

Living Goods Cost per Capita Served Methodology DRAFT

September 2014

This document details our methodology for estimating an approximate cost per capita served. This methodology utilizes data collected from our randomized control trial to give a conservative approximation of the cost per capita. This is a rough and preliminary method – we welcome input on how to best refine and improve the calculations.

The estimated cost per capita served in the Uganda scale up plan averages about \$1.50 over 4 years.

Key RCT Population Figures:

Using data available from our RCT baseline and endline data collection, we have the following population figures:

- There were **62** RCT treatment clusters (villages)
- These villages were covered by **95** Living Goods CHPs.
- Each LG treatment village averaged between **231 and 276** households each.¹
- The average household size was **6** people. However, this is potentially skewed upward as the RCT surveyed only households with an Under-5 child.
 - According to Ugandan Bureau of Statistics, the average national HH size is closer to 5².

→ This means that across the timeframe of the RCT, the population of the Living Goods treatment areas was conservatively ~77,500 (62 villages x avg. of 250 HHs/village x avg. HH size of 5). And therefore, the average number of **people served per CHP is conservatively 800** (rounded down from 77,500 / 95 CHPs in the LG treatment area).

A note on population served:

Historically, Living Goods has looked at our population served figures by assessing the number of households (and therefore population) *directly interacted with* by our agents. In the past, we had agents complete household registers, which though widely varying by agent and by branch, conservatively indicated that agents were directly touching at least 100 households each. Combined with household census data, this gave us an approximate figure of at least 500 people served/CHP.

Our assumption was that our impact was confined to the people our agents directly interacted with. However, the RCT results showed a powerful “halo effect” of indirect

¹ 2009 baseline data had 231 HHs/village, and by the endline surveying, this figure increased to 276 HHs/village.

² Source: http://www.ubos.org/UNHS0910/chapter2_householdcharacteristics.html

impact that Living Goods’ presence was responsible for. For instance, the RCT found that pharmacies in the regions where LG worked were 60% *less likely*³ to have counterfeit medicines, a result attributable to increased competition from our agents carrying high quality medicines.

As a result of the indirect impacts that the Living Goods model has been proven to have, we adjusted our methodology to be more comprehensive by including the overall population within the region our CHPs work.

Cost per Capita Served:

Knowing the expected population covered per agent (the 800 figure detailed above) allows us to then plug this number into our financial model, where we have projections for our agent counts, and hence in population reached, and our budgets. Simply put, we multiply our projected agent count by 800 to calculate the cumulative population reached each year. When combined with our financial model, this generates a net cost per capita. These calculations come out to \$2.08 per person reached in 2015, dropping to \$1.21 per capita in 2018.

The resulting cost per capita averages about \$1.50 over 4 years. This table shows the results by year:

Cost per Capita Summary	2015	2016	2017	2018
Agents (Year End)	916	1,614	2,171	2,615
Population Served	732,856	1,291,379	1,736,798	2,092,017
Cost per Capita	\$2.08	\$1.55	\$1.30	\$1.21

³ “Specifically, the intervention decreased the share of stores selling fake drugs by more than 60 percent and the reputation of incumbent outlets among consumers increased.” Source: Page 20, “CIFF CRCT Final report 20140527”.