Medical Stores Department Public-Private Partnership Assessment

Project Sponsors:

The Coca-Cola Company,
The Global Fund

Project compiled by:

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Abstract

This report follows on a four week assessment conducted in Tanzania that focused on identifying supply chain opportunities in the Medical Stores Department (MSD) and highlighting potential public-private partnership initiatives. The report follows-up on the AED Coca-Cola Micro Distribution assessment and Harvard Kennedy School and the International Finance Corporation (Harvard/IFC report) case study. The recommendations in this report are based on interviews and discussions with key directors and managers at MSD, including facility and market visits. Furthermore, the report includes recommendations based on interviews with Population Services International (PSI) and the Accredited Drug Dispensing Outlets (ADDO) project. It is important to note that the assessment and report focus on opportunities for potential public-private partnership, and does not include a detailed assessment of the whole supply chain.
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Executive Summary

The Public-Private Partnership Assessment highlights a number of key issues in the Medical Stores Department (MSD) pipeline (or supply chain) and focuses on the opportunities and challenges therein. The public-private partnership focuses on the business community at large and how multinational firms can support public-sector development through leveraging core business models.

MSD is currently facing significant challenges in reaching its customer base. Poor performance is particularly focused around the systems and distribution to Service Delivery Points (SDPs). The Coca-Cola Systems (TCCS) has relevant skills and knowledge in reaching customers particularly relating to “last-mile logistics” where identifying and implementing successful distribution models is an important component of success. The Coca-Cola Company (TCCC) is supported by their franchise partners including the following three bottlers: Coca-Cola Sabco’s (CCS) Tanzania-based Coca-Cola/Kwanza (CC/Kwanza), Bonite Bottling Limited (BBL) and Nyanza Bottling Company. This report outlines how the skills and knowledge of TCCS can be leveraged by MSD, Population Services International (PSI), and the Accredited Drug Dispensing Outlets (ADDO) project.

It is important to note that the TCCS supply chain is significantly different from the MSD system. TCCS does not have the required expertise to manage, store or distribute medical supplies. MSD’s pipeline has more complexity (e.g. more stock keeping units) and requires an onsite Management Information System (MIS) to support the system. Therefore, TCCS will unlikely be a good partner for additional warehouse space and delivery services. However, there are a number of areas where TCCS can play an important role in assisting MSD with their pipeline challenges.

Summary of challenges and opportunities identified in the MSD system:

<table>
<thead>
<tr>
<th>Order generation process</th>
<th>• Balance the order cycle and redesign system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduling &amp; Routing</td>
<td>• Develop and implement new system including routing design and mapping</td>
</tr>
<tr>
<td>Fleet</td>
<td>• Reassess the fleet requirement and configuration and determine the potential for Third Party Logistics (3PL)</td>
</tr>
<tr>
<td>ILS Training DMO</td>
<td>• Train health workers with a focus on order generation and inventory management</td>
</tr>
<tr>
<td>Receiving and Dispatching Bay</td>
<td>• Construct proper bays and enlarge the area</td>
</tr>
<tr>
<td>Warehouse Space</td>
<td>• Redesign the layout and evaluate space requirement</td>
</tr>
<tr>
<td>Inventory Policy</td>
<td>• Poor visibility at DMO &amp; health facility level. Inventory Policy Develop and roll-out a new inventory control system</td>
</tr>
<tr>
<td>Warehouse equipment</td>
<td>• Identify and procure the right operation equipment</td>
</tr>
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<td>---------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Key Performance Indicators</td>
<td>• Reassess KPIs driving the business and implement a new system</td>
</tr>
<tr>
<td>Management Information System (MIS)</td>
<td>• Select and implement a new system</td>
</tr>
<tr>
<td>Stock returns and expired products policy</td>
<td>• Reevaluate the expired policy processes and systems</td>
</tr>
<tr>
<td>Picking</td>
<td>• Develop and implement a new picking policy</td>
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</tbody>
</table>

Areas where the TCCS and other private sector partners could potentially assist MSD:

*Routing project and workshop* – Assist MSD in reaching the required DSP, including detailed route design with maps and DSP information.

