



LivingGoods

QUARTERLY REPORT

Q1 | January - March 2018

Cover: Justine, a CHW connected to our Bwaise branch in Kampala, Uganda counsels a group of young women about family planning options.
Right: Casmil, a CHW with our Suneka branch in Kenya, uses the Smart Health App to assess a boy's breathing rate and check for signs of pneumonia.

Q1

January - March, 2018

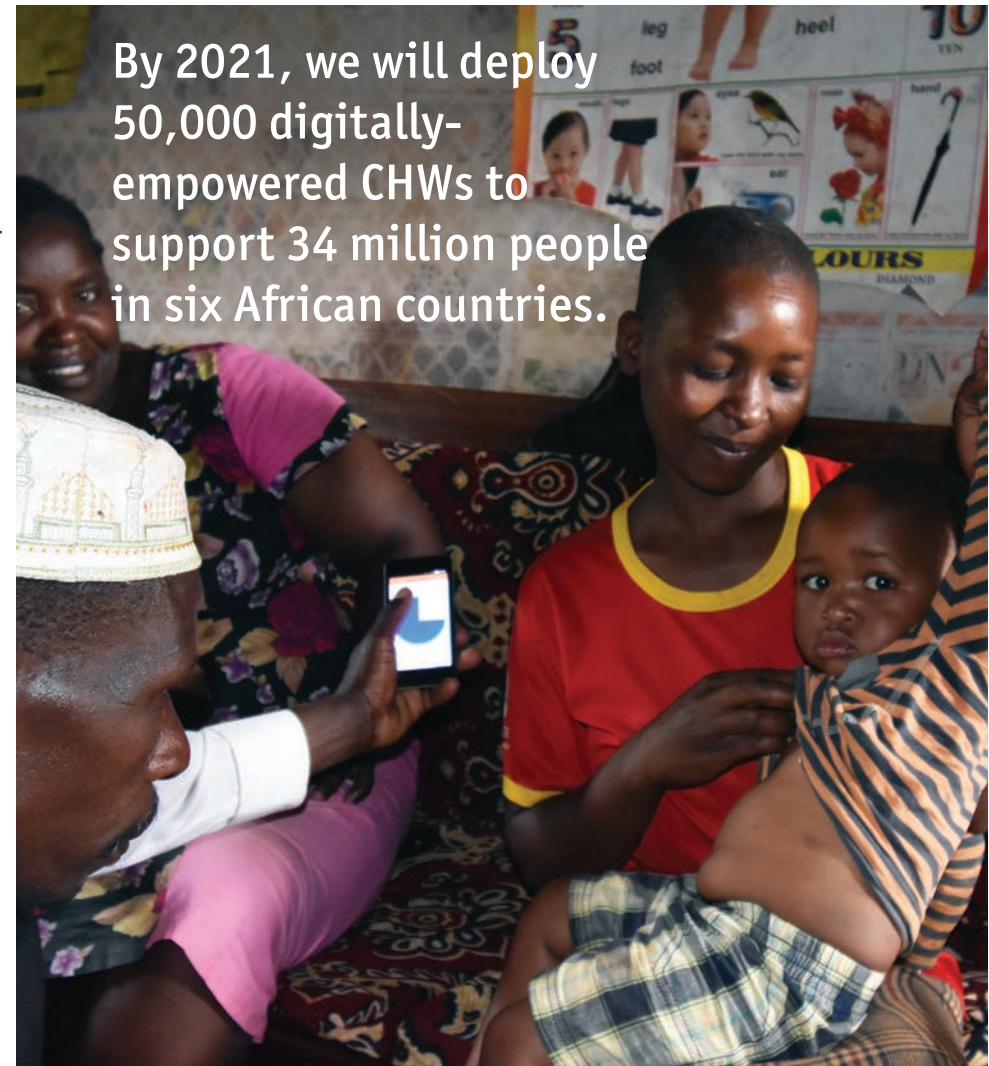
Living Goods Quarterly Report

Q1 Milestones

The Audacious Project is Live!

