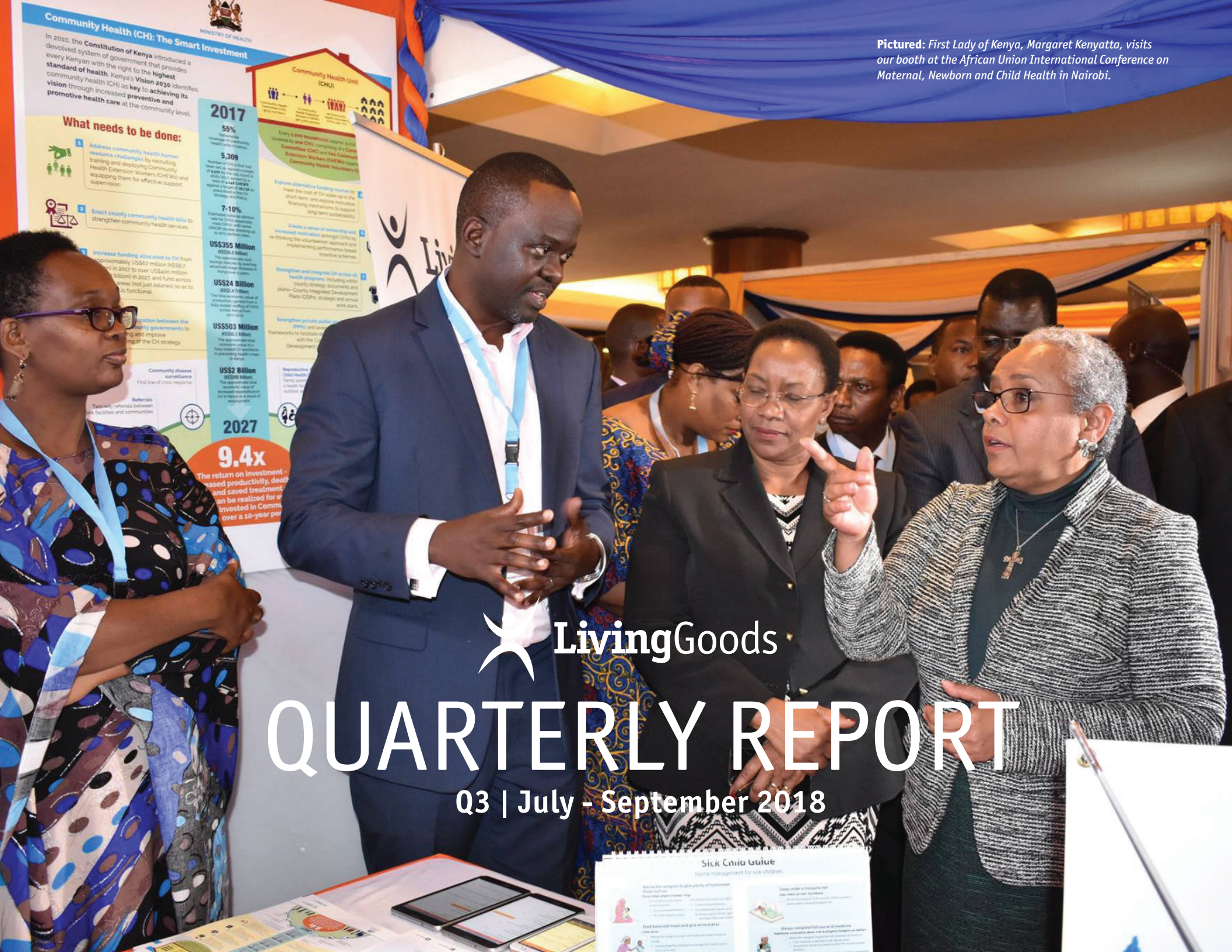


Pictured: *First Lady of Kenya, Margaret Kenyatta, visits our booth at the African Union International Conference on Maternal, Newborn and Child Health in Nairobi.*