*Scheduling project and workshop* – Provide detailed knowledge focused on route scheduling, especially at zone and district level.

*Fleet Requirements & Management* – Advise on fleet requirements and management system (e.g. asset management).

*Customer Service Systems (CSS) Workshop* – Develop customer service systems, e.g. tracking delivery services.

*Key Performance Indicators (KPIs)* – Assist in developing and tracking of KPIs.

*Warehouse equipment* – Assist in identifying and procuring the right operation equipment.

*Information Technology (project)* – Assist in Management Information System (MIS) system. The current “SMS for Life” system being tested holds potential and will increase visibility and improve ordering at zone and DSP level.

*Warehouse layout* – Assist with the design and implementation of a new warehouse layout.

*Build/Upgrade Dispensaries (Funding)* - At district level there is a need to expand the footprint of dispensaries and to upgrade facilities.
1.1 MSD Overview

MSD was created by an act of Tanzania’s Parliament in 1993 with the express objective of furnishing to the nation good quality drugs and medical equipment at accessible prices. MSD is an autonomous department of the Ministry of Health and operates on a commercial basis.

MSD has zonal stores in the following regions:

TABORA: Kigoma and Tabora regions
MWANZA: Kagera, Mwanza, Shinyanga and Mara regions
MBEYA: Mbeya and Rukwa regions
IRINGA: Iringa and Ruvuma regions
MTWARA: Mtwara and Lindi regions
TANGA: Tanga region
MOSHI: Moshi, Arusha and Manyara regions
DODOMA: Singida and Dodoma region
DAR STORE: Dar es Salaam, Morogoro and Coastal regions

Map 1: Zones & Stores

The Dar es Salaam Central Medical Store serves as a supplier of all 9 zones
Diagram 1: MSD Integrated Logistics System
1.2 Assessment process

The primary focus of interviews and discussion groups were to assess:

1. Pipeline challenges within the MSD system
2. Potential opportunities for public-private partnerships

On February 23, 2010, a TCCC team that included Adrian Ristow (TCCC consultant) and Tielman Nieuwoudt (an independent consultant working with TCCC) met with John Patrick Ochero, who represents the Global Fund team in Tanzania. The TCCC team had an introductory meeting with Josef P. Mgaya, MSD's General Director. Tielman Nieuwoudt then spent four weeks interviewing key stakeholders and collecting information from the market visits. The table below is a comprehensive list of the meetings and interviews held during the four week assessment.

Table 1: Meetings, interviews and market visits:

| Global Fund                          | • Introductory meeting with John Ochero and Dr. Hiltruda Temba – Global Fund Coordinator |
| MSD Central                         | • Introductory meeting with Joseph P. Mgaya - Director General  
|                                   | • Meetings and interviews with key MSD Directors and Managers:  
|                                   |   Sylvester Matantiko – MSD Director of Logistics  
|                                   |   Lucy Y.D. Nderimo - Director of Pharmaceutical & Technical Services  
|                                   |   Cosmas Mwaifwani – MSD Director of Customer Service & Sales  
|                                   |   Gabriel Mkwawe – MSD Logistics Manager  
|                                   |   Lameck N. Kipilyango – MSD Inventory Analyst  
|                                   | • Reviewed key logistics processes, infrastructure & issues affecting the business  
|                                   | • Visited two warehouse facilities in Dar es Salaam and had discussions with the Warehouse Manager & key staff |
| MSD Tanga Zone                      | • Meeting with William Shija (Area Manager) and Celestine Haule (Tanga Pilot Team Leader) |
| Tanga District Medical Officer      | • Visited the Tanga District Medical Officer (DMO) – Dr. Lucas Maganga. Visited primary health care facilities including three (3) dispensaries and one (1) health centre |
| PSI - Tanzania                      | • Meeting with Jane Miller & Daniel Crapper – PSI Country Manager & Executive Director  
|                                   | • Discussed the current PSI & Coca-Cola Kwanza distribution initiative (MDC focus)  
|                                   | • Meeting with John Mosha – PSI Operations Director followed by market visit to Menge market to review PSI's distribution and conduct interviews with two (2) MDC owners |
The Coca-Cola System

