



LivingGoods

QUARTERLY REPORT

Q3 | July-September 2017



Living Goods Quarterly Report

Q3 Milestones

New Gates Funding to Propel Life-Saving Tech Innovations

Two of our long-standing goals have been to attract transformational funding and expand the role of technology in community health. This quarter we got great news on both fronts. Living Goods has been awarded our first grants by The Bill and Melinda Gates Foundation, including one to establish a new Community Health Innovation Network in Kenya.

The Innovation Network will serve as the testing ground for new technologies in a real world community health environment. This includes life-saving diagnostics such as biosensors, growth monitoring, and eventually even HIV self-testing. We will work with our longtime partner Medic Mobile to create a rich ecosystem of partners, tech companies, product developers, and government stakeholders to advance learnings and move these innovations forward.



NUMBER OF PEOPLE SERVED

5,800,000



ACTIVE COMMUNITY HEALTH PROMOTERS

2,120 1,180 4,000
LG UGANDA LG KENYA BRAC UGANDA



PREGNANCIES SUPPORTED IN Q3

58,400



SICK CHILDREN UNDER 5 ASSESSED IN Q3

376,700



SICK CHILDREN UNDER 1 ASSESSED IN Q3*

36,400

*Metric does not include BRAC



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Top: CHP Respa in Western Kenya educates a mother about proper nutrition for her baby.
Bottom: An excited client in Uganda reaches for a package of Healthy Start porridge.



POOR NUTRITION DURING THE FIRST YEARS OF LIFE CAN STUNT A CHILD'S GROWTH, AN IRREVERSIBLE CONDITION THAT CAN RESULT IN IMPAIRED COGNITIVE ABILITY AND REDUCED SCHOOL AND WORK PERFORMANCE.

The Innovation Network will be driven by a group of about 170 Community Health Promoters (CHPs)—and the nearly 140,000 beneficiaries they serve—to run a number of different test projects. This will include integrating the technology used by CHPs and health facilities to “close the loop,” ensuring that patients who are referred either make it to their appointment or receive further follow-up. We will also develop sophisticated predictive analytics that make our SmartHealth app even smarter and able to learn on its own from our data. This initiative is of enormous strategic value to the entire community health field, and we are honored to be a part of it.

Expanding Nutrition Services to Help Children Survive and Thrive

Given our focus on helping children survive and thrive, we've elevated nutrition as one of our key interventions. Poor nutrition during the first years of life can stunt a child's growth, an irreversible condition that can result in impaired cognitive ability and reduced school and work performance. Across the globe, nearly 155 million children under five suffer from stunting.

In Q3, we began rolling out an expanded nutrition package in Uganda. Going forward, there will be an increased focus on nutritional counseling and messaging, reinforced by changes to the SmartHealth app. Now, for example, when assessing a sick child or visiting a newborn, the app will prompt data collection around diet, in order to identify and track potential cases of malnutrition before they can become acute. Our CHPs will also be putting even greater emphasis on antenatal health, with increased tracking of antenatal care visits by mothers, and of their use of malaria prophylaxis and iron folate supplements. Finally, we are also rolling out an experiment in which we will be offering free or subsidized malaria prophylaxis to some mothers, and tracking the result to see if doing so increases uptake.

All of this will supplement our ongoing nutrition activities, which already include growth monitoring and the provision of nutritional supplements.

Picture: A young child in Uganda eagerly awaits CHP Janat for a health assessment.

Partnership Team Refreshes Name and Focus to Align with Long-term Strategy

To achieve the ambitious goal of putting an effective community health worker in every community that needs it, we can't act alone. Our goal is to support and empower partners to increase their own capacity, rather than primarily seeking opportunities for Living Goods to implement our program directly. To align with this long-term strategy, our Partnerships Team will now be called the Community Health Strengthening Team.

In Kenya, county governments have expressed interest in working with Living Goods to strengthen performance management, mHealth, and financing. Similarly, in Uganda we have been approached by large-scale implementing partners. They are interested in leveraging Living Goods' learnings and expertise to strengthen their community health programs or expand to new areas.

This systems-focused approach enables Living Goods to tailor our support to partners and optimize impact. By aligning our partnership strategy with our long term goals, we believe that Living Goods is now positioned to move community health much more quickly towards scale; and that in the long run, the programs we do put in place will be more durable, more cost-effective, and even more responsive to the needs of the governments and communities we serve.

[PARTNERS] ARE INTERESTED IN LEVERAGING LIVING GOODS' LEARNINGS AND EXPERTISE TO STRENGTHEN THEIR COMMUNITY HEALTH PROGRAMS OR EXPAND TO NEW AREAS. THIS SYSTEMS-FOCUSED APPROACH ENABLES LIVING GOODS TO TAILOR OUR SUPPORT TO PARTNERS AND OPTIMIZE IMPACT.