LivingGoods

QUARTERLY REPORT

Q3 | July - September 2018

Q3 July - September, 2018

Living Goods Quarterly Report

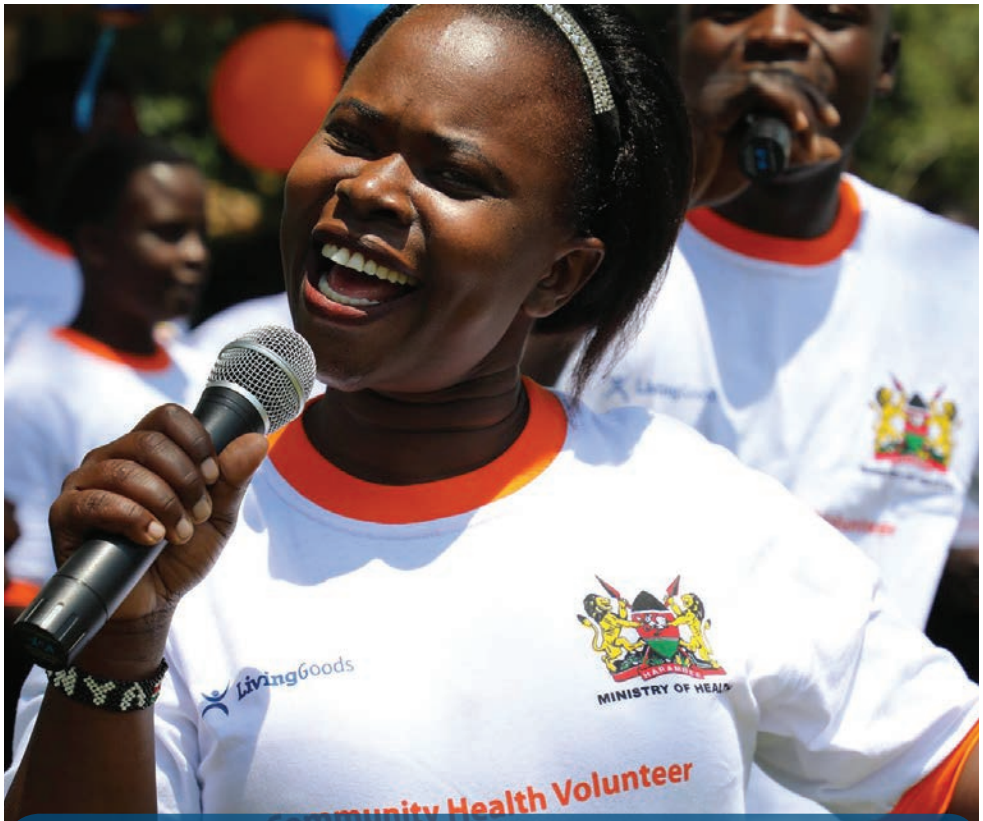
Kenya: Ensuring Quality Care as We Scale

We continued our strong performance in Kenya from the first half of the year, with the exception of on-time postnatal care (PNC) visits and under-one (U1) assessments, which both dipped slightly. These relatively high levels were maintained during a period of fast growth, with us supporting 15% more CHWs.

We saw improved performance in some branches like Butula and Kuresoi, but that was unfortunately matched with a decline in performance in Ogembo and Funyula, as acting managers needed to stand in for more experienced ones on maternity leave. The proportion of children assessed vs. treated also decreased to 45%, the lowest levels ever (similar to Uganda), possibly due to limited rains and illnesses during the quarter. More positively, CHWs ensured **85% of women under their care delivered at health facilities**, which vastly exceeds the 61% national average.

In order to exponentially scale operations, we have been **experimenting with increasing the size of some incoming CHW cohorts in Kenya**. This quarter, we successfully graduated 100 new CHWs in two large branches, Shinyalu and Malava, instead of the typical 70. Our current focus is on **ensuring that every CHW we support can provide families with a consistent level of high-quality care**. To enable this, we created the new role of Field Optimization Manager, who will support improved business processes and build the capacity of branch teams to ensure effective and best-in-class supervision of CHWs.

We received some **promising early midline results** from our quasi-experimental evaluation in Nambale, Kenya, following the baseline study from May 2017. Looking at 500 households before and after Living Goods started supporting Nambale's CHWs, the August midline study showed significant, positive changes in health-seeking behaviors among most mothers and children. Key metrics of improvement from our baseline study 18 months ago showed that births at health facilities increased 14%, the proportion of pregnant women making at least four antenatal clinic visits increased 15%, and **the percentage of women making at least one PNC visit to a health facility increased 43%.** This is particularly encouraging since these visits serve as important opportunities for facilities to check and treat serious conditions as well as to provide infants with critical vaccinations.



We're determined to ensure that all CHWs provide families with a consistent level of high-quality care, even as we experiment with onboarding increasingly large graduating classes.