Our bold plan to deploy 50,000 digitally-empowered Community Health Workers (CHWs) in partnership with Last Mile Health was finally revealed at the annual TED Conference and the Skoll World Forum as one of the groundbreaking ideas that helped birth a new philanthropic initiative known as The Audacious Project. We are thrilled that a visionary coalition of funders and partners – including the Skoll Foundation, Virgin Unite, ELMA, the Children's Investment Fund Foundation and The Bridgespan Group – believe so deeply in the transformative power of community health. They are committing a \$50 million matching grant to our plan to provide lifesaving healthcare to 34 million people across six countries in East and West Africa by 2021. Chuck Slaughter spoke about our project at the Skoll World Forum on the day of the launch.

The Audacious Project will provide \$35 million to Living Goods and \$15 million to Last Mile Health as a core investment. But we must secure 1:1 match funding from new sources to unlock this support, and the total cost of our plan is more than \$170 million. We have already made strong progress in generating commitments to invest in our project, but we are cognizant that our fundraising goals are ambitious. We are deeply focused on leveraging the momentum from The Audacious Project launch to realize our goal of unleashing the world's largest workforce of digitally-empowered CHWs.



By 2021, we will deploy 50,000 digitally-empowered CHWs to support 34 million people in six African countries.

Our Results

Q1 2018



NUMBER OF PEOPLE SERVED

6,042,400



ACTIVE COMMUNITY HEALTH PROMOTERS

2,330 1,395 3,828
LG UGANDA LG KENYA BRAC UGANDA



SICK CHILDREN UNDER 5 ASSESSED IN Q1

317,869



SICK CHILDREN UNDER 1 ASSESSED IN Q1

73,914



NEW PREGNANCIES REGISTERED IN Q1

42,690



Top: Ugandan President Yoweri Museveni visits with our staff on International Women's Day.

Bottom: Nivah, a CHW in Kisii county Kenya, provides Amoxicillin and a referral for a baby suspected to have pneumonia.



Accelerating Government Partnerships

Globally

Increasingly, policymakers and funders are not only recognizing that community health is essential to achieving universal healthcare, but that it must be better integrated into formal health systems. The World Health Organization (WHO) is now engaged in the most comprehensive effort ever assisting governments and partners to improve the design, implementation, performance and evaluation of CHW programs. Living Goods was invited to join this initiative, called the CHW Hub. We have already influenced the development of the WHO's guidelines through the CHW Hub and we will support the dissemination and implementation of the guidelines as a next step.

Uganda

We gained essential national-level recognition and support this quarter, signing a national memorandum of understanding with the Uganda Ministry of Health in January. It was also meaningful that Ugandan President Yoweri Museveni and Prime Minister Ruhakana Rugunda (the former Minister of Health) visited our booth and commended our work at our International Women's Day events in Mityana in early March.

Kenya

Following post-election changes, we successfully reengaged Kiambu County and secured the commitment of the county's First Lady to be the local Community Health Champion. We also facilitated a learning visit by the Kiambu County Health Management Team to Kisii County to understand how they are treating pneumonia with Amoxicillin through Living Goods-supported CHWs. We are confident that Kiambu will join the other four counties allowing the use of the antibiotic by CHWs to save the lives of children with pneumonia, which will help influence national policy changes.

We were also asked by HENNET, the Kenya Health NGOs Network, to represent them at the annual Kenya Health Forum conference, which national and county governments and partners attend to review health delivery. Living Goods was the only partner invited to present, and we shared a case study showcasing how nonstate actors can support Universal Health Coverage, which was the overall conference theme.

Picture: CHW Casmil uses his Smart Health App to assess what's been causing a young boy to suffer from fever and no appetite for several days.

Proving Community Health is a Great Investment

Creating Investment Cases for Community Health

To surmount the challenges many local governments face in financing community health, we are working to provide the evidence and support they need to shift budgets and priorities. To that end, we are working closely with governments and key partners to build investment cases that demonstrate the intrinsic value and savings community health brings.

In Q1, we completed an investment case for Kenya in collaboration with the Ministry of Health's Community Health and Development Unit. It showed community health can achieve a 9.4-fold return on investment over 10 years. We are working to translate these findings into effective policy, budgeting and work-planning at the county level, so that budgets include the required line items. We're well underway with a similar investment case in Uganda and have created a road map for moving it forward in partnership with the Uganda Ministry of Health and other key stakeholders, while navigating Uganda's absence of a community health strategy.

