

Partnering for Impact: How Living Goods' Co-Financing Model is Transforming Community Healthcare



Introduction

Living Goods has been at the forefront of community health service delivery in Africa since 2007. Over the years, the organization transitioned from direct service delivery to a co-financing model, partnering with governments to strengthen community health systems. This shift is rooted in the belief that sustainable health outcomes are best achieved when governments lead and own health programs.

This case study explores Living Goods' co-financing model, its evolution, key successes, challenges, and lessons learned. It also highlights the organization's impact on maternal and child health outcomes and its vision for scaling this approach across Africa.

Background

Living Goods' journey began with a groundbreaking achievement in Uganda, where a randomized controlled trial demonstrated a remarkable 27% reduction in child mortality at a cost of less than \$2 per person.

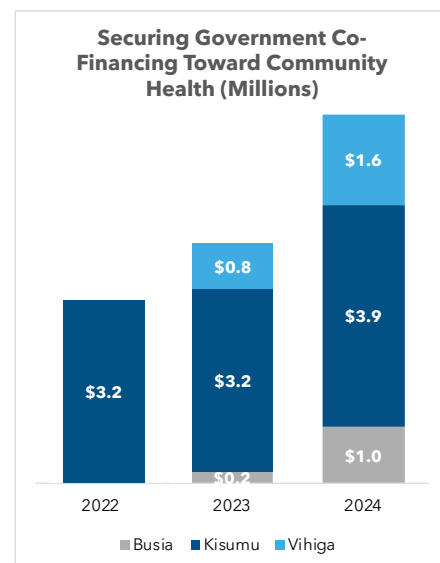
However, as the organization expanded its efforts, it became clear that direct service delivery alone could not address the systemic challenges of reaching underserved populations with essential health services. While the approach was cost-effective and impactful, the sheer scale of the problem—millions of families lacking access to basic healthcare—exceeded the capacity of any single

organization. Governments, as the largest health providers in most countries, emerged as the natural leaders and funders capable of driving change at scale.

This realization marked a pivotal shift in Living Goods' strategy. By partnering with governments, the organization could leverage existing public health systems, align with national priorities, and ensure sustainable, long-term impact. This transition from direct service delivery to government-led co-financing became an inevitable game-changer in building sustainable, high-impact community health systems that transform lives.

Strengthening Community Health Systems Through Co-Financing

Living Goods emphasizes co-financing as the central approach to health system strengthening by working directly with governments. In Kenya where there is a devolved system of governance, this involves Living Goods providing implementation support while county governments take on increasing costs and leadership over time. Under this model, Vihiga County has doubled its amount of co-financing for community health from \$800K USD in 2023 to \$1.6M in 2024. In Kisumu County, government co-financing for community health increased from \$3.2M in 2023 to \$3.9M in 2024. This approach is built on four key pillars that drive financial sustainability, digital transformation, and policy alignment, ultimately strengthening primary healthcare at the county level:



1 Building supervisor capability: Ensuring that community health workers (CHWs) receive supportive supervision to enhance service delivery effectiveness. By upskilling government supervisors and embedding performance management systems, Living Goods has helped create a robust support structure for CHWs.



2 Digital enablement: Providing digital tools to improve efficiency, data accuracy, and overall health outcomes. The introduction of the Electronic Community Health Information System (ECHIS) has been a game-changer, enabling CHWs to report data digitally and allowing county health officials to monitor real-time progress.



3 Progressive financial transition: Complementing government funding initially while reducing Living Goods' investment over time as the county government assumes full financial responsibility. This phased approach ensures sustainability and fosters ownership.



4 Policy operationalization: Supporting the implementation of national health policies on treatment, immunization, and family planning at the county level. Living Goods works closely with governments to operationalize policies, ensuring they translate into actionable programs that benefit communities.





How the co-financing model works:

1



Phase 1 (1 year):

Identify the right government partner, align on outcomes, and establish co-financing agreements.

2



Phase 2 (2-3 years):

Scale the community health program with intensive Living Goods support, focusing on performance management, data-driven decision-making, and supply chain improvements.

3



Phase 3 (4-5 years):

Gradually reduce Living Goods' involvement as government capacity and ownership increase.

4



Phase 4 (5+ years):

Transition to a quality assurance role with minimal Living Goods staffing.

A Government-Led Approach: Co-Financing in Action

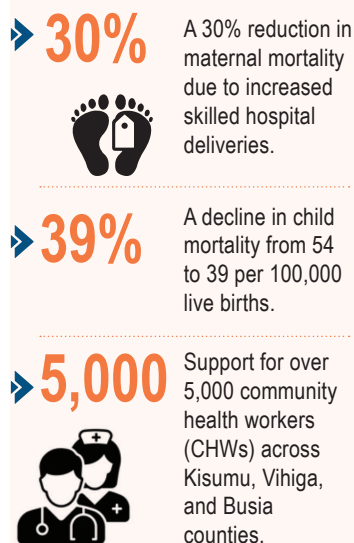
In 2018, Living Goods began testing a government-led model in Kisii County, Kenya. While initial efforts showed small improvements in health key performance indicators (KPIs), the impact was not sustained after Living Goods' exit. This experience revealed critical gaps in performance management, government ownership, and the enabling environment.