Our Results

Q3 2018

NUMBER OF PEOPLE SERVED
6,961,600

ACTIVE COMMUNITY HEALTH PROMOTERS
3,108 LG UGANDA
1,743 LG KENYA
3,851 BRAC UGANDA

SICK CHILDREN UNDER 5 ASSESSED IN Q3
399,185

SICK CHILDREN UNDER 1 ASSESSED IN Q3
81.028

NEW PREGNANCIES REGISTERED IN Q3
49,308

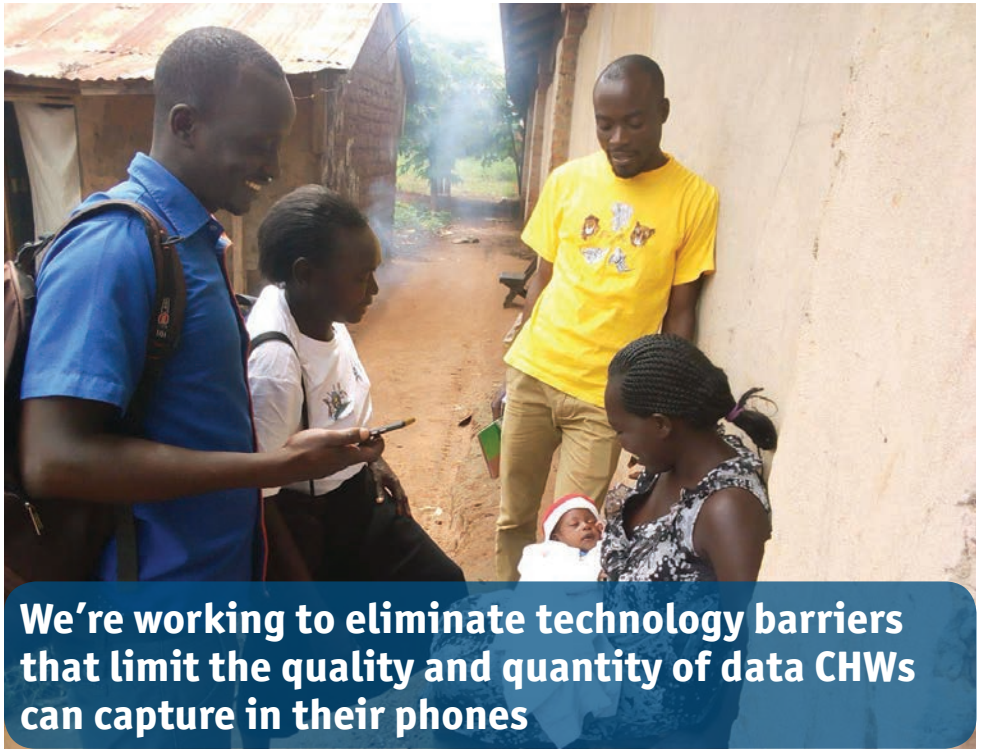
Optimizing Impact in Uganda

We hit both our under U1 and U5 assessment targets this quarter, the latter for the first time this year. At the same time, CHWs continued to face challenges achieving U1 and U5 treatment targets, which were 14% and 43% under target, respectively. We are currently **conducting a case study on CHWs and branches that have achieved their key performance indicators (KPIs) for treatments** to identify and disseminate best practices. On-time PNC visits recovered from a drop in Q2, rising from 47% to 49%, but still remain below target. We have been working to resolve this by providing CHWs with additional in-service training and supporting supervisors to prioritize how they manage these interventions.

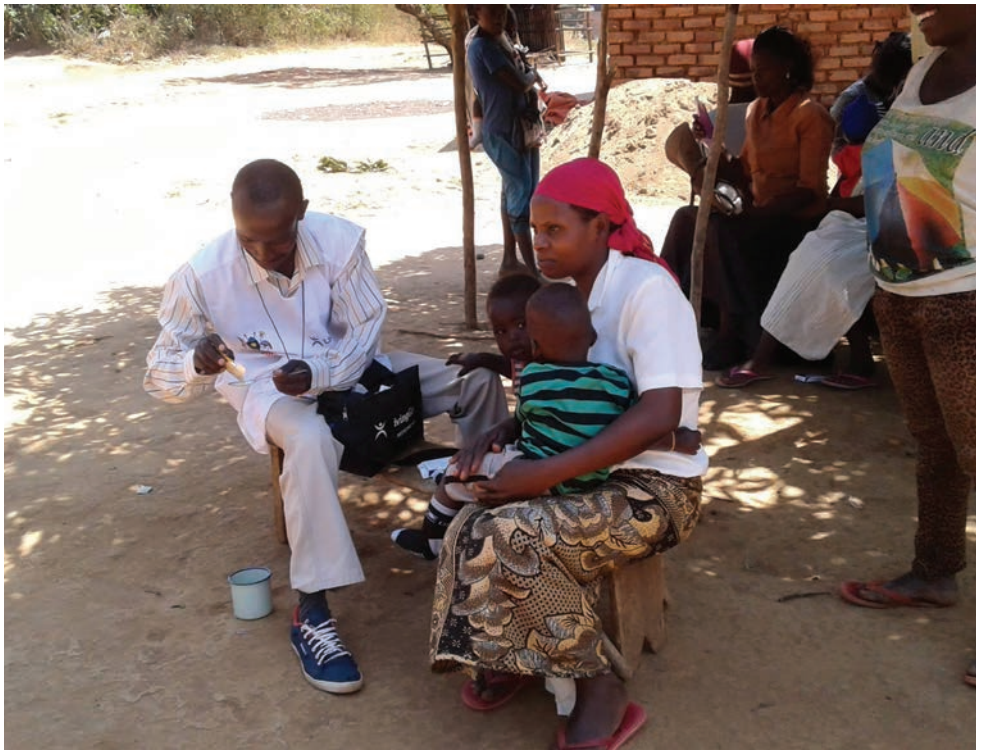
We are also working on **developing a simpler workflow and messaging to CHWs to eliminate technology barriers** that limit the quantity and quality of data captured in their phones. In September, we launched "Project SMART," a six-week initiative to audit the Smart Health application we co-created with partner Medic Mobile, so that we can recommend simplifications and features to make it more user-friendly and efficient.