In addition, with the support of the Bill & Melinda Gates Foundation, we made progress assessing nonstate actors, and had several deep-dive conversations with the Kisii and Busia county governments' health, procurement and finance teams.

THE KENYA INVESTMENT CASE REVEALED COMMUNITY HEALTH CAN ACHIEVE A 9.4-FOLD RETURN ON INVESTMENT OVER 10 YEARS

Healthcare Financing

Our new role as a member of the Kenya Ministry of Health's Technical Committee on the National Health Insurance Fund will play an important role in ensuring we continue to serve as a thought leader with the government, especially regarding the role CHWs can play in increasing insurance coverage.

Results-Based Financing in Uganda

We held our first Advisory Committee meeting with national and district-level representatives from the MOH, USAID, Makerere School of Public Health, WHO, and Cordaid to review the proposed design elements for our Results-Based Financing (RBF) framework. The committee selected Instiglio as the neutral trustee for the funds and Innovations for Poverty Action as our independent verification agency. We are also refining and reviewing our performance management systems, including real-time data analysis, so we can remain quick, nimble and make evidence-based decisions in achieving our targets.

We are working closely with governments to build investment cases that demonstrate the value and savings from community health.





A Transition in Living Goods' Leadership

Our Chief Executive Officer Shaun Church recently announced that he will be moving on from Living Goods in Q2 for personal reasons relating to family health issues. We are incredibly sad to see him go, as he has made a tremendous impact at Living Goods. However, we are delighted that our Board of Directors voted unanimously to appoint Liz Jarman, based in Kenya, as our next CEO effective June 15th. Liz joined Living Goods more than four years ago as our Director of Product Strategy, was later promoted to Kenya Country Director, and was recently named our Chief Strategy Officer in 2017. Born in Zambia, Liz spent a long portion of her career at the \$30 billion UK grocery giant Sainsbury, where she rose to head of Product Development, leading their fair-trade strategy. She ultimately decided to crossover to the social sector, moving to Kenya to work with Fairtrade Africa before joining Living Goods. Over the coming months, we will continue to assess our longer-term structure and staffing needs in light of the exponential growth we are experiencing.

Strengthening Systems and Staffing

Living Goods Goes Digital

A digital transformation at Living Goods is well underway, thanks to a new Enterprise Resource Planning (ERP) system that will improve our reporting, operational efficiency, and create the foundation for dramatically scaling our programs. In Q1, we completed mapping key business processes, coding all workflows, loading five years of financial history into it, and training our teams across Uganda and Kenya. This herculean effort to digitize Living Goods has moved us forward operationally to align processes across countries, develop new ones that were absent, and refine those that might not work when we're supporting 25,000 CHWs to deliver community healthcare.

Building our Benchstrength

Our teams continue to grow, and we are pleased to have onboarded new leaders who will help us achieve our aggressive goals for transforming community health. We hired a new Senior Manager of Strategic Partnerships based in Uganda, Jen Foth; and a new Washington, D.C.-based Director of Communications, Jennifer Hyman. We also promoted Rita Bulusu to serve as the Deputy Director of our Community Health Strengthening Team (CHST), and Caroline Mbindyo to be our new mHealth Partnerships Director within the CHST. In total, we hired 54 new employees in the first quarter of 2018, in addition to 60 assistant branch managers who will be counted as new hires after their orientation period.



Picture: Justine, a CHW in Uganda, administers the injectable contraceptive Sayana Press to a young woman who decided to restart family planning after one counseling session.

Deepening Community Support

We have increased the impact of our health interventions in Kenya by expanding our work on antenatal care, postnatal care, nutrition, immunizations and family planning (FP). We added new protocols into our Smart Health App for six additional infant visits that are providing targeted counseling on the importance of breastfeeding, immunization, nutrition, malaria prevention and deworming. Going well beyond the original practice of one scheduled postnatal visit 48 hours after birth, CHWs are now also visiting them at one week, six weeks, three months, six months, nine months and 18-months-old. We're currently piloting this in one branch, but once we've gained sufficient insights and ironed out any issues from the trial, we'll be rolling it out across Kenya in 2018.