- Meetings with Felix Ofulue (TCCC Tanzania Country Manager), Matshela Seshibe (Coca-Cola Kwanza Country Manager) & Jovith Muhandiki (Coca-Cola Kwanza PAC Manager)

ADDO Project

- Meeting with Elizabeth Shekalaghe, ADDO Project Manager

1.2.1 Overview Tanga Zonal Project

The Tanga zonal area was selected by MSD as a test model for direct coverage to DSPs. Prior to the project, Tanga zone followed the countrywide MSD policy and delivered products only up to DMO level. The DMO office was responsible for delivery to the health facilities.

Tanga zone is unique as the zonal office covers only one region, namely Tanga. It is notably smaller than other regions such as the Mwanza zonal office that covers a much larger geographical area and a much larger DSP base. The project was in its first month out of a total duration of three months at the time of the market visit. The market visit to Tanga also included a visit to the Tanga City DMO.

The assessment focused on the following key components of the MSD operation:

- Source (overview only)
- Storage
- Ordering
- Delivery
- Return

Interview questions focused on the following:

**Sourcing and procurement:**

- How do you identify suppliers?
- How do you collect supplier information?
- Please explain the tender and selection process? Who is responsible?
- How do you assess supplier performance? Who is responsible?
- How do you schedule product deliveries from the suppliers?
- Who is responsible for scheduling deliveries?
- Who receives the product?
- Where are received products stored?
- Who checks quality when receiving the product?
- How do you manage your supplier relationships?
- Who is responsible?
- How do you manage supplier risk, e.g. late deliveries, unable to supply?
- What are the main problems you experience with suppliers and procurement in general?
Ordering, Storage and Delivery

- How did you design the warehouse layout?
- Please explain the inventory management process.
- Please explain how you obtain the order
- Who receives, enters, and validates the order?
- Explain how you reserve inventory and determine the delivery date.
- How do you consolidate orders and build the loads?
- Please explain the shipment process.
- How do you select vehicles for shipment?
- Explain the product picking and packing.
- Explain the loading process.
- Who receives the product and checks quality?
- What happens after the product has been received?
- How do you know the order has been received?
- How do you assess delivery performance?
- How do you manage delivery information?
- How do you manage your assets and track utilization?
- Explain the network design?
- How do you manage supply chain delivery risk?

Return

- Please explain the return process.
- How do you manage return inventory?
- How do you manage return regulatory requirements and compliance?

1.3 Supply Chain Results

1.3.1 Sourcing and procurement (Overview)

The procurement department follows a standardized process that includes, advertising, followed by the Evaluation Committee, approval by the Tender Board and the drafting of contracts. Currently, 80 percent of all products are sourced from abroad and twenty percent locally. According to the procurement director, common problems associated with local suppliers include challenges with importing raw materials, delivery and quantity issues.

Scheduling of deliveries to the facility are handled by the Procurement Department and received by the Logistics Department. It is currently unclear how supplier performance, including late delivery, is evaluated and tracked over a specific time period.
1.3.2 Ordering

MSD has implemented a pull system and makes use of a fixed review period. The order generation process has many layers and the system makes use of a twelve week cycle. Each facility orders four times a year and each zone is divided into three parts namely group A, B and C.