New App Supports Ambitious Expansion Goals

Living Goods and BRAC are on track to reach over six million people by the end of the year. In Q3 we rolled out a new app that will play an instrumental role in our growth. By digitizing expansion data, the app has already cut the time spent recruiting new CHPs in half. And that's just the beginning. In 2018, we'll leverage the app to help us scout for new branch locations based on need, infrastructure, and alignment with our growth strategy. Using data we collect through the app, we'll build algorithms that will help optimize and streamline our site selections.

Living Goods and BRAC are on track to reach over six million people by the end of the year.





Picture: CHP Janat talks to a young mother about healthy practices.

"I applaud @Living_Goods for the job well done in promoting health education. A healthy population is a productive one."

~ Dr. Diana Atwine, Permanent Secretary, Ministry of Health Uganda

Living Goods Deepens Partnership with Uganda MoH to Shape Community Health Plans

The Government of Uganda is taking a big step forward by launching a Community Health Extension Worker (CHEW) strategy that will shape how community health workers across the country are managed and supervised. Living Goods has been asked to help the Ministry of Health with the finalization and roll out of the plan. We've been selected to join USAID, DFID, UNICEF, AMREF, Ministry of Health and the Ministry of Finance on a highly selective technical committee that will help shape the CHEW strategy and community health strategy more broadly. At a recent high-profile conference, Permanent Secretary Dr. Diana Atwine tweeted, *"I applaud @Living_Goods for the job well done in promoting health education. A healthy population is a productive one."*

BRAC Transitions to Robust Mobile Platform

BRAC's health performance continues to improve, hitting the target for under-five assessments, on-time referral follow-ups, and pregnancy registrations. Q3 marked the completion of the mobile app rollout across all 4,075 CHPs. While some health metrics are improving, BRAC's percentage of on-time postnatal visits have decreased nearly 30 percent compared to the previous

quarter. Similar to Living Goods, the transition to mobile resulted in a seemingly sharp decline in on-time postnatal visits due to the way the metric is calculated on the app. These improved mobile calculations will help increase the accuracy of our reporting and pinpoint areas of improvement.

Tense Election in Kenya Slows Living Goods' Operations in August

Political instability surrounding the August election in Kenya—and subsequent Presidential re-election in November—prompted proactive office closures and restricted travel for Living Goods. These safety precautions, together with CHPs' involvement in electioneering activities, may have contributed to a dip in health performance. Under-one assessments per CHP were down 20 percent and under-five assessments per CHP were down 18 percent compared to Q2.

Kenya's Busia County Announces Payment of Community Health Volunteers

With Kenya's health governance devolved at a county level, Living Goods kept a close watch on local elections. Governors in our three largest counties—Busia, Kisii, and Kakamega—were all re-elected. The Governor of Busia announced in his re-election speech that the county will now provide a stipend to all community health volunteers for the first

time, a decision that we have been advocating for. This is a significant step toward recognizing the value of community health workers, and Living Goods is in discussion with the county about piloting and managing performance-based payments.

New Kenya Branch to Test Simple Version of Living Goods Platform

We will open one more branch before the end of the year in Busia County, Kenya. The branch, co-located at a health facility, will enable us to test a simple version of the Living Goods platform. CHPs will only distribute essential medicines. We will closely monitor outcomes from this experiment to shape a scaled down, yet impactful version of our model that can be easily adapted by other implementers through our assisted networks. Read more about assisted networks on page 3.

Scaling Back Office Systems to Support Rapid Growth

In just the past year, the Living Goods team has grown nearly 60 percent. We're innovating and operating at the level of a

much larger organization, but our legacy back office systems are still designed for a much smaller enterprise. To support our ambitious growth plan, Living Goods will launch a robust enterprise resource planning system that will streamline processes across the organization. Most systems will be automated and digitized, and most importantly linked together from end to end to optimize efficiency and minimize errors. We are currently working with a contractor to select a platform, and aim to launch the system in Q2 2018.

Living Goods Welcomes New Talent to Support Ambitious Plans

We've hired our first Washington, D.C.-based Director of Advocacy to help elevate community health on a broader scale, and a Director of Talent Acquisition. In East Africa, we hired a Director of Innovation to run the new Innovation Network (read more on page 1), a Senior Health Advisor, and our first Chief Technology Officer. To support our ambitious funding plans, Living Goods has doubled the size of the business development team from four to eight.

Story from the Community

"Two weeks ago I thought I was going to lose my child. One night he had severe fever and I was alone in the house. Then I remembered that in our village there is a (Community Health Promoter who) is also my neighbor. So I ran to her that very night...She diagnosed my child and found out he had malaria and he was vomiting.... At the hospital they put my child on drip and a few days after he recovered. Community Health Promoter Juliet is so important to our village."

