owners used to give discounts but no longer do
- All businesses have big outside sign boards which introduce the business
- Provision of quality services from professional dispensers builds confidence and trust to customers
- Availability of various supplies assures customers of the reliability of the business
- Allowing customers to buy on credit gives a customer a reason to visit the shop next time
- Two owners have initiated post sales follow-up which has helped to build long-term relationship with customers
- One owner used to offer credit facility, but no longer does because greater part of customers were not repaying on time
- Improved cleanliness wins customers confidence in the business
- High level of customer record confidentiality
- Posting up office hours and observing them
- Constant supply of drugs
- Advertising business through local media, e.g. Radio Maria
- Visiting sick patients door to door for home treatments

3.5 Customer service / responding to complaints

There are still some complaints from customers, but the type of complaints has changed a lot compared to the previous period. In the past, customers were complaining about poor customer service from shop sellers, but today most complaints are about restrictions on the purchase of half doses and the non-availability of drugs which ADDOs are not allowed to sell. Owners estimate that 95% of the complaints received are about missing (restricted) drugs and the inability to purchase half doses. Owners, dispensers and other stakeholders are working hard to educate communities on the consequences of purchasing half doses.

Table 4: Percentage of Owners Who Acknowledge Receiving Complaints from Customers

Baseline Assessment	Follow Up Assessment
56%	65%

Table 5: Actions Taken by ADDOs in Response to Complaints from Customers

Complaint	Response
Absenteeism/ lateness and bad language of dispensers to customers	Reprimanding dispensers and improving their communication skills
Limited opening and closing hours	Now open 7:30 am – 08:30 pm
Not allowed to buy ½ or less dose	Educate customers on the disadvantages of using ½ dose
Wastage of customer time when filling drug register	Educate customers on the importance of the records to them and their business

3.6 The process of product pricing

Previously, the majority of owners used to set prices arbitrarily and a few fixed prices based only on the purchasing price and on what other businesses charge on the same product. Today, 90% of owners also consider the following factors in setting up prices:

- Transport costs
- Profit objective
- Market prices
- Ability of customers to purchase

3.7 Financial record keeping

There is an increase in the number of businesses that keep financial books. During the follow-up assessment 96% of the businesses were found to be keeping some financial records. Reasons for which ADDOs keep financial records are:

- To realize if the business is making profit or loss
- To examine business progress
- To know whether income is increasing or decreasing
- To determine how much is purchased and sold (stock management)
- To establish operating costs
- To help in negotiating taxes with Tanzania Revenue Authority (TRA)

Table 6: Percentage of Owners Who Keep Financial Records

Baseline Assessment	Follow Up Assessment
48%	96 %

Table 7: Recordkeeping habits of ADDOs with Financial Books

Percentage of Recordkeeping ADDOs that:	Baseline Assessment	Follow Up Assessment
Record daily sales	48%	91%
Record the cost of purchases	39%	96%
Record other expenses	43%	91%
Pay the owner a salary and/or record the owner's personal drawings from the business	26%	65%
Keep a cash book	17%	87%
Record the amount of profit made each month	17%	74%

Table 8: Number of Hours per Week Spent on Recordkeeping

Percentage of ADDOs that Responded as Follows:	Baseline Assessment	Follow Up Assessment
None. I do not keep records.	43%	0%
None. Someone else keeps the records for my business.	4.3%	4.3%
1 hour per week	8.7%	22%
2 – 3 hours per week	0%	17%
4 – 6 hours per week	4.3%	17%
7 or more hours per week	22%	22%
I don't keep records daily but I spend time at end of month.	8%	17%

3.8 Profitability

Table 9: Average ADDO Profit per Month

Percentage of ADDOs that Responded as Follows:	Baseline Assessment	Follow Up Assessment
No profit. I lost money last year.	8.7%	0%
Tsh 0 to 10,000	4.3%	0%
Tsh 10,001 to 30,000	22%	30%
Tsh 30,001 to 50,000	34%	30%
Tsh 50,000 to 100,000	17%	4.3%
Tsh 100,001 to 200,000	0 %	13%
Tsh 200,001 to 500,000	0%	9%
More than Tsh 500,000	0%	9%

Table 10: Changes in Profitability

Percentage of ADDOs that reported an increase in profits	43%
Percentage of ADDOs that reported a decrease in profits	17%
Percentage of ADDOs that reported no change in profits	39%
TOTAL	100%

3.9 Business Financing

Three observations are worth noting in this category. First, all but one ADDO is reinvesting business profits to finance additional growth. Second, ADDO access to financial services has increased since the baseline survey. Third, a significant number of businesses are now accessing supplier credit as a source of financing. As a result of all of the above, ADDO owners have been able to reduce their reliance on friends, family and savings to finance their businesses.

Table 11: Percentage of ADDOs that are financed by:

Percentage of ADDOs that are financed by:	Baseline Assessment	Follow Up Assessment
Business profits	13%	96%
Personal savings	61%	26%
Friends or family	39%	9%
Local savings and credit group (e.g., ROSCA)	4%	9%
SACCO	4 %	9%
Bank loan	4%	26%
Moneylender	4 %	13%
Supplier credit * & Others		34%

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

Table 12: Percentage of ADDOs with Access to Sufficient Financing

Baseline Assessment	Follow Up Assessment
13%	23 %

Factors that continue to constrain ADDO access to financing are:

- Difficult loan conditions from financial institutions, e.g. guarantee conditions
- All financial institutions are located very far from rural areas
- High interest rates charged on loans

- Unfavorable loan terms, i.e. loan periods are too short
- Business turnover still low to be able to repay loans; much of the capital was spent on renovations as per ADDO requirements
- Lack of credit education

3.10 Inspections

Shop inspections are occurring on a regular basis from different authorities, namely TFDA, regional authorities, the District Medical Office and members of the Ward ADDO Committees.