We continued to make strong progress in scaling our operations in Uganda this quarter by adding 346 new CHWs **to achieve our target of 3,100 CHWs by the end of September.** We also placed a strong focus on testing how to best optimize our impact in a few sites through improved community coverage, supervision, and increased performance-based incentives for CHWs.

BRAC's performance also remained steady, continuing a trend of improvement throughout 2018. Although U1 assessments remained at 3, which is 27% below target, diagnoses were 40% over target. U5 assessments were steady at 15.8, at 12% below target, while U5 treatments only dipped slightly from 13.4 to 12.7, which is 9% below target. BRAC's self-recorded on-time PNC visit KPI remains at 71%, which is higher than the 41% recorded in the app. However, the app-recorded figure has sharply increased from 23% to 41%. This issue with tracking PNC KPIs via the app was flagged in Q4 2017 and Medic Mobile is still working to resolve this.



We're working to eliminate technology barriers that limit the quality and quantity of data CHWs can capture in their phones



Top: *In Lira County, Uganda, CHW Salume visits a mother and her newborn. We are expanding our focus on neonatal care to deepen our impact (see page 7).*
Bottom: *CHW Johnson Kabugu assesses a sick child in Masaka, Uganda.*

Isiolo County Contracts Us to Lead Community Health Services

On November 6, following months of negotiations, we finalized a **four-year contract with the Isiolo County government to co-finance community health services in all three Isiolo sub-counties**—Isiolo, Merti and Garbatulla.

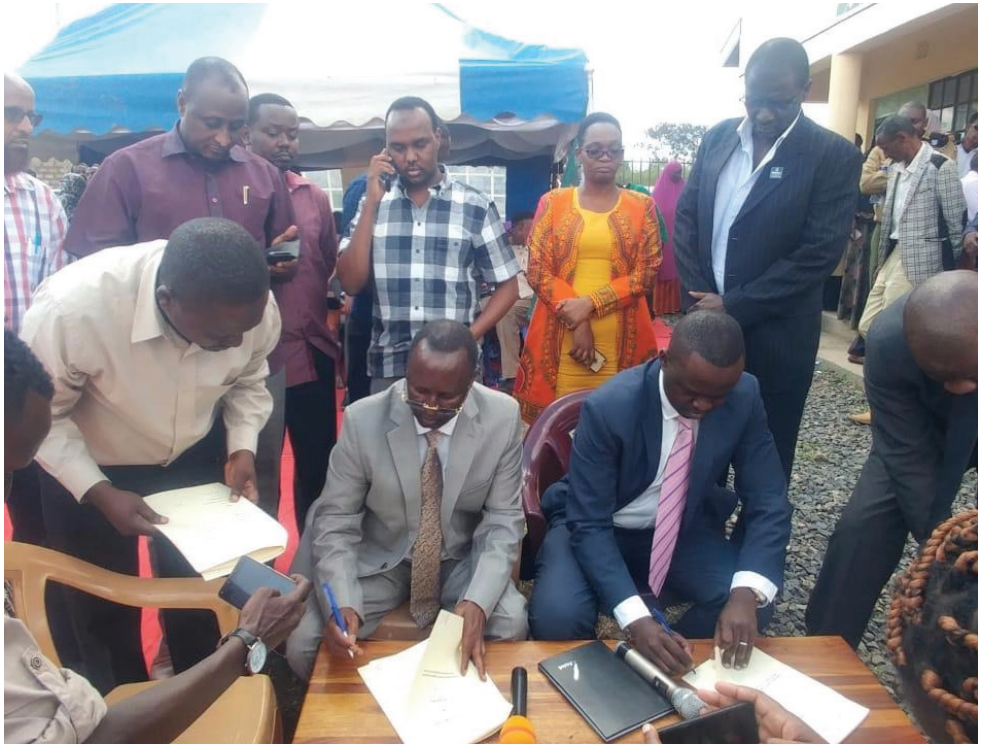
Through this initiative, Living Goods is responsible for leading and coordinating all community health services and implementers in Isiolo and will help the government draft and implement supportive policies for community health. This will help ensure that community health has dedicated funding and is protected well beyond the term of the current government. In the first year, Living Goods and the county government will split the cost of the community health program equally, with the county government shouldering more of the costs over time.