To address these gaps, Living Goods refined its approach, focusing on three key areas:

- **Performance management:** Codifying the DESC framework—Digitization, Equipment, Supervision, and Compensation—was essential for high-performing community health programs.
- **Government commitments:** Ensuring government buy-in, shared vision, and co-financing agreements to foster ownership.
- **Enabling environment:** Advocating for supportive policies, financing, and budgeting to sustain impact.

In 2019, Living Goods piloted this refined model in Isiolo County, Kenya, through a five-year co-financing partnership. This prototype provided valuable lessons on contracting, managing political transitions, and upskilling government supervisors.

Living Goods launched its first exemplar co-financing partnership in Kisumu County, Kenya, in 2021. This initiative has delivered remarkable results:



The key challenge lies in embedding performance management into everyday systems and behaviors—not just achieving initial buy-in. For long-term success, counties need a supportive environment, sustained political will, and policies that move beyond paper into practice.”

Thomas Opiyo Onyango, Country Director, Kenya



Impact and Cost-Effectiveness

Living Goods' co-financing model has proven to be both cost-effective and sustainable. Key achievements include:

- Doubling the reach of health services for every dollar spent compared to direct service delivery.
- Institutionalizing DESC elements (Digitization, Equipment, Supervision, and Compensation) to ensure long-term sustainability of high-performing community health systems.

“In everything we do, the county leads, so it's government-led. Even as we implement it as a county,” noted a Kisumu county official. This approach ensures that knowledge and skill transfer occur organically between county officials and Living Goods staff. For example, supervisors are gaining technical expertise, particularly in handling digital tools such as mobile applications used in community health reporting.

- **Digitizing community health services:** In partnership with the national government, Living Goods has developed and piloted the Electronic Community Health Information System (ECHIS) in Kisumu.

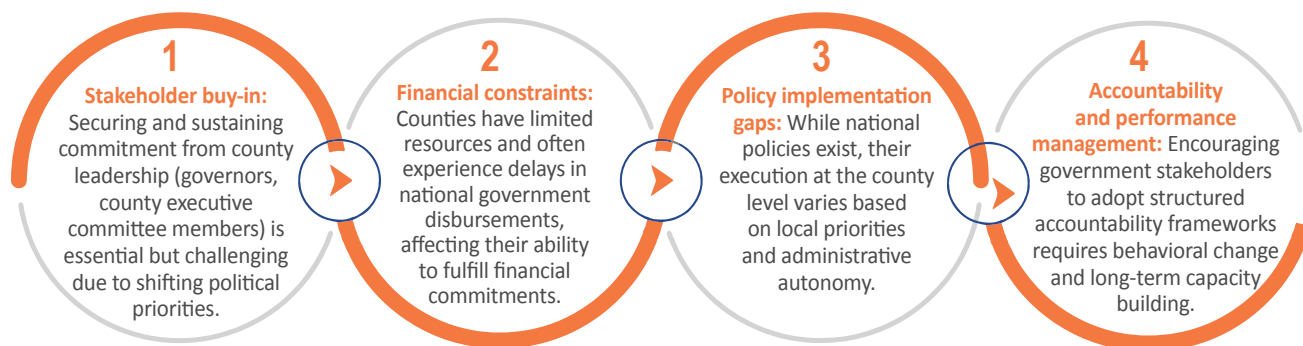
“ECHIS has actually been a game changer. Community Health Volunteers in Kisumu are now able to report digitally, and county health officials can monitor real-time data,” highlighted a Kisumu county health officer. This digital transformation has enhanced the delivery of quality community health care by streamlining data collection that improves accuracy and enables faster decision-making.

- **Data-Driven Decision-Making:** Service delivery data is leveraged to enhance planning for commodity requirements, more effectively target the most vulnerable populations, and improve the integration, coverage, and impact of key interventions, while promoting greater transparency and accountability.
- Additionally, data has been leveraged to map teenage pregnancy hotspots and organize community dialogues to address the issue. This data-driven approach ensures that resources are allocated effectively and interventions are targeted where they are needed most.



Challenges

While co-financing presents a sustainable pathway for strengthening community health systems, its implementation is not without challenges. Establishing effective partnerships between governments and implementing organizations requires navigating financial constraints, political dynamics, and accountability structures. Key lessons from implementation include:



Lessons Learned

- 1 Strengthen devolved government partnerships:** Invest in co-creation and capacity-building to ensure genuine county government ownership.
- 2 Advocate for policy change:** Work with both national and sub-national governments to operationalize national policies and secure sustainable financing for community health programs.
- 3 Leverage data and technology:** Use digital tools and performance management systems to enhance efficiency and accountability.
- 4 Foster multi-stakeholder collaboration:** Coordinate with other partners to maximize resources and avoid duplication of efforts.

Conclusion

Living Goods' co-financing model represents a transformative approach to strengthening community health systems. By partnering with governments, the organization has demonstrated that sustainable health outcomes are achievable at scale. However, success depends on careful selection of partners, continuous engagement, and adaptive management.