Table 2: Example of Tanga zonal cycle:

<table>
<thead>
<tr>
<th>Group</th>
<th>Dispensaries</th>
<th>Health Centers</th>
<th>Total DSPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>113</td>
<td>12</td>
<td>125</td>
</tr>
<tr>
<td>B</td>
<td>78</td>
<td>4</td>
<td>84</td>
</tr>
<tr>
<td>C</td>
<td>22</td>
<td>2</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>213</td>
<td>18</td>
<td>233</td>
</tr>
</tbody>
</table>

As the Tanga zonal cycle demonstrates, there is a clear opportunity to balance the ordering cycle and to redesign the current ordering cycle and system.
Diagram 3: Ordering process – Health facility to DMO

It is the responsibility of the health worker at the health facility to determine the required stock and to place the order. In a pull system, the personnel who receive the supplies determine the quantities to be issued. The health worker completes the R&R form by making use of the ledgers. In the Tanga zone visited, only nine out of twenty health workers have been trained in the Integrated Logistics System (ILS). The ILS training is core to understanding the record keeping and ordering process. Common ordering problems highlighted at the primary health facilities are:

- Late submission of R&R forms
- R&R forms not completed correctly
- Errors in ledgers data
- Time delays in the manual process
- High turnover of staff
- Delays at receiving the order
- Poor visibility due to manual process
- Low level of education of health workers

1.3.3 Warehouse

Warehouse design, space & layout: MSD Central is making use of three warehouse facilities, including one warehouse and cold store at Central, and two warehouse facilities at Ubongo. The warehouse layout is structured according to programs and the layout is not linked to any standard layout system. Stock is currently stored “where there is available space” according to one warehouse officer at the main Ubongo warehouse. The Ubongo main warehouse facility is presently using the same bay area (door) for receiving and dispatching goods. This creates bottlenecks as there is limited space available to receive and dispatch goods. There are plans under way to construct a proper dispatching bay and to enlarge the area. Both MSD central and the Ubongo mentioned a lack of space as a major concern. These issues were also noted at Tanga zonal facility and at the DMO level. It is unclear if a central-level warehouse is required and more analysis is needed. Shipping directly to zonal stores will reduce lead time and reduce required warehouse space. It is important to note that there is a clear opportunity to redesign the layout. Other visible opportunities to improve include ventilation (notably Central) and addressing poor space practices between pallets not stored on racks (mainly Ubongo). Additionally, the correct use of pallet storage racks and the use of specialized equipment (e.g. narrow aisle forklifts) can increase warehouse space and improve efficiency in the warehouse.
Picture 1: Ubongo, limited space for receiving and dispatching

Picture 2: Central warehouse - poor warehouse layout
Inventory Management: MSD is currently in the process of developing a new inventory policy, taking into consideration stock and recommended ordering levels. At zone level (Tanga), operators were unclear about any current zonal warehouse inventory policy. Common problems noted at DMO level included poor stock rotation (e.g. First Expired First Out) and poor storage practices (e.g. different stock keeping units stored in the same box). MSD has implemented a Management Information System (MIS) and it is available at all warehouses and zonal facilities. The system is currently under review and a number of challenges were highlighted during the interviews, including system downtime and missing critical models, e.g. warehouse module.
**Warehouse Equipment:** Warehouse equipment includes forklifts, pallet jacks, box wrappers and racks. Pallet racks are used in the central and zonal levels and there is a visible shortage of pallet racks. At the Ubongo warehouse, operators also complained about warehouse equipment, notably pallet tracks. Only two out of twelve pallet jacks were “in working condition” according to the warehouse officer. In general, identifying and procuring the right operation equipment have been identified by the General Director as an opportunity that requires further attention.

![Pallet jack – in Ubongo, 2 out 12 in working condition](image)

**Picture 5:** Pallet jack – in Ubongo, 2 out 12 in working condition

**Stock returns and expired stock:** There is a clear policy for dealing with expired products that includes communication to the program manager, followed by the Board of Surveyors and a report to the Minister of Finance. The reverse logistics process has been highlighted as a “long and drawn out” process. The Tanga Area Manager mentioned that they are “unwilling to take back expired products as it is a complicated process that takes up warehouse space”. The Ubungo warehouse facility has created a designated area for expired stock as per the company policy. According to the Ubungo Warehouse officer, “some of the expired stocks have been here since 2002”.