In Isiolo, **we will equip 720 CHWs to deliver high-quality services to households** through integrated community case management (iCCM) for pneumonia and diarrhea among children under-five, maternal newborn and child health services, and nutrition for pregnant mothers and children under-five. We will also roll out immunization and family planning support as those services are ready for greater scale. As in all of our operations, CHWs in Isiolo will also be provided with robust mHealth technology to ensure effective data capture and performance management.

Notably, CHWs whose coverage rates exceed 50% and who attend monthly in-service meetings will be compensated with a US$15 per month stipend to support high transport costs, given the wide distances they will need to traverse in Isiolo. In addition, they will be able to earn additional performance-based pay in line with other counties. Isiolo marks our sixth county of operation in Kenya.

By the end of 2018, we plan to recruit 90 CHWs and recruit the remaining 630 in a phased approach during 2019. The county has committed to recruiting 21 CHEWS who will be fully seconded to Living Goods and will help supervise CHWs alongside Living Goods staff.

We are emphasizing the need for a consistent supply chain to ensure the program's success. Living Goods will support the Isiolo County government with forecasting and they will be responsible for ensuring local facilities have all the medicines CHWs need so that they can distribute them to families as needed, for free. In the event that the government faces a pharmaceutical stock-out, Living Goods can use our own supply chain and then invoice the county.



We are one of three organizations allowed to support household registrations for Kenya's National Hospital Insurance Fund. We even registered Isiolo's Governor, Dr. Mohamed Kuti!

Top: *Isiolo County Governor Mohamed Kuti and Living Goods Country Director Thomas Onyango ink the contract for managing community health services in the county for the next four years.*

CEO Liz Jarman met with Ugandan Minister of Health Jane Aceng at the Primary Health Conference in Astana, Kazakhstan. Minister Aceng commended our support of their CHEW strategy.

First TA CHWs Graduate in Kenya

It's increasingly important to some governments to lead and manage their own community health systems. In response, we began offering lighter-touch approaches that build government capacity to use our tools and approaches to extend their own quality community-based primary care systems. This quarter, we were thrilled to **support the Kisii County government to train and digitally enable 85 CHWs.** Through this effort, Living Goods is building the capacity of government CHEW supervisors and facilities as well as providing health training and mHealth technology support. Meanwhile, the government-managed CHEWs will be directly responsible for overseeing CHWs' daily operations, performance management, and supply chains.

Through this highly collaborative effort, **the Kisii County government will be able to provide CHWs and CHEWs with real-time mHealth tools for the first time**. We will customize our smartphone application to meet local criteria and directly feed real-time data into the government's DHIS2 database. Health workers and supervisors will use Living Goods' existing curriculum for diagnosing and treating health issues, and we will work with the county to co-develop an M&E framework, along with curricula for supportive supervision and commodity management. Mentorship and coaching are other important elements of capacity building plans and will be informed by personalized assessments on government workers' access to and use of technology. At the graduation ceremony, county governor James Ongwae committed to supporting national legislation bolstering community health services and the payment of stipends, along with the basic health commodities they need to work effectively.

Accelerating Ugandan Government Strategies and Planning

This quarter, we played a key role in supporting the Ugandan Ministry of Health (MOH) to carry out an unplanned Regulatory Impact Assessment (RIA) of its community health extension worker (CHEW) program required by the cabinet. The need for this RIA meant our planned CHEW training has been postponed from this October until January 2019. By stepping in last-minute, **we deepened our collaboration with the MOH and helped accelerate the finalization of the government's CHEW strategy.**

We also created and are rolling out dashboards for use by key district-level officials in Uganda, as we did in Kenya. **The dashboards will provide a real-time user interface showing the status and trends of KPIs** to support effective planning and decision-making. Dashboards for Mukono district have already been developed and shared with the district team and they will be developed for Mayuge district by Q4.

