



LivingGoods

*Empowering micro-entrepreneurs to deliver
life-changing products to the doorsteps of the poor.*

2016 Q1 STAKEHOLDER REPORT



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The 2016 Skoll Award for Social Entrepreneurship awardees in
Oxford, UK. Photo: Skoll Foundation

Living Goods' Second Decade

Living Goods turns 10 years old this month! We have much to celebrate. Living Goods stands on its strongest footing since our founding. We have clear evidence our model saves lives. In 2015, we nearly tripled the number of people we serve, while exceeding most key impact targets. We are rapidly growing to serve five million people – a population greater than that of Ireland—by the end of this year. Our global team grew 40 percent last year, and is stronger on all levels than ever before.

As we enter into the next phase of Living Goods' journey, we are excited to welcome back Shaun Church, our former COO, as Living Goods' new President. Shaun brings exemplary credentials to his role as President. After a successful career in finance, Shaun volunteered in leadership roles at a range of non-profits, from San Francisco to South Africa. Notably, he led an aggressive expansion effort at mothers2mothers helping them expand into six new countries. Shaun served as Living Goods' founding Kenya Country Director, then as COO, from 2013-2014. In those roles he substantially strengthened our Africa operations and hired most of our Africa based senior management.

Founder Chuck Slaughter remains deeply committed to Living Goods. Chuck will remain on the Board and chair the board's new Advocacy Committee. In this capacity he will work closely with Shaun and the team to advocate for Living Goods' long-term vision and strengthen connections with key decision makers in foreign aid, local government, global NGOs, foundations, and the media.



Chuck and Shaun celebrate in Kenya.

Skoll Award: A Big Win for Community Health

We are very pleased to announce that Chuck Slaughter and Living Goods received a 2016 Skoll Award for Social Entrepreneurship. In the words of the Foundation, "The Skoll Awards distinguish transformative leaders whose organizations are disrupting the status quo, driving large-scale equilibrium change, and are poised to create even greater impact on the world." Living Goods received the award alongside four remarkable organizations including Namati, Videre, Breakthrough, and Equal Justice Initiative. Past awardees include Kiva, Room to Read, One Acre Fund, and Partners in Health. We are honored and humbled to be part of the Skoll community, and look forward to learning with and from the other awardees. Most importantly, we want to make the award count. We hope to use the visibility and credibility of the award to raise the profile of community health workers to ensure that every child, no matter where they are born, has access to basic healthcare. Skoll produced a beautiful [short-film](#) on Living

Goods' work. You can watch [Chuck's acceptance speech](#) at the Skoll Awards Ceremony, read the [press release](#), and see other media hits [here](#).

It should go without saying that the credit for Living Goods' impact to date, and the honor of the Skoll Award, is only possible because of our funders, team, and many partners including BRAC, Care, and PSI, and of most importantly our Community Health Promoters (CHPs), who do the hard work of making a difference every day in the lives of their neighbors.

As we enter Living Goods' next decade, all of us at Living Goods are deeply grateful for Chuck's tremendous leadership, vision and fierce commitment. Chuck has made a profound and lasting impact on every member of the Living Goods team, our CHPs, our clients, and the field of community health. We have a lot of work to do, and we are more inspired and energized than ever. We will honor Chuck's spirit and commitment by emulating his example and capitalizing on the great opportunities before us to transform community health for millions of people.

Uganda



CHP Ahebwa visits a family near Nsangi, Uganda. Photo: Gabriel Diamond/Skoll Foundation

Living Goods, along with the rest of the country, was on tenterhooks for much of Q1 due to Uganda's national election. After a controversial election, Museveni was declared a winner, extending his 30-year presidency. The lead up and immediate aftermath of the election was tense and affected all field activities. See more under 'Challenges' on page 9. The year kicked off in full steam in March.

Living Goods Uganda's active CHPs dropped slightly to 931 in Q1, 16 percent below target. This was due to natural attrition that is typical early in the year, distraction around the election, as well as the fact that

a number of CHPs ran for elected office at the local council and district level. This led to a decline in CHP activity but is also a great story of empowerment—women become CHPs, earn trust and respect from their community, and then have the drive, confidence, and connections to run for political office. 59 CHPs from four branches ran for office; 15 were elected to local councilor or women councilor roles. More than 30 CHPs now hold elected office.