![Ubongo – expired products take up space](image)

**Picture 6:** Ubongo – expired products take up space
1.3.4 Delivery and Transportation

Diagram 4: Delivery Process

Picking & Delivery Process: Delays in the approval of submissions have been identified as a common problem at zone level. Furthermore, picking only starts once all orders from the group (e.g. group A) have been received. This creates unnecessary bottlenecks in the process and penalizes all orders in the group. The DMO noted that prior to the pilot project their office collected all stock from the zonal office. However, it is important to note, that according to MSD policy, all deliveries must be made to the DMO office. Currently all regional and district hospitals collect directly from the zonal warehouses.

Delivery Key Performance Indicators: The operation does not track perfect order (e.g. the right order received on the scheduled time) and it is unclear how delivery success can be accurately measured.

Scheduling & Routing: At central level vehicle scheduling is done on Excel and tracked accordingly by the Logistics Manager. At zone level there is no evidence of any scheduling of vehicles. Furthermore, there is no evidence of any routing design and mapping at zone level and DMO level. The lack of skills with regards to scheduling and routing is evident at all levels of the operation.

Fleet Management: The current age of the vehicle fleet in Dar Es Salaam Central ranges from ten to twenty years. This leads to increased breakdowns and maintenance cost. It is currently unclear if spare parts fall under the prequalification system, which was developed to overcome delays with the Public Procurement Act.
<table>
<thead>
<tr>
<th>Fleet #</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>3.5 ton</td>
</tr>
<tr>
<td>5</td>
<td>10.0 ton</td>
</tr>
<tr>
<td>6</td>
<td>20.0 ton</td>
</tr>
<tr>
<td>5</td>
<td>30.0 ton</td>
</tr>
<tr>
<td>21</td>
<td>NA</td>
</tr>
</tbody>
</table>

**Table 3: Dar es Salaam Vehicles**

Forty percent of all delivery vehicles are rented at central level and there are standing contracts in place. However, there is no policy that allows for rental vehicles at zonal level. According to the Tanga Area manager, “If vehicles are not available we rely on the DMO to collect stock”. Making use of 3rd party logistics companies needs to be assessed at all levels.

*Fleet Configuration:* There is a clear opportunity to reassess the required fleet configuration. For example, the Tanga Zonal Project is using two three ton vehicles for all distribution needs. The Tanga city DMO visited has one Landcruiser Hardbody available for delivery. The current fleet configuration at zone level is designed for larger delivery drops and is not taking into consideration delivery to DSPs as per the newly proposed test model. Certain areas such as Tanga town could be serviced more cost effectively with alternative transport means, e.g. motorbikes.

**Diagram 5: Tanga Test project DSPs**
1.4 Recommendations – Medical Stores Department

On March 24 & 25, 2010, the TCCS team included Felix Ofulue (Country Manager Tanzania), Euan Wilmshurst (International Overment Relations), Ian Hirschfeld (Corporate Brand and Public Policy), Norah Odwesso (Public Affairs & Communication), Adrian Ristow (TCCC consultant), Jovith Muhandiki (CC/Kwanza Public Affairs & Communication) and Tielman Nieuwoudt (an independent consultant working with TCCC) met with Global Fund and MSD representatives, Mam Issa Mboob (Global Fund Senior Private Sector Officer), John Patrick Ochero (Global Fund Tanzania representative), Josef P. Mgaya (MSD General Director), Cosmas Mwaifwani (MSD Director of Customer Service & Sales) and Gabriel Mkwawe (MSD Logistics Manager).

The following were identified as opportunities for action:

1.4.1 High/ Medium Opportunities

**Routing project and workshop**: MSD is currently in the process of rolling out the test project for direct distribution to DSPs in Tanga. However, the test project has some major shortcomings. The project team requires detailed route design, including maps and delivery service point (DSP) information. TCCS can make a major contribution in assisting MSD in developing and implementing a clear supply chain strategy servicing DSPs, particularly the “last mile of logistics”.