Top: *At the graduation, Kisii County Governor James Ongwae committed to support legislation to compensate CHWs and ensure they had access to needed medicines.*

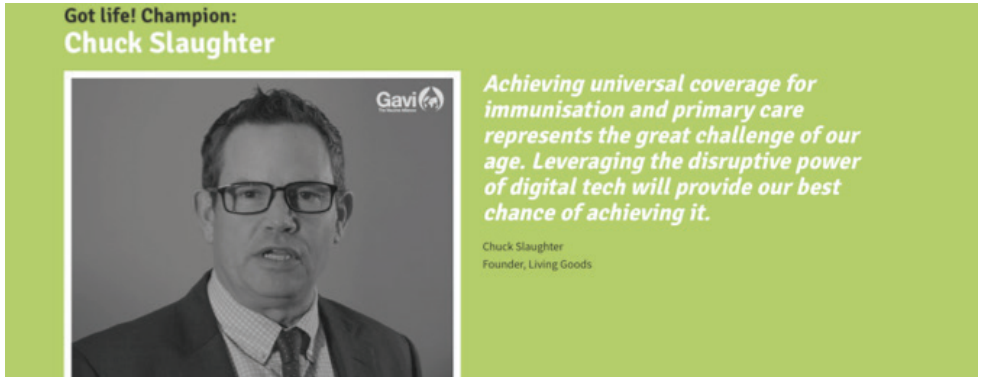
Injecting Impact with Immunization Services

In July, we entered into an exciting new partnership with Gavi, the Vaccine Alliance, and Last Mile Health. It will improve immunization coverage and equity by **adding vaccination counselling and referrals to the package of services CHWs offer to communities**. Since CHWs are not allowed to directly provide vaccines, they will instead capture real-time data on the immunization status of every child in their communities and share it with facilities to close coverage gaps. They will also focus on messaging and behavior change to counter barriers to complete immunization coverage, including a lack of information about what vaccinations are needed and on what schedule, the actual process to get vaccinated, and managing side effects such as fevers. With a smaller group of CHWs, **Living Goods and Gavi will work together to identify and test cutting-edge demand generation strategies**, which, if successful, can be rolled out across our network. The project is expected to enhance access to immunization services for more than 8 million people by 2021.

In addition to supporting CHWs to extend immunization at the community level, we will also be **serving as an advisor to governments on how to further scale community-based vaccination programs**, roll out new vaccines such as for Human Papillomavirus (HPV), the leading cause of cervical cancer as well as shape immunization budgeting and strategy development.

In the next quarter, we will begin customizing the Smart Health app we co-created with Medic Mobile to capture the immunization status of every child. **Their statuses will be maintained in real-time using a time-stamped GPS identifier**, and families will receive automated vaccination reminders by SMS to help pinpoint and close immunization gaps.

We announced this new partnership through a joint announcement with Gavi, and we also collaborated on a blog that was published by our partner Virgin Unite. Our own Chuck Slaughter was also named a Gavi 'Got Life' Champion and is serving as an advocate for using digital technology to close service gaps and ensure every child is vaccinated.



Sitting alongside Seth Berkeley, CEO of Gavi, the Vaccine Alliance, Liz Jarman helps launch our global advocacy campaign on UHC at the UN General Assembly.

First Global Advocacy Campaign Launched

At this year's 2018 UN General Assembly, with the support of the Rockefeller Foundation, **Living Goods helped launch the Communities at the Heart of Universal Health Coverage campaign**, in partnership with Amref Health Africa, Aspen Management for Health, Financing Alliance for Health, the International Rescue Committee, and Last Mile Health. The event was an invitation-only roundtable discussion and included the Ministers of Health from Ethiopia, Liberia, and Malawi, and representatives from the World Bank, foundations, and non-governmental organizations.

Through targeted advocacy efforts, this year-long global campaign **aims to generate political will and commitment** to ensure that government-owned, high-quality, financially sustainable integrated community health programs are included in national UHC strategies. The campaign aims to support and **encourage national governments to include community-based primary health care indicators in the country reports** they will deliver at the 2019 UN High-Level Meeting on UHC. We are working with countries to highlight visions for community health that tie into broader health systems, frameworks with indicators that measure access to life-saving care for women and children and plans for equity to ensure that community health is affordable and accessible to all.

