



LivingGoods

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

2016 Q3 STAKEHOLDER REPORT



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Q3 Health Impact Snapshot



5,474 *Community Health Promoters*



60,658 *Pregnant Mothers Supported*



24,427 *Sick Children Under One Supported*



94,043 *Sick Children Under Five Supported*



4.4 Million *Total People Reached*

Looking Ahead: Four-Year Strategic Plan

Over the past quarter, Living Goods has been hard at work on a four-year strategic plan covering 2017-2020. Among many things, the plan outlines ways the organization can scale growth, evolve the model to be even more impactful and cost-effective, and drive breakthroughs to build lasting, systemic change. It will build on our accomplishments of the past while propelling us even faster and farther toward our vision of driving large-scale impact in community health. We've received valuable feedback on our strategy from clients, Community Health Promoters (CHPs), partners, funders, and supporters. With this feedback, and guidance from the board, we will finalize the plan by the end of the year.

Living Goods Uganda

In August, Living Goods met with Prime Minister Rugunda—an avid proponent and longtime supporter of Living Goods—to update him on our growth strategy. He remains enthusiastic about Living Goods as an impactful and cost-effective community health solution and shared feedback that is well-aligned with our four-year plan.

Living Goods continues to grow, opening new branches in Kalangala and Kayunga in



Living Goods Uganda meets with Prime Minister Rugunda

Q3 and adding 345 new CHPs. We now operate 15 branches across the county with a network of over 1,400 CHPs!

Retaining and Improving Key Health Metrics at Scale

Amid rapid growth, Living Goods Uganda continues to meet under-one and under-five assessment targets. Additionally, following a concerted effort to increase the percentage of on-time referral follow-ups, the team is up to 73 percent—exceeding the target of 65 percent, and up from 27 percent a year ago. This turnaround was supported by the rollout of the expanded mobile tools, which provide prioritized tasks and proactive reminders for CHPs, as well as targeted training and robust reporting features.

Focusing on the Continuum of Care for Moms and Babies

In Q3, Living Goods changed the way newborn visits are defined to reinforce the focus on the full continuum of care for mothers and babies. The new definition takes into account *all* pregnancies registered, regardless of where the newborn visit was logged—thus expanding the denominator of the calculation. While the methodology change resulted in a seemingly lower percentage of postnatal visits within 48 hours, it will encourage more holistic pregnancy and newborn care across the organization. To further support this focus, Living Goods Uganda is restructuring pregnancy registration and postnatal visit incentives, and scaling up quality control efforts. We anticipate that postnatal care visits will increase over the next few quarters as performance data calibrates with the updated methodology.



Living Goods CHP follows up with an expectant mother

Living Good Uganda V2 Mobile Rollout Complete!

Following months of testing, development, and training, 100 percent of Living Goods Uganda CHPs are now up and running on the expanded mobile tools! The team is receiving very positive initial feedback about usability, accessibility of data, and robust support features. The updated app, built in partnership with Medic Mobile, now enables the tracking of events organized by CHPs to educate the community about healthy behavior. In August and September, CHPs held over 1,400 of these events in Uganda—reaching an additional 50,000 people with health education.

Nutrient-rich Healthy Start Booster Launches

Healthy Start Booster launched in September, selling 3,700 units. The new fortified porridge contains milk and healthy lipids, both key nutrients to help prevent stunting. Overall sales were up slightly from Q2, but still below target. While Living Goods Uganda's sales mirror last year's seasonal patterns, overall sales are

down 15 percent in 2016. This could be attributed to the weaker Ugandan economy. However, we're optimistic that the launch of Healthy Start Booster—in addition to targeted trainings and product promotions—will help increase sales in the coming quarters.

BRAC Uganda

As of Q3, BRAC is supporting more than 3,500 active CHPs, reaching over 2.8 million Ugandans. They are on track to grow to 4,000 CHPs in Q4—representing 42 percent growth in 2016. In 2017, BRAC will pause expansion efforts to focus on quality control, improved health performance, and the rollout of the expanded mobile tools. BRAC piloted the mobile tools in Q3 and will begin rollout in Q4, aiming to have 1,000 of their CHPs on the new system by the end of the year. The mobile tools will provide a significant opportunity to support BRAC CHPs in the field, enhance performance management efforts, and drive impact.

