



LivingGoods

*Empowering micro-entrepreneurs to deliver
life-changing products to the doorsteps of the poor.*

2013 YEAR END REPORT



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Performance Snapshot

Living Goods Direct cumulative to date - not including BRAC



617

ENTREPRENEURS EMPOWERED



153,721

CHILDREN TREATED



58,622

PREGNANCIES SUPPORTED



55,587

CLEAN COOKSTOVES SOLD

Headlines

Most Impactful Year to Date. In 2013 Living Goods delivered its most impactful year to date. Living Goods agents treated close to 99,000 malaria and diarrhea cases during the year, with over 60,000 children treated - up over 8% from 2012. LG continues to see strong performance in referrals, follow-ups, and pregnancies supported. Despite a below target agent count throughout the second half of the year, LG agents supported over 25,000 pregnancies, up nearly 30% from 2012. Agents in Uganda and Kenya sold nearly 30,000 clean cook stoves, nearly double the number sold in 2012. Finally, Living Goods saw an increase of 50% in fortified foods sales – over 56,000 units - and 100% increase in solar lamps sales over 2012.

Most Challenging Year to Date. Despite all the good news, Living Goods faced its share of headwinds throughout the year. LG experienced a substantial sales and profit margin decline due to fluctuations in the carbon market. Those changes affected our fast growing cook stove business, with a decline of 60% in Q3 that remained low in Q4. We continue the search for a financial partner to purchase future carbon revenues. Under the watchful eye of a strengthened finance team, Living Goods implemented stricter financial controls and compliance procedures during the second half of the year. Finally, regulatory roadblocks in both Uganda and Kenya challenged LG's ability to offer key medicines. In Q3, LG negotiated a comprehensive agreement with the National Drug Authority in Uganda allowing agents to get back to what they do best – treat clients.

Footprint in a Second Country.

It was a historic year for Living Goods. Under the unwavering leadership of Shaun Church, LG opened its first branch in Kenya. Shaun's dedicated team has already made the first Kenyan branch into LG's 2nd largest. Top selling items in Kenya include products that save poor families money on energy - improved cook stoves, solar lamps and biomass briquettes. In Q3, the Kenya team developed credit products for both consumers



and agents, with an impressively high repayment rate of over 99%. LG Kenya has also led the way with mobile payments, with 35% of agents paying for their products and 70% of credit repayments coming through that channel. In 2014, the Kenya team will focus on continuing to innovate consumer finance strategies and increasing LG Kenya's lower than anticipated margins.

Africa Rising. In 2013, LG significantly deepened its Africa-based leadership, bringing on directors in technology, product development, finance, human resources and operations based in Nairobi and Kampala. This shift is an important one, allowing LG leadership to be closer to our customers - better able to hear, assess and respond to their needs. Additionally, these leaders will be working with the teams in both Uganda and Kenya, allowing lessons to flow between the two countries with greater ease and efficiency. This exceptional new talent, located in the heart of LG's operations, will have a transformative effect on our overall impact and sustainability in 2014. In just the last quarter, LG added several stellar East Africa based Directors. Alfred Wise joined as Uganda Country Director. Alfred has 14 years of social enterprise experience, working previously as Tanzania Country Director for KickStart International and President of Community Wealth Partners. Also in Q4, Liz Jarman joined as Director of Product Development. Liz has over 20 years experience working in British manufacturing and the retail industry - during her time at Sainsbury's she was responsible for the development and performance of over 6000 private label products and helped Sainsbury's become the largest retailer in the world for Fairtrade products.

Transforming the Lives of Agents. LG took time this year to better understand its impact on the lives of agents, with agent surveys in both Uganda and Kenya. Results were promising and rewarding: since joining LG, 97% of agents in Uganda report improved status in their communities. 95% of agents reported that LG has taught them new skills that will help them get another job or start a business in future. Over 90% said



they would recommend Living Goods to a friend. In Kenya, 72% of agents are primary income earners. 32% of agents had an income of less than \$2/day, and 85% support their children with their earnings. Kenya agents joined LG primarily to serve their community, followed closely by earning money, improving their status, learning business skills, and having access to high quality products.

BRAC Strengthening Performance. BRAC-Uganda results were solid throughout 2013. BRAC beat its targets in Q4 on pregnancies as well as treatment and referral follow ups; its over 600 agents supported an average of 21 pregnancies each and followed up with treatments and referrals 79% and 75% of the time, respectively. However, under five diarrhea and malaria treatments and sales per CHP fell due to procurement challenges in the second half of the year that affected pricing. But consistently strong health impact results over the year bode well for the power of the model, and the strength of an organization like BRAC to build integrated delivery mechanisms into their programs.



