A conversation with Living Goods, March 23, 2015

Participants

- Lisa McCandless – Director of Business Development, Living Goods
- Molly Christiansen – Director of Advocacy and Impact, Living Goods
- Brad Presner – Director of Analytics, Living Goods
- Natalie Crispin – Senior Research Analyst, GiveWell
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Note: These notes were compiled by GiveWell and give an overview of the major points made by Ms. McCandless, Ms. Christiansen, and Mr. Presner.

Summary

GiveWell spoke with Ms. McCandless, Ms. Christiansen, and Mr. Presner of Living Goods as part of its investigation into Living Goods as a potential top charity. Conversation topics included Living Goods' expansion of its programs, funding secured, additional funding needs, new monitoring and evaluation processes, and partnership opportunities.

Update on Uganda program expansion

Living Goods' plan for scaling up its Uganda program has remained essentially unchanged since the end of 2014. It plans to open two new Living Goods branches in Uganda by the end of 2015 and has converted two existing branches, which had been operating on the Kenya model in which better life promoters (BLPs) did not sell health treatments, to the CHP Uganda model. There are now eight standard CHP Living Goods branches in Uganda. BRAC will also be implementing the standard CHP platform with a number of its agents in Uganda and will begin conscripting and retraining agents in Q2 2015.

The Uganda expansion is proceeding well so far. The team in Uganda has successfully adapted Living Goods' protocols and training procedures to a larger scale and enlisted a larger training team. The Uganda team is also adhering more strictly to Living Goods' recruiting criteria.

Funding update

Major funders

Children's Investment Fund Foundation (CIFF)

CIFF approved a $16 million grant over four years to fund Living Goods' planned expansion. This will cover just under 50% of the expansion costs during that period. CIFF will make payments to Living Goods in yearly tranches based on receipt of expected deliverables.

The CIFF grant will not cover any activities in Kenya because Living Goods had not decided to implement its CHP model in Kenya when it first began talks with CIFF, about a year ago. CIFF will also provide additional funding to cover a randomized controlled trial.

CIFF will be the core funder of Living Goods' in Uganda. Most of Living Goods' other expected funders are seeking approval from their boards for the first two years only, with the intent to continue their support after that time.

Other major funding

Living Goods will receive about $1 million from a direct-mail campaign run by one of its current funders. Another foundation has approved but not yet made public a $1.5 million grant for Living Goods' expansion in Uganda, split over two years. The grant does not currently cover Living Goods' Kenya program, as this funder has expressed a desire to fund the same work as CIFF.

In addition, Living Goods expects to receive a total of about $1.5 million each year from a group of core funders, who have historically renewed their funding each year. All have indicated that they will continue to fund Living Goods. However, many of these funders provide primarily early-stage support, and Living Goods believes that some will eventually stop funding it as the organization grows. For this reason, Living Goods hopes to begin pursuing other support from larger foundations and high-net-worth individual donors.

Potential funders

Living Goods has applied for funding from the Global Innovation Fund (GIF) and USAID's Development Innovations Ventures.

Other potential funders

Living Goods is currently in talks with other potential funders, including the Omidyar Network, which is presenting Living Goods' funding request to its board. Living Goods expects to have an update on these talks within the next few months.

Funding gap

If Living Goods gets funding from all its expected sources, but no funding from any new sources, it will face a $5.5 million budget gap over the next two years. In addition to funding present operations and the Uganda scale-up, this total would cover building organizational working capital of about $3.5 million (i.e., six months' worth of operating expenses in the bank, in accordance with best practices), as Living Goods' budget is projected to grow in the next two years. Most of Living Goods' funds are unrestricted, so some of the working capital will be indirectly covered by existing funders. Living Goods hopes to raise the majority of the $5.5 million it needs from the major foundations it is currently in talks with.