In 2016, Living Goods began tracking sick child assessments as its primary health metric for measuring CHP activity and performance. By focusing on assessments, as opposed to treatments, we ensure that CHPs focus their time on evaluating and diagnosing sick children regardless of the treatment or referral outcome. Focusing on the right target – assessing sick children – helps the team effectively manage and

monitor field activity and removes any unintended pressures on reaching specific treatment targets. Monthly under-5 assessments per CHP averaged 15 against the target of 18. However, performance increased month-to-month, from 13 in January to 17.5 by March. Importantly, total under-1 assessments came in right on target at 4. The team is focusing on under-1s this year because more than 50 percent under-5 deaths occur in the first year of life. Living Goods Uganda CHPs supported close to 27,000 pregnancies in Q1, 220 percent growth over Q1 2015.

Sales were 40 percent below target at approximately USD 30 per CHP per month versus the target of US\$ 50. Final margin came in at 24 percent, ahead of target of 20 percent, driven by a product mix which included Living Goods branded fortified porridges, Healthy Start Soya and Healthy Start Millet, and the Living Goods Mama Kit, which all have slightly higher margins.

We are on track to expand from 10 to 16 branches and support more than 1,630 CHPs by year-end. In Q1, the expansion team completed detailed district and village mapping and finalized the expansion plan for 2016. We signed MOUs with three new districts governments—Mityana, Iganga, and Mbale—and built out all three branches, which are scheduled to open in Q2. 10 out of 11 branch managers graduated for the fourth and largest Branch Manager Training Program and joined the team in March. Another 12 new trainees started the program at the beginning of Q2.

During Q1, the team refined our training and recruitment procedures. We updated and sharpened our nutrition training, health education materials, and mobile apps with support from Hesperian Foundation. The new materials include messaging on key maternal nutrition and young child feeding practices. Additionally, branch managers, instead of trainers, now own and lead monthly refresher trainings at the branch. This is not only a great professional development opportunity for branch managers, but it also relieves a constraint to growth, allowing Living Goods' training team to focus their time and energy on the intensive, three-week base training for new CHPs.

BRAC

BRAC also felt the effects of the national election. In Q1, the number of active CHPs held at 2,750. Performance on treatment targets at BRAC was steady, but still needs to improve. BRAC CHPs provided 12.7 treatments against a target of 17 and supported 3.1 pregnancies per month against a target of 4. Importantly, BRAC added pneumonia assessment and treatment to its offering. This is a big win and key to deepening impact as pneumonia is the top killer of children under five in Uganda. BRAC CHPs began treating pneumonia in late March, so treatment results are expected to improve in Q2 as a result.

BRAC will begin tracking and reporting assessments and referral follow-ups once they are converted onto the Living Goods' SmartHealth mobile tools. Living Goods has seen the power of mobile technology first-hand and we are excited to get real-time reporting tools into the hands of all BRAC CHPs. Living Goods, BRAC, and Medic Mobile are working together to customize the mobile health platform for BRAC. The plan is on track to pilot the tools in late Q2, and roll out starting in Q3.

BRAC CHP sales were well below target at \$19 per month. Like Living Goods, sales were impacted by the election in February and we expect performance to improve throughout the year. Living Goods led a Train-the-Trainer workshop with BRAC on business and sales. The training will be rolled out to BRAC CHPs in Q2. To boost sales and margins, BRAC introduced three new, high-impact products, including Healthy Start Millet, Afripads, and a new water filtration system called Spouts of Water. Margin is improving but still below target at 6 percent versus target of 7.

BRAC continues to grow. Starting in Q2, BRAC will grow 400 CHPs per quarter until it reaches a total of 4,000 CHPs, an increase of 46 percent on 2015 year-end. BRAC's 2016 expansion will include 47 current branches and 6 new branches. In line with the plan this year, BRAC has been busy hiring new staff. In Q1 BRAC hired six new area coordinators, a logistics manager, and 18 new program assistants. BRAC is in the final stages of bringing on two new regional trainers and a marketing manager. BRAC also made some structural changes, reorganizing into a larger number of Areas and Regions to strengthen oversight and supervision.