BRAC health performance remained steady in Q3, but still below target overall. Under-one and under-five treatments were under target, due to supply-side delays and quality issues with mRDT kits. Notably, the team continues to exceed their target for postnatal care visits within the first 48 hours—a critical metric given that 50 percent of child deaths occur within the first year of life. While overall sales continue to be below target, BRAC is seeing a steady rise in the sales of fortified porridges and other revenue-generating products. With almost a third of BRAC CHPs having joined within the last quarter, performance is expected to pick up in the coming months following additional training and experience.

Mentoring for Success

Earlier this year, Living Goods Kenya launched a successful peer-to-peer mentorship that is now being modeled across the organization. First piloted in Busia and Thika, the program paired low-performing CHPs with high-performing mentors. The results were very promising: mentors were motivated by the increased recognition, and mentees' performance improved. Living Goods Kenya is running additional tests and preparing for a branch-wide roll out next year. In Q2, Living Goods Uganda leveraged insight gleaned from the success of the program in Kenya to adapt the concept at two branches: Masajja and Tula. The program matches high-performing CHPs with new CHPs. During the first three months, mentored CHPs consistently performed better across all health metrics. As seen in the figure below, Living Goods Uganda saw a 37 percent increase in under-five assessments, 20 percent increase in under-one assessments, and 38 percent increase in household registrations among mentored CHPs. Living Goods Uganda will continue to expand and test the program in Q4.

Key Metric	Mentored CHPs	Non-mentored CHPs	Change
U-5 Assessments	28/month	20/month	37%
U-1 Assessments	6.6/month	5.5/month	20%
Households Registered	146	106	38%
Sales/month	\$57	\$49	16%

Living Goods Kenya

Continued Growth and Expansion in Kenya

Living Goods Kenya continues to grow—now operating in six branches across three counties. In Q3, the team opened two new branches: one in Port Victoria, the third branch in Busia county; and another in Kenyena, the second branch in Kisii County. Living Goods Kenya has grown to 418 CHPs, a 40 percent increase from Q2! The team is gearing up for even more growth in Q4 with the expansion into one new county, opening of two new branches, and recruitment and training of over 200 new CHPs.

Increasing CHP Support to Deepen Health Impact

In Q3, Living Goods Kenya met under-one and under-five assessments across malaria-endemic branches. However, pregnancy registrations and percent of postnatal care visits within the first 48 hours continue to be below target. This may have been related to Kenya's tough

harvest—and subsequent planting—season. The impact could be felt across the country, especially in the rural areas where a majority of our branches are located. Similar to Uganda, Living Goods Kenya is proactively updating pregnancy registration and newborn follow-up methodology and incentives to encourage the full continuum of care for moms and babies. The rollout of the expanded mobile tools in Kenya—which will be over 80 percent complete by the end of the year—will provide additional tools and training to support CHPs.

Collaborating with Government to Distribute Free Malaria Commodities

Earlier this year, the malaria control unit of the Ministry of Health (MOH) approached Living Goods about distributing free mRDTs and ACTs (supplied free of charge by the Global Fund) in Busia County—where we will operate in six out of seven sub-counties by mid-2017. MOH was concerned that these life-saving treatments were not reaching people who need them through the current distribution system. The collaboration will enable Living Goods to test whether the distribution of free malaria commodities through our network of CHPs will significantly increase uptake and impact. Additionally, given that the official government policy of many countries is to not charge for certain medicines, the test will also

Living Goods Receives \$5 Million in Support from USAID

Living Goods has been awarded \$5 million from the USAID's Development Innovations Ventures (DIV) program to expand our growth in Kenya and support partnerships! Inspired by venture capital funds, DIV's three-stage funding model invests comparatively small amounts to test new stage one and stage two innovations, and larger amounts for stage three innovations that demonstrate promise of impact at scale. Living Goods is one of only four stage three awardees to date. The award is milestone-based, with approximately 20 percent of payments tied to performance.

Funding from DIV will help Living Goods Kenya grow to 2,200 CHPs reaching over 1.3 million people across the country.

Additionally, the funding will support partnerships to scale the model in other countries, and advocacy efforts to build stronger support and financing for community health.

provide insight into how the model could operate in such conditions. The pilot is scheduled to begin in Q1 2017.

Partnerships

Moving forward, Living Goods will integrate our partnership strategy even further into our larger organizational strategy. In order to reach as many people as possible, Living Goods cannot operate alone. We must continue to collaborate with others as we scale our operations in Kenya and Uganda, deepen impact, and potentially expand to new countries. To support cross-learning between the Partnership and country teams, Liz Jarman, the current County Director of Kenya, will also become the new Director of Partnerships. The team will continue to play an instrumental role in deepening impact with existing partners and building the foundation for new collaborations.