This gap has not yet affected Living Goods' programming or scale-up plans. Currently Living Goods has enough funding to proceed with its plans and is confident enough in its ability to make up the shortfall that it sees no need to adjust its program trajectory. Living Goods will continue to monitor its funding situation closely, and if it finds that it won't be able to fill the gap through fundraising, it will review its growth plans and look for areas where it can scale back. Living Goods expects to revisit its funding situation in about a month, after it gets responses on some of its funding proposals.

Budget changes

Living Goods' budget has changed somewhat since October 2014, as the Kenya program budget has increased from about $700,000 to $1 million. This is primarily because the Kenya branches will be shifting to a more standard CHP model. Living Goods has also increased the number of smartphones it plans to use for BRAC's CHPs, raising the budget accordingly. Otherwise, there have been no major changes in the budget.

Replication fund

Currently there is no formal plan to start a replication fund, although Living Goods will continue to explore the idea. Living Goods hopes that bilateral organizations will fund the replica programs, as Living Goods' goal is to build large programs that can reach millions of people, instead of smaller pilot projects.

Partnerships

Population Services International (PSI)/Myanmar

PSI/Myanmar deployed its first group of agents operating on the Living Goods model, in the Irrawaddy Delta region, in late March. A team from Living Goods traveled to Myanmar to support the launch.

CARE Zambia

CARE Zambia hired Open Capital Advisors to conduct an assessment of how it could make its community health worker (CHW) program stronger and more cost-effective. In late 2014/early 2015, CARE Zambia approached Living Goods about rolling out a Living Goods–like program. CARE then secured funding from GlaxoSmithKline (GSK) and Barclays, which have a partnership on affordable health care in Zambia, and hired Living Goods to develop a detailed six-month design for a Living Goods–like network in Zambia. CARE has signed an agreement with Living Goods and is paying for the Living Goods partnership team's time and travel, using part of the GSK/Barclays funding. A similar arrangement exists between Living Goods and PSI/Myanmar.

Living Goods began work on the feasibility design project in February 2015, but no other plans have been finalized to roll out a Living Goods–like program in Zambia. CARE is undertaking a cautious assessment of whether the program fits its market in Zambia and can be funded sustainably long-term, partly through revenue from the business model. It is also looking for larger institutional funding to support the program in the context of plans for a bilaterally funded CHW system.

The potential partnership with CARE Zambia represents Living Goods' vision of future collaborations, in which partners contract Living Goods to provide both short-term technical support (i.e., help with designing and launching programs) and long-term assistance (i.e., help with sustaining operations, funding, and scaling up) where possible.

Other potential partnerships

Living Goods is in discussions with potential partners in Ghana, India and Tanzania and is exploring a pipeline of further partnerships.

Update on monitoring and evaluation

Changes to monitoring processes

Living Goods is planning several changes to its monitoring procedures, including the development of new quality-focused performance indicators and new quality assurance processes in the following areas:

- CHP selection, training, testing, and recertification
- Field supervision and monitoring
- Data quality and analytics
- Product and drug quality

Some of the procedures Living Goods will be adopting or formalizing are:

- An annual recertification process for all CHPs, alongside a system of performance monitoring that includes warnings and clearly stated implications for CHPs who do not pass.
- Strengthened protocols for field supervision. The supervisory staff in Uganda already use a checklist to record CHP performance, but will more clearly establish what steps the trajectory of a new agent should cover, as well as the kind of information on CHPs that will be sent to supervisors and headquarters. This information includes competency in certain health-related areas, proper use of mobile technology, skill at customer interaction, and professionalism.
- A new protocol for following up with outliers, including phone surveys with a sample of people who have been treated by CHPs. This is based on the strengthened analytics Living Goods developed last year, which allow comparison between recorded product purchases and reported treatments. Living Goods believes this combination of new analytics and phone surveys with customers will help increase its confidence in the quality of data reported by CHPs.