Table 13: Percentage of ADDOs Inspected by Local Authorities

Baseline Assessment	Follow Up Assessment
87 %	91 %

Table 14: Frequency of Assessment

Percentage of ADDOs that were inspected:	Baseline Assessment	Follow Up Assessment
Once in the last six months	0 %	65%
Twice in the last six months	0 %	4
Three times in the last six months	0 %	0
Four times in the last six months	0 %	9
Five times in the last six months	0 %	0
Six or more times in the last six months	0%	13%
By a village inspector...	34%	9%
By a ward inspector	0%	87%
By a district inspector	0%	17%
By a region inspector	57%	4%

3.11 Employees

The vast majority of ADDOs has either hired more employees or has remained with a constant staff level during the last six months. Only one ADDO has reduced its staffing level.

Table 15: Changes in employees in the last six months

Percentage of ADDOs that reported an increase in the number of employees	34 %
Percentage of ADDOs that reported a decrease in the number of employees	4%
Percentage of ADDOs that reported no change in employees	61 %

Table 16: Percentage of ADDOs hiring an employee in the last six months

Baseline Assessment	Follow Up Assessment
4%	22%

Table 17: Percentage of ADDOs with Support from Family or Friends

Baseline Assessment	Follow Up Assessment
26%	35%

3.12 Supervision by Owners

Owners are supervising their businesses on a regular basis, although somewhat less frequently than at the time of the baseline assessment.

Table 18: Frequency of Supervision

Percentage of ADDOs that are visited by their owner:	Baseline Assessment	Follow Up Assessment
Once per month	0%	4%
Twice per month	9%	9%
Once per week	9%	17%
2 – 3 days per week	4%	17%
4 – 6 days per week	9%	9%
7 days a week	52%	43%

3.13 The benefits of becoming an ADDO

All but one business owner believed that it was worth the investment to become an ADDO. This positive response was recorded in spite of the fact that 78% of all ADDOs went into debt in order to finance the accreditation investments and 96% of all owners surveyed claimed they did not receive all of the benefits they expected to receive as a result of becoming an ADDO.

Table 19: The Benefits of Being an ADDO

Factor	Percentage of businesses that mentioned this benefit		Average importance of the benefit to those who mentioned it		Median importance of the benefit to those who mentioned it	
	Baseline (Expected benefits)	Follow Up (Realized benefits)	Baseline (Expected benefits)	Follow Up (Realized benefits)	Baseline (Expected benefits)	Follow Up (Realized benefits)
Increase in customers	100%	100%	5.7	3.7	5.0	3.0
Ability to provide better advice and guidance to customers	87%	91 %	3.7	3.8	3.0	3.0
Free advertising as part of the DLDM campaign	83%	96 %	5.0	4.2	5.0	3.5
Ability to sell a broader range of drugs	87%	96%	2.7	4.9	2.0	5.0
Access to business training	43%	96%	3.1	5.4	2.5	5.5
Access to dispenser training		96 %		6.0		6.0
Increase in profits	91%	91%	5.5	5.7	5.0	5.0
Lower taxes	74%	100 %	5.9	5.9	6.0	6.0
Access to credit	78%	96 %	6.8	6.1	7.0	7.0
More certainty about tax and fee amounts	87%	96%	6.6	7.6	7.0	7.5

Table 20: Summary of Other Impacts

Percentage of owners who did NOT receive all the benefits they hoped for	96%
Percentage of owners who believe it was worth their investment to become an ADDO	96%
Percentage of owners who had to go into debt to finance the improvements made to their shop	78%
Percentage of owners who have been able to pay off this debt	70%
Average amount of time it will take indebted owners to pay off their debts	1.7 years

The benefits that business owners hoped to receive but did not receive were as follows:

- Permission to sell all types of medicine (13), especially Part I (4)
- A loan (3)
- A loan without interest (8), or with softer terms (2)
- Medicine to be supplied at lower prices (2) or free (1)
- To be refunded the money spent on renovations (2)
- Unity among shop owners
- To be able to buy supplies on credit
- Dispensers would continue to receive training
- Guidelines on how to create a SACCO
- To be among the suppliers of drugs to customers who are members of “Bima Ya Afya”
- To be able to obtain drugs to supply other ADDOs
- To be supplied with drugs by the project
- To sell medicines to district and regional hospitals
- Owners to receive more training on how to manage the DLDM

4.0 ON SITE OBSERVATION

On-site observation was conducted at the premises of all 23 ADDOs participating in the follow up survey. Annex III provides a summary of the observations collected at each site. The more common changes observed between the time of the baseline assessment and the follow up assessment were:

- Many shops now clearly post their operating hours whereas previously they did not.
- Operating hours have been extended to be more convenient for customers.
- Many shops have better ventilation and/or better climate control.
- Licenses and certificates are clearly displayed.
- Dispensers are wearing white uniforms.
- A wider range of approved drugs is being sold.
- A larger number of recognizable brands are being sold.
- Signage is much more common and more attractive.
- Several businesses have created a place for customers to sit while waiting to be served.

It should be noted that the baseline assessment was conducted at a time when many business owners had already completed or had made significant progress towards completing the renovations required for ADDO accreditation. Had the baseline survey been conducted at the very beginning of the project’s involvement with the businesses in question, more substantial differences in site observations would have likely been noted.