Building, and Learning, from Partnerships. Living Goods' Advisory team had a busy year, supporting partner organizations across six countries. In the first half of the year replicator partners Marie Stopes in Kenya and Clinton Foundation in Peru deployed LG-inspired agent networks. In the second half, Population Services International in Mozambique deployed two separate LG-inspired networks. The Marie Stopes Kenya program is currently struggling due to underpowered management and execution, and Marie Stopes International is looking to partner with LG in other counties. The Clinton Foundation's Chakipo Acceso network is performing well, and the team has the green light from President Clinton to expand the program. PSI has proven to be very committed to LG, and along with testing the model in Mozambique is planning a larger collaboration in Myanmar. Moving forward, LG will focus on higher engagement collaborations to maximize the potential for impact, sustainability and scale. The Advisory Services team will also work to encourage the largest funders to build their strategies and RFPs around sustainable, high-impact models like our own.



Increasing Influence. Living Goods continues to grow in influence, with the continued aim of finding the right partners to help us achieve massive impact. In early 2013, Living Goods was honored with the Schwab Social Entrepreneur of the Year Award. In Q4, LG received the BNP Paribas Special Jury Prize for Philanthropy. We also learned that Duke University is awarding Living Goods the CASE Enterprising Social Innovation (ESI) Award in 2014. LG published widely read thought-leadership pieces on mobile deployment, marketing to the BoP, business solutions for health and more, and [launched a new space to share them](#). Finally, Living Goods was featured on NBC World News, The Guardian, Stanford Social Innovation Review, Christian Science Monitor, CNBC Africa, Forbes, and The Chronicle of Philanthropy, among other media outlets. See all of LG's recent press here: <http://bit.ly/LGlatestnews>

Thankful for Supporters, New and Old. In 2013, Living Goods humbly welcomed generous new funders. The UBS Optimus Foundation, Barr Foundation and ELMA joined the ranks of our top donors. Bohemian Foundation also offered major support in 2013. We continue to garner strong ongoing support from loyal backers, with the majority of donors believing in

the mission and team and offering core, unrestricted funding. As LG enters its 6th year, we are more thankful than ever for all of the organizations who continue to offer their support – both financial and strategic.

Big Wins Planned for 2014. The stage is set for a successful 2014. With the many challenges of an adolescent organization behind us, we embark on the new year with an ambitious plan. First, LG aims to update and refine the impact strategy for each product and service to help ensure delivery of meaningful, lasting impact for our clients. A thorough impacts review will cover product selection, customer targeting, behavior change, and measurement tools. LG will also begin reducing product costs by sourcing directly from the factory and negotiating aggressively with suppliers. This will create a product mix that better serves our clients, is exclusively available from LG, and gives us a pricing advantage. In an effort to make mobile technology a core backbone of the operation, LG will develop, test and roll-out smartphone tools for financial management, data collection, direct marketing and performance management. Finally, we plan to design and deploy successful consumer finance offers that will make high impact, higher ticket products and services like stoves, solar lights, water filters and pregnancy care accessible to a much broader population. We look to the year ahead with optimism, and with a renewed focus on our aim to build a profitable distribution platform that improves access to life-changing products and services to those who need them most.

Performance Dashboard

	Q4 2013 RESULTS	Q4 2013 TARGET	YE RESULTS	YE TARGET	PRIOR YTD (Q1-Q4 2012)
Reach					
Total agents ending (Uganda/Kenya)	602 (477/125)	950 (700/250)	602 (477/125)	950 (700/250)	309
Population served	236,210	398,000	236,210	398,000	142,560
Impact					
Treatments provided	15,859	27,691	98,513	165,000	91,194
Treatments provided to children under 5	10,517	15,960	62,358	100,000	55,136
Pregnancies supported	9,827	11,362	25,706	30,000	20,089
Clean burning cookstoves sold	3,713	7,500	29,800	30,000	15,930
Income per agent/year* (run rate)	\$240	\$265	\$259	\$265	\$251
Replication partners (new / total)	0/6	4	3/6	4	1/1
Sustainability					
Wholesale Sales (YTD)	\$84,046	\$165,674	\$378,913	\$596,000	\$211,265
Field cost recovery Uganda	74%	125%	100%	125%	84%
*Includes: income earned from retail sales, incentives, and money saved from using cookstoves and solar products.					
NB: Below target performance caused by lower agents counts and slowed growth, not dips in per agent impacts.					