Deepening Collaboration with Zambian Government with CARE

Live Well nearly doubled the number of agents to over 430, and plans to grow to 545 by the end of the year. Sales were strong in July but fell in August and September due to national elections. With the rainy season on the horizon, the team is focused on the sales of and education about household water treatment solutions. This is a high priority for the MOH, following a major cholera outbreak earlier this year. In August, Live Well Zambia became officially registered as a standalone entity. The team is now paving the way to get a pharmaceutical license, which would enable Live Well to sell higher-impact products. The Zambian Minister of Health recently met with the team and expressed his support of Live Well. This support, paired with written endorsements from the district health offices where Live Well operates, signifies a critical step toward further government collaboration.

Delivering High-Impact Health Products in Myanmar with PSI

The Win-Win team in Myanmar has grown to 128 agents with a goal of reaching at least 150 agents by the end of the year. We're pleased to share that PSI and Living Goods raised an additional \$400,000 to continue Win-Win's expansion plans. To deepen health impact, the team launched eight new essential products for fever, cough, cold, and vitamins for pregnant women. Additionally, a line of high-impact nutritional products was launched, including fortified rice, children's porridges, and micronutrient sprinkles. Health products now represent nearly 30 percent of product sales this quarter—up from 11 percent in Q2. Fortified rice has been particularly successful because it was not previously available in rural Myanmar. Since the launch, Win-Win agents have sold 2.6 tons of rice.



Win-Win agent in Myanmar educates a group of women and children

Second RCT: Baseline Results

A second RCT is underway to demonstrate Living Goods' ability to retain health impact as the organization continues to scale. Researchers at IPA completed analysis of the baseline data for the study—providing important insight that will guide our impact strategy moving forward. The baseline survey took place between January and June 2016 and included over 12,000 household surveys and 1,300 CHW surveys across 500 villages and 13 districts in Uganda. Researchers found a high neonatal mortality rate (26.3 deaths per 1,000 live births) among the sample and low newborn visits (8%) and home pregnancy visits (3.5%)—underscoring an opportunity to improve pregnancy and newborn-related care. The data also suggests clear gaps in community health worker activity levels, supply, supervision, and compensation.

Stories of Impact

Harriet, a Living Goods CHP at the Masaka Branch in Uganda, met a two-year-old boy named Shakul who was suffering from a heart disease. His mother told her that the boy would not respond to any treatments and suffered from severe malnutrition. He looked like a three-month-old baby and could barely sit unsupported.

Everyone, including the doctors, had lost hope of Shakul's survival; he was always crying and restless. Harriet decided to supply Healthy Start Soya to Shakul's mother at our wholesale price and on credit since she could not afford the retail price. When Harriet returned to check up on the child, she was astonished to find that that Shakul was able to stand. After being properly nourished, he was now responding to his treatment and regaining his health.

Shakul is always happy to see Harriet and recognizes her Living Goods uniform. His mother cannot stop praising and thanking Living Goods for helping her son:



"Before I started feeding my son on Healthy Start, he was so weak and we were always in and out of hospital. But now we only go to hospital for his check ups and [Shakul] is now looking healthy and has gained weight. I am so grateful to Living Goods."

Advocacy & Impact

The first randomized controlled study (RCT) working paper is now available on the [Center for Economics Policy Research](#) website. In Q4, Living Goods plans to hold an event in Kampala to share the findings with government leaders, partners, media, and other key stakeholders. Additionally, we are conducting research to better understand the community health policy and financing landscape Kenya. This body of research, which will also be launched in Uganda, will support the development of an investment case, inform plans for each country, and guide engagement strategy with key stakeholders.

In September, Chuck joined Chelsea Clinton, Ray Chambers, Paul Farmer, Raj Shah, and others to launch the [Financing Alliance for Health](#) at the Clinton Global Initiative annual meeting. The alliance is an innovative partnership between governments, organizations, and agencies to help governments design and fund effective community health programs in sub-Saharan Africa.

Living Goods Updates

Welcoming New Governance and Advisory Leaders

Cheryl Scott, Senior Advisor at the Bill and Melinda Gates Foundation, has joined the Living Goods board! Cheryl joined the foundation in 2006 as Chief Operation Officer, overseeing all major operational functions. Previously, she served at the President and CEO of the Seattle-based Group Health, where she helped reshape one of the region's largest health care organizations. We also welcome three new exceptional members to our advisory board: Mitch Besser, Co-founder of mothers2mothers; Andrew Youn, Founder and President of One Acre Fund; and Gustav Preakelt, Founder and President of Praekelt Foundation.