**Scheduling project and workshop**: MSD lacks core skills in route scheduling, especially at zone and district level. Scheduling is the process of deciding how to commit the transport fleet between a variety of possible delivery points, taking into consideration loads and lead times. The private sector could assist through scheduling workshops or assisting with project implementation.

**Customer Service Systems (CSS) Workshops/Market Intelligence**: MSD currently lacks systems to track and monitor customer needs and service requirements. TCCS has capability in CSS, including time motion studies to determine activity (e.g. delivery) times. CSS is an important program supporting route development.

**Fleet Requirements & Management**: MSD needs to reassess their optimal fleet requirements (e.g. motorbikes) especially at zone and district level, especially taking into consideration direct delivery to DSPs (as per the Tanga project) and making use of third party logistics. The private sector could advise MSD on fleet requirements and management systems (e.g. asset management). Furthermore, TCCS has fleet management knowledge and makes use of reputable software providers.

**Key Performance Indicators (KPIs)**: MSD lack the required KPIs to monitor their operations activities. The private sector could assist in the development of KPIs and tracking systems.

**Network design**: Opportunities linked to the redesign the warehouse network infrastructure.
1.4.2 Other Potential Opportunities

**Build/Upgrade Dispensaries (Funding):** At the district level there is a need to expand the footprint of dispensaries and to upgrade facilities. Nyanza Bottling Company (Mwanza region), in particular, has an ongoing project funding hospital development projects.

**Information Technology (Project):** MSD lacks supply chain (or pipeline) visibility. The current MIS is available only up to zone level. Furthermore, The MIS has major limitations and there are numerous complaints about the system. The current “SMS for Life” system being tested holds potential and will increase visibility and improve ordering at zone and DSP level.

**Inventory Workshop:** There is a need for an inventory management course (course material available), especially at district level. However, it is important to note that TCCS lacks the required skills to conduct a medical logistics workshop.

**Warehouse layout design & space:** MSD requires additional warehouse space at all levels of the supply chain, especially at district level. The warehouse layout needs to be redesigned and assistance from the private sector should be considered. However, due to the complexity of MSD’s inventory management, it is unclear how TCCS can assist in this area. It is important to note that a further assessment is required.

**Warehouse equipment:** MSD needs assistance in identifying and procuring the right operation equipment. However, it is important to note that TCCC might lack the required skills in medical logistics.

The consultant had an opportunity to meet with PSI officials. PSI is running a test model to trial the distribution of condoms through the Manual Distribution System (MDC) in Dar es Salaam. The MDC is a distribution model used to distribute products in urban and peri-urban areas. The MDC utilizes small businesses that deliver Coca-Cola products manually to local, small-scale retailers. In this trial, PSI approached over 100 MDCs operating in the Dar region to distribute their condoms to selected channels, namely Hotels/Nightclubs/Bars/Restaurants/ (HNBR). PSI is currently in the process of evaluating the model and a detailed report was not yet available.

2.1 Market visit

The PSI visit also included a market visit to two MDC territories in Menge (Dar Es Salaam), including one MDC and one PSI condom distributor. Unfortunately, the PSI distributor is no longer a Coca-Cola Kwanza MDC.

2.2 Findings

Customer insights: It is current unclear if the MDCs are a good distribution partner for the HNBR channel. In many emerging market economies (especially larger cities), HNBRs are serviced partly by wholesalers or smaller distributor and direct distribution. Traditionally, MDCs offer good coverage to Dukas (small shops). Currently 95% of Coca-Cola Kwanza’s (The Dar es Salaam bottler) distribution is indirect, through MDCs or informal distributors. It is possible that the HNBR channel is better serviced through informal distributors, than trade in a number of beverage categories, e.g. soft drinks, beer, or water. The HNBR channel is also less price sensitive (because of larger margins) and convenience is a big factor. However, a further assessment is required. Potential questions could include:

- Suppliers – where do they buy?
- Number of suppliers – are they buying from more than one wholesaler or distributor?
- Reasons – reasons for supporting supplier?
- Frequency – how often do they buy?
- Credit terms – what are the credit terms?
- Relationship – what is their relationship with the supplier?