Second RCT

To build its evidence base, Living Goods is conducting a second large-scale evaluation to measure the model's impact at scale. In partnership with IPA, researchers from MIT J-PAL and Stockholm University, and with funding support from CIFF, we launched the second RCT evaluation in Q1 of 2016. The key question the evaluation seeks to answer is whether Living Goods and BRAC can sustain the under-five, infant and neonatal mortality reduction impacts when the program is running at scale. We will also be measuring stunting reduction. IPA began collecting baseline data in January 2016 and expects to finish in June 2016. Living Goods and BRAC are launching new RCT sites in Q2 and Q3. The survey will include 500 clusters and a total of 12,500 households. The endline will begin in mid-2018.

Kenya



A group of new CHPs in Malaba, Kenya celebrate at their graduation.

Kenya made strong strides in Q1, opening its third branch in Malaba, growing to more than 200 CHPs, and most importantly, improving results on key health targets.

Living Goods Kenya made a step function improvement on health KPIs, especially on assessments and treatments. Busia exceeded its under-5 and under-1 assessment targets in February and March. Thika branch exceeded its under-1 assessment target in March and made great progress on under-5 assessments.

Average under-5 assessments per CHP increased from 1.8 to 9. March was the highest month ever at 12.5. Under-1s also improved throughout the quarter, beating the target of 4 in March. Malaba, the newest Kenya branch, is our fastest start up so far. Malaba hit its assessment targets in April, its second full month of operations. Performance on pregnancies remains steady. CHPs supported an average of 2.2 pregnancies per month, 25 percent below target of 3, but slightly better than the results in Q4 2015.

There are still improvements needed, particularly around pregnancy support and follow-ups, but the team is learning fast. The teams' hard work, high standards, and attention to detail are paying off. A thorough assessment of operations, procedures and processes resulted in a number of small changes, which are collectively driving increased impact at the CHP level. The Kenya team also experimented with a CHP mentor program in which high performance CHPs mentor lower performing CHPs. Initial results look very promising. We will refine the process and trial the program in Thika in Q2.

Sales per CHP increased month to month, hitting \$45 per CHP in March, but ended 25 percent below target at \$33 per month. March was a tough month in the rural areas. Our clients cited needed money for school fees and the planting season. Final margin dropped slightly from 18 to 15 percent against target of 20 percent. This was driven in part by anti-malarial market fluctuations. The cost of ACTs increased last quarter, but the market price remained flat. This meant Living Goods Kenya had to sell ACTs at cost for three months. However, it also meant Living Goods CHPs were in stock when many facilities were not.

For the first time since Living Goods launched the CHP model in Kenya last year, we recruited new community health volunteers (CHVs) to be CHPs. We recruited and trained a second cohort of CHPs in sub-county in Thika where no Community Units, and thus no CHVs, exist. As such, the Thika government asked us to recruit CHPs from scratch. Importantly, the 55 new CHPs will be recognized as government CHVs. The Kenya team will be watching results closely and is eager to see how performance compares across the CHPs.

Over the course of this year we will continue to expand in Busia, with a goal to reach at least 70% coverage by the end of 2017. The Busia County Health Management Team (CHMT) is eager to see Living Goods grow and serve as its primary partner for community health. In February the team met with the Busia CHMT to review performance of the last six months. The response was overwhelmingly positive (see text box). In Q2 we will open our fourth branch in Kisii County. We have already completed recruitment, identified the branch location, and signed an MOU with the county government. We plan to enter one additional county, bringing us to four counties total, by YE.

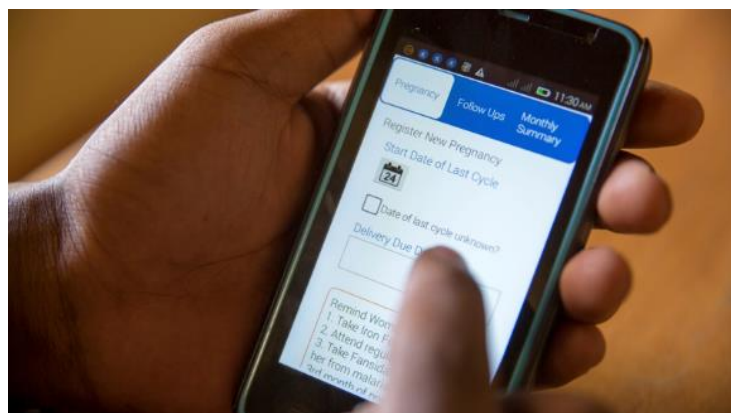
"We have never had this level of data from a partner before. You are doing what you said you would do."