Initial Results and Learnings from RCT Midline

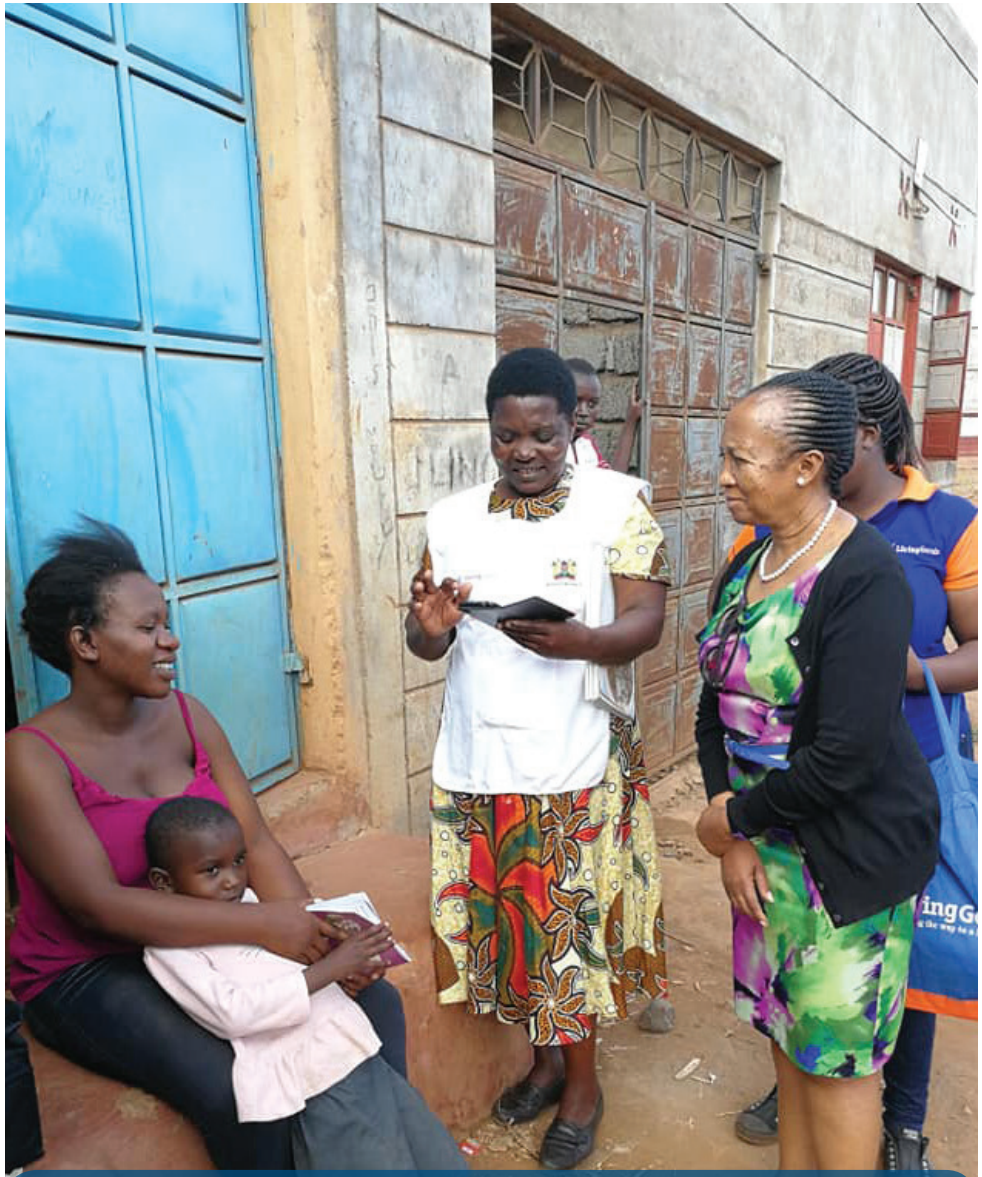
Living Goods invests in research to evaluate the impact that we are having as we drive for continual improvement and learning. We achieved a 27% U5 child mortality reduction in the RCT evaluation completed in 2013 in Uganda. We began a second RCT with our partner BRAC in Uganda in 2016, with the goal of evaluating the impact our approaches to community health are having on child mortality when operating at a larger scale. It uses a stratified cluster RCT design in a sample of 13 Ugandan districts covering more than 12,500 treatment and control households.

We received the RCT midline in October. The midline was designed to check a subset of indicators, including CHW service coverage, and the magnitude and direction of mortality. At the endline, the RCT itself is powered to detect a 22% reduction in U5 mortality and a 32% reduction in neonatal mortality; it will not be able to pick up statistically significant mortality reductions below these levels. The midline results show **a 22% directional reduction in neonatal mortality** and no directional reduction in u5 mortality. The neonatal directional result is promising, as these deaths comprise more than 40% of child deaths and suggest the impact our program may have for children born into areas with Living Goods or BRAC-supported CHWs.