Living Goods is finalizing the details of these processes now with the Uganda team and plans to have implemented them by Q3 2015. Living Goods is preparing to hire a new Director of Health in Uganda, who will be responsible for quality assurance.

Field reports on CHP performance

The field reports branch managers submit on CHPs exist only on paper, and there is often a time lag before that information arrives at headquarters. Living Goods plans to create electronic and mobile-ready versions of these reports, but these will not be ready for another couple of months. Once mobile versions are in use, data on performance can be recorded and sent to headquarters much more easily.

The field reports are used primarily by branch and regional managers. When branch managers are in the field to check up on CHPs' performance, they bring a folder for each CHP at the branch, containing previous field reports and a blank report to fill out. Regional managers will review those reports to get an idea of CHP performance and relay that information to headquarters. Emilie Chambert, Director of Sales and Performance, will also review these reports to conduct spot-checks. So far, the reports have not raised any major causes for concern.

BRAC performance monitoring

BRAC performance monitoring processes differ from Living Goods' processes, but the two organizations work closely together on procurement, quality control, and mobile processes. Living Goods plans to share its updated internal quality control processes with BRAC and begin determining which aspects can be used in the BRAC network. The goals of the processes (increased confidence in data quality, product quality, and agents' knowledge) will be the same for both organizations.

Smartphone transition

By the end of April 2015, all Living Goods agents in Uganda will be using Android smartphones to record data from their visits and treatments. The conversion to smartphone use has gone very well, and none of the major issues that Living Goods was initially concerned about (such as agents feeling uncomfortable using the phones, declining performance, or agents dropping out of the program) have materialized. Existing agents seem comfortable making the transition, and new agents are not taking any longer to train than they were under the paper system. Rolling out the new branch management analytics will be much easier when data is available via smartphone in real time.

Smartphone transition for BRAC agents

BRAC will be piloting use of smartphones among its agents in Q2 2015. Because BRAC has many more branches than Living Goods and serves a more diverse set of communities, it will be conducting the pilot in both urban and rural settings. The pilot results will help inform how BRAC might use the phones, and by 2016, Living Goods hopes to have transitioned BRAC agents to Androids as well.

Evaluation of Living Goods' impact

As Living Goods finalizes its funding for expansion in Uganda, which will increase the number of Living Goods and BRAC CHPs from 1,200 to 6,500 over four years, it wants to test whether it can continue to show a significant impact on child mortality rates at scale. CIFF is also committed to rigorous evaluation of its grantees, so Living

Goods and CIFF have signed a terms of reference document to enlist an external evaluation partner, and Living Goods is now considering conducting another study of its under-five child mortality reduction impact. Living Goods plans to have selected an evaluation partner and outlined a plan for evaluation by May 2015, which may include another randomized controlled trial (RCT). This evaluation will be separate from the additional monitoring processes that Living Goods is developing internally.

Previous RCT results

Living Goods submitted its previous RCT results to *The Lancet,* but they were not accepted for publication. The researchers are now looking into submitting to other journals, and the results are expected to be published this year. It is not clear whether the results will be fully embargoed until the publication date.

Update on Kenya program planning

Living Goods decided in late 2014 to convert its Kenya program to the CHP model. Because Kenya's government is now decentralized, leaving more power in the hands of county governments, Living Goods is now identifying 1–2 counties in Kenya in which to launch its program. Its first branch will most likely open in Busia County in western Kenya, where Living Goods hopes to have 100 agents trained and operating by the end of 2015. It also hopes to identify a second county in which to establish a branch by the end of 2015, although this depends somewhat on how quickly the government moves, which can be hard to predict. Living Goods' Kenya team has spent time in Uganda intensively studying the model, including shadowing agents and experiencing the training process, and determining what will need to be adjusted to fit the Kenya program. However, the model used in Kenya will be essentially the same as the Uganda model. Living Goods is also finalizing a memorandum of understanding with the Busia county government that will allow its agents to distribute medication.