In Uganda, Living Goods is thrilled to have made meaningful inroads piloting FP – a service women have long requested so they can better control when and how many children to have. The pilot includes two branches where CHWs are providing women with access to expanded FP options including two types of daily birth control pills, condoms, Sayana Press (with three-month efficacy) and referrals for longer-term and permanent options.

WE LOWERED THE COST OF FAMILY PLANNING SERVICES AND PROVIDED GREATER FINANCIAL INCENTIVES TO CHWs FOR FP TO INCREASE OUR IMPACT AND THE NUMBER OF PEOPLE SUPPORTED.

These new services have been well received. After just one counseling session from a CHW, 52% of women who had never tried any method of FP before decided to start, while 65% of those with previous experiences decided to restart. When we noticed that CHWs weren't making as many initial or follow-up visits as planned, we tweaked our design to lower the cost of FP services and provide greater financial incentives to those CHWs who took on this additional work. As a result, the percentage of active CHWs doing FP work rose from 71% in February to 84% in March, and the total number of new FP visits per CHW rose from an average of 3 to 6 visits per CHW each month.

After just one counseling session, 52 percent of women decided to newly begin family planning practices, and 65 percent decided to restart.





Top: In one day alone, Sarah, one of our CHWs in Mbale, Uganda, tested 25 children under age five for Malaria, with 11 testing positive.
Bottom: An exuberant group of new CHW graduates from our Busia branch in Kenya.

Delivering Meaningful Healthcare at Scale

To achieve our transformative vision of ensuring that all people have access to basic healthcare at their doorsteps, we must massively scale the cadre of women and men delivering vital community health. This quarter, we trained and graduated 163 new CHWs in Kenya, bringing us to a total of 1,395 active CHWs. Our growth was equally impressive in Uganda; 161 CHWs graduated this quarter, taking us to 2,330 CHWs by the end of March. We also mapped 773 villages in Uganda so that we could assess how and where to best scale and deepen our work.

In Uganda, many of our Key Performance Indicators (KPIs) (*see page 9*) were below target, due to typically slow first quarter performance, massive expansion (we interviewed 1,749 CHW candidates) and training on our new Enterprise Resource Planning (ERP) system, which temporarily diverted some attention from our field operations team. In Q2, we will be testing new incentives to better support CHWs. We also inducted a class of 30 Branch Management Trainees in April to bolster the support and supervision we provide to CHWs going forward.

WE ARE PLEASED TO SEE CONTINUED IMPROVEMENT ON OUR POSTNATAL CARE VISIT RATES IN KENYA (UP FROM 61% AT THE END OF 2017 TO 69% IN Q1) FOLLOWING CONCERTED MEASURES WE RECENTLY IMPLEMENTED, INCLUDING MANDATORY WEEKLY VISITS AFTER WOMEN REACH 36 WEEKS, SO WE CAN BETTER TRACK REGISTRATIONS OF NEW PREGNANCIES.

In Kenya, although the first quarter is typically slow, the help of extra financial incentives, better planning, and highly motivated staff and CHWs enabled us to achieve our Q1 under-5 assessment target for the first time ever. We are pleased to see continued improvement on our postnatal care rates in Kenya (up from 61% at the end of 2017 to 69% in Q1) following concerted measures we recently implemented, including mandatory weekly visits after women reach 36 weeks, so we can better track registrations of new pregnancies.



In Q1, we graduated 324 new Community Health Workers in Kenya and Uganda.

Top: Elizabeth, a CHW in Uganda, registers a new pregnancy on her phone.
Bottom: Living Goods' Rita Bulusu and Liz Jarman meeting with Chad Rathner, the Chief Operating Officer of mothers2mothers.

Catalyzing Innovation

We introduced new processes to streamline how we prioritize and make decisions around internal experiments with our models. We established a new innovation committee to help stage-gate the process of how concepts are approved and are working to ensure staff from across countries and functions know how to contribute their ideas.

We are pleased that the Bill & Melinda Gates Foundation-funded Innovation Network in Kenya, a partnership with Medic Mobile, is now fully up and running. The Busara Center for Behavioral Economics has been selected as our research partner and will support the evaluation of the technology initiatives we are testing. This quarter, we developed prototypes for our experiment to close the loop on referrals and ensure comprehensive follow-up after clients are referred to clinics.