***- Busia County Public Health Officer,
Ambrose Fwamba***

The Kenya team is growing. In April, Living Goods Kenya will launch its first branch manager trainee program with 13 branch manager candidates. The program is modeled after the training program we launched in Uganda last year. We also hired a new marketing manager, two new trainers, a training manager, and five new branch staff.

Mobile rollout

In 2016, Living Goods and BRAC will put enhanced Android SmartHealth tools into the hands of every CHP. The tech team spent much of Q1 finalizing the design and development of the tools and preparing for the first deployment with LG-Uganda in April. We concluded extensive field-testing, improved the app and dashboards based on feedback, set-up the back-end systems, and prepared a plan and training for the roll out. The key focus of the final design phase was on improving the speed and usability of app, building in functionality to make apps more intelligent, integrating SMS functionality, and migrating analytics. In April, Living Goods kicked off the roll out starting with our newest Iganga branch. By early Q3, we aim to fully migrate all Living Goods Uganda CHPs to the new platform. BRAC will begin testing the new app in Q2, with a roll out to begin in Q3. Living Goods Kenya will begin testing in Q3.



A CHP registers a new pregnancy on our SmartHealth tools.
Photo: Gabriel Diamond/Skoll Foundation.

Deploying the tools to partners is also a top priority for the year. Doing so will not only improve partners' impact, but it will also help keep them focused on the metrics we know drive the greatest impact. Each implementation will require customizations to the platform, training, and ongoing monitoring and support. Fortunately, we have a strong technology team and a committed partner in Medic Mobile. Together, we are committed to making the tools available to support community health workers everywhere.

Living Goods' use of data was profiled in a recent Chronicle of Philanthropy piece: [“Data to the Rescue: Smart Ways of Doing Good.”](#)

Partnerships

We are delighted to welcome two new staff on our partnerships team. Don Douglas joins Living Goods as the Vice President of Partnerships after leading a team of 1,000 staff at DKT International's Janani program. Janani runs networks of franchised family planning clinics as well as a sizable wholesale distribution business. Prior to Janani, Don spent over 10 years at PATH helping commercialize health innovations. Living Goods also welcomes Henriette Ceyrac who joins as our Partnerships Manager for Myanmar. Henriette will be moving full-time to Yangon in early Q2. She joins us from Unilever where she managed project teams developing social impact innovations in emerging markets.

Care Zambia

In Q1, CARE Zambia brought on several key hires to support the Live Well program, including Charles Kalonga as Managing Director, and two Regional Managers. All new hires have strong backgrounds in family planning and social marketing. CARE nearly doubled its agent count to more than 100 and will continue to expand aggressively in 2016. Agents in rural areas continue to outperform other geographies, but Q1 saw lower sales across the program due to “hunger season” between harvests. Diarrhea treatments and fortified porridge were among the top selling products.



New members of the partnerships team, Don Douglas and Henriette Ceyrac, with our partners at CARE Zambia.

Expanding health impact is a priority for the team and for CARE, and we continue to work towards securing permission to promote and distribute other high-impact products like antimalarials, rapid diagnostic tests, clean birth kits, and essential vitamins. Initial feedback suggests the Ministry of Health is open. Several important learning-exchanges took place in Q1. The Living Goods Uganda team hosted the CARE Zambia Country Director, Managing Director, and Barclays-GSK Partnership Director. They were thoroughly impressed and returned to Zambia energized and inspired. Ronald Musana, Living Goods’ Uganda Expansion Manager, went to Zambia to coach CARE’s field staff on best practices for agent recruitment.

PSI Myanmar

PSI and Living Goods focused efforts on learning, growth, and fundraising for the Win Win network in Myanmar. In March the team opened its second branch in Seiku Phyu township in Myanmar’s dry zone. We recruited 50 new agents, and will be recruiting another 80 agents in Q2, for a total of 160 agents. As the network grows, PSI is refining recruitment processes to ensure it meets growth targets and limits attrition.