As child survival continues to improve in Uganda, our ability to demonstrate incremental impact on mortality becomes more difficult. While we expect to see some reduction in child mortality levels, it may be challenging to achieve a sufficiently high mortality reduction to be detected statistically through the RCT endline. That said, we are learning from this data to broaden and deepen the impact of our programs, including:

- **Maximizing our coverage** by increasing our treatment, coverage and assessment targets;
- **Micro-targeting and prioritizing support** to children and households with a disproportionately higher mortality risk;
- **Improving CHW incentives** in response to our higher targets, and providing them with stronger supervision and coaching;
- **Ensuring quality, coverage and innovation** through our neonatal interventions;
- **Rolling out new family planning, immunization and other services** that will expand the breadth of impact beyond child survival; and
- **Strong monitoring** to ensure effective implementation as our programs scale.

Several weeks into this new impact optimization plan, trends show higher level of performance, with **25% of CHWs meeting or exceeding the increased U5 assessment target** per month.



One of our newest board members, Dr. Mphu Keneiloe Ramatlapeng—executive vice president at the Clinton Health Access Initiative, and the former Minister of Health and Social Welfare in Lesotho—recently had the opportunity to see our work first -hand at our Thika field office in Kenya.

Living Goods Q3 2018 Key Metrics*

	Living Goods-Uganda			BRAC-Uganda			Living Goods-Kenya		
	Q3 2018 Target	Q3 2018 Actual	Q3 2017	Q3 2018 Target	Q3 2018 Actual	Q3 2017	Q3 2018 Target**	Q3 2018 Actual	Q3 2017
Impact Metrics**									
Pregnancies Registered / CHW per month	3.0	2.5	3.4	3.0	2.0	3.2	2.0	1.2	1.2
Under-1 Assessments / CHW per month	4.0	4.1	4.2	4.0	2.9		3.8	3.4	3.8 / 3.2
Under-1 Treatments / CHW per month	2.0	1.7	2.3	2.0	2.8	4.8	1.8	1.2	1.9 / 0.8
Under-5 Assessments / CHW per month	18.0	18.5	18.3	18.0	15.8	19.9	16.5	16.0	15.7 / 9.2
Under-5 Treatments / CHW per month	14.0	8.0	10.5	14.0	12.7	16.7	12.6	7.2	9.4 / 3.6
Active CHWs	3,153	3,108	2,115	4,065	3,851	3,954	1,870	1,743	1,181
Total Pregnancies Registered	24,037	20,370	19,414	32,927	23,345	35,215	9,585	5,593	3,767
Total Under-1 Assessments	32,049	32,051	24,064	43,902	33,538		17,828	15,439	12,344
Total Under-1 Treatments	16,025	14,103	13,189	21,951	32,054	53,844	8,770	5,529	5,997
Total Under-5 Assessments	144,221	146,155	104,858	197,559	181,375	221,237	78,214	71,655	50,608
Total Under-5 Treatments	112,172	65,144	60,321	153,657	145,715	186,395	61,967	32,182	29,968
% On-Time Referral Follow-Up	80%	80%	81%	80%	77%	87%	80%	82%	81%
% Postnatal Care Visit in first 48 hours	85%	49%	60%	85%	41%	61%	85%	62%	57%
% of 'High Impact' Items in stock	100%	98%	100%	100%	98%	98%	100%	99%	100%
Sustainability Metrics									
Wholesale Sales (USD)	$267,076	$232,072	$203,532	$244,500	$166,743	$131,603	$106,500	$87,566	$65,806
Sales / CHW per month (USD)	$30.00	$21.96	$31.45	$20.00	$14.54	$11.78	$20.00	$18.63	$16.96
Sales / CHW per month (local)	111,000	82,083	112,052	74,000	54,984	41,807	2,040	1,863	1,727
Initial Wholesale Margin	18.0%	18.8%	13.2%	13.0%	16.2%	16.0%	18.0%	14.2%	17.8%
Final Wholesale Margin	17.2%	15.7%	12.6%	12.0%	17.2%	16.0%	15.9%	14.2%	17.8%
Population Served	2,523,000	2,486,400	1,692,000	3,252,000	3,080,800	3,163,200	1,496,000	1,394,400	944,800
Net Cost per Capita Served (annualized)	$1.76	$1.72	$2.09	$1.06	$1.02	$1.57	$2.98	$3.77	$3.71

* Note 1: These results and targets represent the Living Goods direct network implementation only, as assisted networks don't launch until later.

** Note 2: LG-Kenya has three assessment and diagnosis targets -- malaria endemic / malaria non-endemic / free malaria branches. The targets shown in the dashboard represent the weighted average across these.