New Approaches and Geographies

We are striving to understand the best ways to incentivize governments to lead and pay for their own high-impact community health strategies. So, we spent time this quarter building our knowledge base. We hired a consultant to understand the best practices in technical assistance and capacity building. She generated a set of key success factors and a handbook to help shape our approach to technical assistance. We also engaged in learning visits to mothers2mothers and leading mHealth providers in South Africa. Last Mile Health also visited our Uganda operations to better appreciate how we work, since we will be collaborating deeply through The Audacious Project.

In Myanmar, we helped Population Services International secure an investment for the Win-Win program that will provide an additional \$1M of support over the next three years. We also opened a fifth hub in Pekon, in Shan State, with 28 agents providing malaria, tuberculosis, and maternal, newborn and child health services, thanks to support from the Three Millennium Development Goal Fund. Although there was no major progress on the Sierra Leone opportunity due to elections, we are planning a follow-up visit in Q2 and we have hired a consultant with in-country experience to help with more detailed scoping. We continue assessing additional short-listed countries and have hired several key staff to focus even more resources toward expansion.



Living Goods Q1 2018 Key Metrics

	Living Goods-Uganda			BRAC-Uganda*			Living Goods-Kenya		
	Q1 2018 Target	Q1 2018 Actual	Q1 2017	Q1 2018 Target	Q1 2018 Actual	Q1 2017	Q1 2018 Target**	Q1 2018 Actual	Q1 2017
Impact Metrics*									
Pregnancies Registered / CHW per month	3.0	2.5	3.6	3.0	2.1	2.4	2.0	1.2	1.7
Under-1 Assessments / CHW per month	4.0	3.5	4.8	4.0	3.6		3.7	3.8	4.4
Under-1 Treatments / CHW per month	2.0	1.7	2.7	2.0	3.6	2.7	1.8	1.6	1.6
Under-5 Assessments / CHW per month	18.0	16.1	20.3	18.0	14.7	13.0	16.1	16.4	16.8
Under-5 Treatments / CHW per month**	14.0	7.8	12.0	14.0	14.1	9.5	12.6	8.3	8.3
Active CHWs	2,335	2,330	1,720	4,065	3,828	3,881	1,490	1,395	868
Total Pregnancies Registered	18,771	15,576	16,755	32,927	22,298	27,449	7,533	4,816	3,967
Total Under-1 Assessments	25,028	21,614	22,203	43,902	37,778		14,011	14,522	9,876
Total Under-1 Treatments	12,514	10,163	12,780	21,951	37,784	31,592	6,893	6,226	4,188
Total Under-5 Assessments	112,626	98,930	94,382	197,559	155,542	151,878	61,469	63,397	37,344
Total Under-5 Treatments	87,598	47,732	55,804	153,657	148,533	111,111	48,701	32,014	19,850
% On-Time Referral Follow-Up	80%	82%	77%	80%	82%	89%	80%	83%	81%
% Postnatal Care Visit in first 48 hours	85%	56%	37%	85%	48%	92%	85%	69%	40%
% of 'High Impact' Items in stock	100%	99.1%	100%	100%	98%	98%	100%	99.4%	100%
Sustainability Metrics									
Wholesale Sales (USD)	\$208,567	\$131,269	\$140,744	\$244,500	\$117,801	\$87,256	\$84,453	\$73,166	\$45,375
Sales / CHW per month (USD)	\$30.00	\$22.36	\$26.57	\$20.00	\$11.25	\$7.47	\$20.00	\$19.63	\$20.39
Sales / CHW per month (local)	111,000	81,045	94,430	74,000	40,871	26,456	2,040	1,981	2,072
Initial Wholesale Margin	18.0%	16.2%	21.2%	13.0%	14.6%	14.0%	18.0%	10.8%	19.4%
Final Wholesale Margin	17.2%	11.6%	20.5%	12.0%	14.6%	14.0%	15.9%	10.8%	18.3%
Population Served	1,868,000	1,864,000	1,376,000	3,252,000	3,062,400	3,104,800	1,192,000	1,116,000	694,400
Net Cost per Capita Served (annualized)	\$2.27	\$1.82	\$2.20	\$1.24	\$0.80	\$0.79	\$3.31	\$3.79	\$3.57

* **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.