Agents continued to deliver impressive results on treatments and sales. Agents averaged five diarrhea treatments, 53 oral contraceptive cycles, and sales of \$90 per month. Sales performance improved significantly over the course of the quarter with introduction of a new credit policy and renewed focus on field supervision. In Q2, the team will add an exciting nutrition portfolio to its product line that includes Myanmar’s first fortified rice, a micro-



A Win Win agent in Myanmar provides health education to a community group. Photo: Gabriel Diamond/Skoll Foundation.

nutrient powder, and pregnancy multi-vitamin. Looking forward, the team is focusing on removing low impact, low volume products.

PSI is pursuing new funding opportunities from USAID and DFID. Living Goods also worked with PSI to help source and secure a two-year, \$400,000 challenge grant. PSI is actively fundraising for the match portion. PSI will use the funding to invest in technology, hire staff to support faster growth, and expand the program, particularly in peri-urban areas. PSI Myanmar has expressed strong interest in Living Goods' Medic Mobile tools and we are committed to helping partners leverage the platform.

Advocacy

Awareness and interest in Living Goods' model among key global health leaders and funders continues to grow. We are working diligently to cultivate relationships with key actors in global health and capitalize on the growing interest in effective community health worker programs.

In February, Living Goods was invited to join an exclusive Wilton Park Community Health dialogue with senior leaders from USAID, Gates Foundation, Vitol Foundation, World Bank, WHO, and others. The convening, "[Unlocking the Community Health Workforce Potential, Post-Ebola](#)", brought together leading community health organizations and government officials from the Ebola-affected countries Guinea, Liberia, and Sierra Leone. The discussion focused on best practices, particularly around political leadership, sustainability, and technology. After the meeting, Living Goods, Medic Mobile, and Muso co-authored a [blog](#) to highlight the enormous potential best-in-class performance management could have on scaling impactful, effective community health worker systems.

"There is strong evidence of the impact [community health workers (CHWs)] can have on health outcomes for their communities. Justification for investment in CHWs has been well established, but there remain questions about how to find the resources to do this sustainably."

- Report: Unlocking the Community Health Workforce Potential, Post-Ebola

Living Goods Kenya Country Director Liz Jarman was invited to present at the UNICEF/Global Fund Integrated Community Case Management (iCCM) Regional Meeting in Nairobi with government representatives from 18 countries and senior leaders from the Global Fund, UNICEF, and major iNGOs. Lastly, our founder Chuck Slaughter and Molly Christansen, Director of Advocacy and Impact, traveled to Washington, D.C. for a series of meetings with key leaders at USAID/Washington. Of note, Living Goods visibility is growing at the Mission level as well. In early April, USAID/Uganda's Health Team spent a day in the field with Living Goods.

Challenges and Learnings

Uganda Elections. In late February, Yoweri Museveni, president of Uganda since 1986, won a contested election, marred with irregularities, violent protests, and the arrest of Museveni's principal opponent. Social media, including Facebook, Twitter, and WhatsApp were blocked the week of the election.

This prompted a range of reactions and criticisms from the international community. The U.S. and EU spoke out, raised concerns about the lack of democratic processes, and urged the opposition to contest the election results in court. Representatives of the opposition filed a legal challenge, but in late March the Uganda Supreme Court rejected the case, securing President Museveni another five-year term. Museveni is one of Africa's longest standing leaders; he has been in office since 1986. He will be sworn into his fifth term in early May.

As mentioned on page 2, the election impacted Living Goods and BRAC's operations in Q1. Our office and branches were closed for a week and field activity was generally slow in the months leading up to the election. CHPs saw fewer clients during this period, which impacted performance against targets. We did not open any new branches or hold any new training classes during the quarter.

Mobile Deployment. The new mobile tools are a substantial improvement on our current version, but we anticipate challenges as we transition to the new system. The sheer scale of the transition is a challenge itself. With more than 6,000 CHPs to be trained in groups of 30-40, our training and technology teams will be working hard to complete the hundreds of trainings needed to get all our CHPs up and running on the new system. We are working to strike a balance between quickly training CHPs, to minimize the amount of time spent using two systems, while at the same time ensuring every CHP understands the new tools. So far, results from the first groups of CHPs are positive and we are optimistic we will complete the roll-out on schedule.