Opening new outlets: There is an opportunity to assist MDCs in activating new outlets. MDCs normally lack skills to open new outlets. They are more focused on providing warehouse space and delivery. In some countries, the bottler even takes care of the selling task. In most cases the bottler spends significant time identifying, mapping and creating routes for the MDCs. PSI’s sales activation is more complex that selling soft drinks and MDCs would require support in the outlet activation process. It is also important to inform all outlets of any new distributor (e.g. MDC in the area) in their territory.
Sales cycle: PSI’s sales cycle for condoms is much longer (2-4 weeks according to my visit) than Coca-Cola’s sales cycle (1-3 days). MDCs will likely complain that the turnover is too low and taking up valuable warehouse space.

Profit margin: PSI’s profit margins are more aggressive (double digit) than Coca-Cola’s margins in MDCs (4.5%).

2.3 PSI – Potential areas for collaboration

Sharing of market research: TCCS conduct regular market research including Every Dealer Surveys (EDS) and Customer Insights (CI) to gain a clear understanding of the market opportunities. TCCS could potentially share such data to assist PSI in developing their Route-to-Market strategy.

Routing and Account development: TCCS can make a major contribution in assisting PSI in developing and implementing a clear Route-to-Market strategy focusing on HNBR.

Territory: Currently PSI only has an agreement with Coca-Cola Kwanza. PSI could consider approaching Bonite Bottlers (Moshi) and Nyanza Bottling Company (Mwanza) as potential partners. In big cities such as Dar es Salaam, the distribution model is very fragmented. The model could potentially have better success in smaller towns.
3. ADDO Project

ADDOs (Accredited Drug Dispensing Outlets) commenced with the assistance of a public-private partnership that was developed between the Tanzania Ministry of Health and the Tanzania Food and Drug Authority (TFDA), USAID, and private sector entrepreneurs. The system also received a major injection of cash from the Bill and Melinda Gates Foundation through its “Strategies for Enhancing Access to Medicines” (SEAM) program. The project focused on Part II drug shops, popularly known as Duka la dawa baridi (DLDBs). It is estimated that about 35% - 40% of the population use DLDBs to access medication.

The Ministry of Health and Social Welfare (MOHSW), in collaboration with MSH in 2001 and also countrywide inspections of medicine outlets by TFDA, Regional Authorities and Local Governments found the following problems:

- Uneven distribution of DLDBs
- Poor dispensing practice and indiscriminate sale of drugs, especially antibiotics
- Inadequate and/or poor storage conditions for medicines
- Dispensers having fragmented knowledge, lacking skills in good dispensing practice
- Sale of sub-standard, unregistered or expired medicines

The program has the following objectives:

- Improve the quality of medicines that people buy from drug sellers.
- Increase the availability of essential medicines throughout the country.
- Improve the quality of dispensing services from both technical and consumer perspectives.
- Make essential medicines and pharmaceutical services available affordable to people in the rural and semi-urban areas.

3.1 ADDO – Potential areas for collaboration

**Demand for Training:** There is significant demand for training throughout the ADDO system. ADDO currently run a number of training sessions focused on the creation of a skilled pool of trainers, dispensers, and inspectors. ADDO owners are usually small entrepreneurs with medical backgrounds and little management training. Business skills are also an important component of the program and TCCC could potentially assist in this area focusing on management capacities and systems for inventory tracking, training, oversight and compliance. TCCC currently has a number of ongoing business skills programs across the continent.

**Regional Warehouses:** TFDA is organizing a series of several regional wholesale ADDO and restricted suppliers in an effort to gain better control of supply networks, inventory, and
distribution systems. TCCS could potentially assist in the development and roll-out of the warehouses.