~ **Anne-Mary**, Living Goods Client, Uganda



Living Goods Q3 2017 Key Metrics

| | Living Goods-Uganda | | | BRAC- Uganda* | | | Living Goods-Kenya | | |
|---|---------------------|-------------------|-----------|-------------------|-------------------|-----------|------------------------------|-------------------|------------|
| | Q3 2017 Target | Q3 2017 Actual | Q3 2016 | Q3 2017 Target | Q3 2017 Actual | Q3 2016 | Q3 2017 Target | Q3 2017 Actual | Q3 2016 |
| Impact Metrics | | | | | | | <i>malaria endemic / non</i> | | |
| Pregnancies Registered / CHP per month | 3.0 | 3.4 | 8.2 | 3.0 | 3.2 | 2.8 | 2.0 | 1.2 | 1.8 |
| Under-1 Assessments / CHP per month | 4.0 | 4.2 | 5.3 | 4.0 | | | 4 / 3 | 3.8 / 3.2 | 4.8 / 3.5 |
| Under-1 Treatments / CHP per month | 4.0 | 2.3 | 3.1 | 4.0 | 4.8 | 3.8 | 4 / 3 | 1.9 / 0.8 | 2.6 / 1.7 |
| Under-5 Assessments / CHP per month | 18.0 | 18.3 | 20.7 | 18.0 | 19.9 | | 18/12 | 15.7 / 9.2 | 18.2 / 9.4 |
| Under-5 Treatments / CHP per month** | 14.0 | 10.5 | 14.5 | 14.0 | 16.7 | 12.3 | 14 / 9 | 9.4 / 3.6 | 10.4 / 4.3 |
| Active CHPs | 2,059 | 2,115 | 1,459 | 4,065 | 3,954 | 3,597 | 1,055 | 1,181 | 418 |
| Total Pregnancies Registered | 14,968 | 19,414 | 30,651 | 34,756 | 35,215 | 28,206 | 5,122 | 3,767 | 1,801 |
| Total Under-1 Assessments | 19,958 | 24,064 | 19,931 | 46,341 | | | 9,860 | 12,344 | 4,496 |
| Total Under-1 Treatments | 19,958 | 13,189 | 11,423 | 46,341 | 53,844 | 37,813 | 9,860 | 5,997 | 2,411 |
| Total Under-5 Assessments | 89,811 | 104,858 | 77,562 | 208,535 | 221,237 | | 43,796 | 50,608 | 16,481 |
| Total Under-5 Treatments | 69,853 | 60,321 | 54,250 | 162,194 | 186,395 | 123,878 | 33,935 | 29,968 | 9,249 |
| % On-Time Referral Follow-Up | 65% | 81% | 73% | 65% | 87% | | 65% | 81% | 42% |
| % Postnatal Care Visit in first 48 hours*** | 85% | 60% | 28% | 85% | 61% | 89% | 85% | 57% | 43% |
| % of 'High Impact' Items in stock | 100% | 99.7% | 100% | 100% | 98% | 96% | 100% | 100% | 100% |
| Sustainability Metrics | | | | | | | | | |
| Wholesale Sales (USD) | \$299,369 | \$203,532 | \$149,303 | \$426,825 | \$131,603 | \$231,478 | \$89,640 | \$65,806 | \$23,857 |
| Sales / CHP per month (USD) | \$60.00 | \$31.45 | \$39.31 | \$35.00 | \$11.78 | \$22.87 | \$35.00 | \$16.96 | \$22.00 |
| Sales / CHP per month (local) | 201,000 | 112,052 | 131,364 | 117,250 | 41,807 | 76,422 | 3,500 | 1,727 | 2,192 |
| Initial Wholesale Margin | 22.0% | 13.2% | 24.3% | 11.0% | 16.0% | 6.7% | 21.0% | 17.8% | 18.3% |
| Final Wholesale Margin | 20.5% | 12.6% | 22.4% | 10.0% | 16.0% | 6.7% | 19.0% | 17.8% | 17.4% |
| Population Served | 1,646,860 | 1,692,000 | 1,167,200 | 3,252,000 | 3,163,200 | 2,877,600 | 844,200 | 944,800 | 334,400 |
| Net Cost per Capita Served (annualized) | \$2.16 | \$2.09 | \$2.10 | \$0.97 | \$1.57 | \$1.20 | \$3.63 | \$3.71 | \$4.76 |

*Note 1: BRAC data from paper reporting, with plans to capture additional data when mobile roll-out completed.

**Note 2: 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 3: 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.