



## Can Support for Small Business Owners Improve the Quality of Pharmaceutical Services? Summary of April 2004 Research Findings from the ADDO Project in Tanzania

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Together with Management Sciences for Health (MSH) and the SUMMA Foundation, MEDA has been helping to implement SEAM's Accredited Drug Dispensing Outlet (ADDO) project in Tanzania, which began in July 2003 and will end in June 2005. MEDA's role consisted of 1) providing business training for ADDO owners, 2) managing a micro loan program, and 3) providing regular technical assistance as part of monthly monitoring visits to the ADDO shops.

In an effort to gauge the impact of its support to ADDO businesses, MEDA proposed a simple business assessment that compared the performance of *duka la dawa muhimu* (DLDM, or "essential drug shops") before and after they were accredited as ADDOs. This survey was not part of the original project design, but was proposed to test whether this component of the project should be included in any rollout of the pilot. The relatively small sample size was not ideal (23 businesses, or 17%, of the total number of ADDOs participated), but it included old and new businesses in both urban and rural areas of Mbinga District.

Survey results indicated not only that the project was having an important impact on the viability of participating businesses, but also that the training and technical assistance components were highly valued by business owners. Relevant observations included the following:

- The number of businesses keeping monthly financial records increased from 48% to 96%.
- All businesses were able to gauge profitability, and the majority were earning a profit every month. Forty-three percent of respondents reported an increase in profits during the first eight months of their participation in the project.
- Business owners were increasingly able to purchase supplies within the Ruvuma Region and, in general, were diversifying their purchasing sources.
- Most DLDM owners were able to access financial services from local service providers. Improved business performance and increased access to credit is decreasing ADDO owners' dependence on family, friends, and savings.
- DLDM owners ranked the business training they had received as the sixth most important benefit of participating in the ADDO project.
- All but one business owner believed that it was worth the investment to have his shop become an ADDO. This positive response was recorded in spite of the fact that 78% of all ADDO owners went into debt to finance their accreditation investments.



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This last observation was particularly important given initial project concerns that the investment required by the private drug shops to deliver higher quality pharmaceutical services might be too great for businesses to support. The research suggests that with appropriate support to business owners—including training, ongoing monitoring, and links to financial service providers—small drug shops can improve the quality of their products and services and do so in a profitable, and therefore sustainable, manner.