Performance on Follow-ups. Improving performance on referral follow-ups is a priority for 2016. We plan to address this through additional training and recognition and rewards. First, we are ensuring CHPs understand that every referral requires a follow-up. We know that in some cases CHPs do not log follow-ups correctly. Thus, we are reinforcing the importance of using the mobile tools to complete all the necessary actions for the follow-up. Unlike treatments, which are logged as a result of an assessment, follow-ups must be logged independently. Additionally, we recently refined our recognition and reward system to include a greater emphasis on follow-ups. Branch managers now recognize the top five performers on referral follow-ups at monthly refresher trainings.

Key Performance Indicators

Living Goods Q1 2016 Key Metrics	Living Goods-Uganda			BRAC- Uganda			Living Goods-Kenya		
	Q1 2016 Target	Q1 2016 Actual	Q1 2015	Q1 2016 Target	Q1 2016 Actual	Q1 2015	Q1 2016 Target	Q1 2016 Actual	Q4 2015
Impact Metrics							<i>malaria endemic / non</i>		
Pregnancies Registered / CHP per month	4.0	10.6	10.2	4.0	3.1	2.7	3.0	2.2	2.1
Under-1 Assessments / CHP per month	4.0	4.0		4.0			4 / 3	2.6 / 2.6	1.2 / 0.2
Under-1 Treatments / CHP per month	4.0	4.5	4.2	4.0	3.5	3.4	4 / 3	2.4 / 1.3	1.3 / 0.2
Under-5 Assessments / CHP per month	18.0	15.0		18.0			18 / 12	11.8 / 9.0	10.8 / 1.8
Under-5 Treatments / CHP per month	17.0	17.5	20.1	17.0	12.7	14.7	17 / 9	11.9 / 4.3	12.1 / 1.3
Active CHPs	1,102	931	468	2,808	2,753	703	223	208	170
Total Pregnancies Registered	10,667	26,733	12,100	32,011	25,013	5,517	1,537	1,221	669
Total Under-1 Assessments	10,667	10,220		32,011			1,945	1,515	287
Total Under-1 Treatments	10,667	11,364	5,042	32,011	28,525	7,084	1,945	1,256	301
Total Under-5 Assessments	48,003	37,845		144,050			8,597	6,370	2,619
Total Under-5 Treatments	45,336	44,285	24,075	136,048	104,346	30,660	7,877	5,931	2,932
% On-Time Referral Follow-Up	90%	40%		90%			90%	26%	
% Postnatal Care Visit in first 48 hours	85%	76%	71%	85%	87%	82%	85%	46%	49%
% of 'High Impact' Items in stock	100%	100%	100%	100%	93%	84%	100%	98%	96%
Sustainability Metrics									
Wholesale Sales (USD)	\$ 132,480	\$ 97,137	\$ 57,959	\$ 421,200	\$ 157,337	\$ 48,975	\$ 16,639	\$ 20,453	\$ 14,634
Sales / CHP per month (USD)	\$ 50.00	\$ 29.78	\$ 43.12	\$ 50.00	\$ 19.01	\$ 23.25	\$ 45.00	\$ 33.28	\$ 40.66
Sales / CHP per month (local)	165,000	100,521	123,053	165,000	64,092	66,390	4,500	3,337	4,094
Initial Wholesale Margin	22.0%	25.4%	23.9%	7.0%	6.6%	4.9%	21.0%	19.2%	20.1%
Final Wholesale Margin	20.0%	23.9%	21.7%	6.0%	6.6%	4.9%	19.0%	15.0%	18.1%
Population Served	881,775	744,800	374,400	2,246,400	2,202,400	562,400	167,250	166,400	136,000
Net Cost per Capita Served (annualized)	\$ 2.56	\$ 2.51	\$ 3.68	\$ 2.05	\$ 0.62		\$ 7.82	\$ 8.47	\$ 8.72

Note: Kenya assessment and treatment targets vary depending on if a branch is in a malaria endemic region. BRAC will begin tracking assessments and referral follow-ups once it is on the SmartHealth mobile system.