Living Goods Staff Expands Almost 60 Percent!

Living Goods is now up to 170 staff members across the globe—up almost 60 percent from a year ago. By the end of 2016 we are on track to grow to over 230 employees. In Q3, we welcomed Aubrey Phiri as the new Chief Financial Officer. Aubrey has decades of high-level experience spanning both the private and non-profit sectors including Alliance for a Green Revolution in Africa, the African Capacity Building Foundation, and Standard Bank. Additionally, Living Goods hired a Regional Field Manager, Impact Analyst and Government Relations Manager in Kenya, and eleven branch management staff, two Regional Android Field Officers, and an IT Support Officer in Uganda. We are looking to hire a new Kenya Deputy Country Director to support our growth and operations across the country. If you have any leads, please let us know!

Key Performance Indicators

Living Goods Q3 2016 Key Metrics	Living Goods-Uganda			BRAC- Uganda			Living Goods-Kenya		
	Q3 2016 Target	Q3 2016 Actual	Q3 2015	Q3 2016 Target	Q3 2016 Actual	Q3 2015	Q3 2016 Target	Q3 2016 Actual	Q3 2015
Impact Metrics									
Pregnancies Registered / CHP per month	4.0	8.2	10.2	4.0	2.8	4.4	3.0	1.8	3.7
Under-1 Assessments / CHP per month	4.0	5.3		4.0			4 / 3	4.8 / 3.5	
Under-1 Treatments / CHP per month	4.0	3.1	4.7	4.0	3.8	5.1	4 / 3	2.6 / 1.7	0.8 / na
Under-5 Assessments / CHP per month	18.0	20.7		18.0			18 / 12	18.2 / 9.4	
Under-5 Treatments / CHP per month*	17.0	14.5	23.9	17.0	12.3	22.3	17 / 9	10.4 / 4.3	7.2 / na
Active CHPs	1,536	1,459	898	3,604	3,597	2,067	583	418	74
Total Pregnancies Registered	14,830	30,651	22,997	38,817	28,206	27,583	3,542	1,801	811
Total Under-1 Assessments	14,830	19,931		38,817			4,457	4,496	
Total Under-1 Treatments	14,830	11,423	10,424	38,817	37,813	32,240	4,457	2,411	186
Total Under-5 Assessments	66,733	77,562		174,677			19,661	16,481	
Total Under-5 Treatments	63,026	54,250	53,459	164,972	123,878	139,907	17,949	9,249	1,584
% On-Time Referral Follow-Up	65%	73%	27%	65%			65%	42%	21%
% Postnatal Care Visit in first 48 hours**	85%	28%	70%	85%	89%	88%	85%	43%	53%
% of 'High Impact' Items in stock	100%	100%	100%	100%	96%	86%	100%	100%	100%
Sustainability Metrics									
Wholesale Sales (USD)	\$ 203,906	\$ 148,065	\$ 103,163	\$ 540,600	\$ 231,478	\$ 224,985	\$63,113	\$ 23,546	\$10,419
Sales / CHP per month (USD)	\$ 55.00	\$ 39.31	\$ 46.25	\$ 50.00	\$ 22.87	\$ 35.20	\$ 49.50	\$ 22.00	\$ 57.01
Sales / CHP per month (local)	181,500	131,364	160,628	165,000	76,422	122,246	4,950	2,192	5,776
Initial Wholesale Margin	22.0%	24.3%	24.0%	9.0%	6.7%	6.1%	21.0%	18.3%	21.9%
Final Wholesale Margin	20.0%	22.4%	22.7%	8.0%	6.7%	6.1%	19.0%	17.4%	19.7%
Population Served	1,228,927	1,167,200	718,400	2,883,200	2,877,600	1,653,600	437,250	334,400	59,200
Net Cost per Capita Served (annualized)	\$ 1.88	\$ 2.10	\$ 2.60	\$ 1.25	\$ 1.20	\$ 0.72	\$ 4.42	\$ 4.76	\$ 16.78

*Note: Under-5 treatments in Uganda have dropped year-over-year in large part due to the introduction of mRDT's, which enables more accurate diagnosis of malaria

**Note 2: The new mobile system calculates on-time PNC visits differently to better capture all pregnancies, and so results to previous periods and across mobile / non-mobile users are not comparable.