

ANNUAL REPORT

2016



Healthy
Entrepreneurs



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Introduction



As indicated by our vision that everybody deserves access to basic health care, Healthy Entrepreneurs' primary aim in 2016 was to improve the network of entrepreneurs and expand our operations to new countries.

Healthy Entrepreneurs (HE) deploys a last-mile distribution model to deliver affordable and reliable health products and services to the poorest families living in remote areas of developing countries. Our trained health workers sell health care products and educate their customers from their own mini-pharmacies. In every country, HE manages a fully integrated end-to-end supply chain management. Thanks to the efforts of these passionate entrepreneurs, isolated villages transform into strong, healthy, well-informed communities in a sustainable manner.

With over 1750 entrepreneurs active in 5 countries, we expand our network of entrepreneurs in DRC, Uganda and Haiti. Simultaneously, we initiated an exploration phase in new target countries, namely Ghana and Tanzania. We initiated a market research to explain the HE business model with the local government and other stakeholders to adapt our model to both the national legislation and the needs of people living in the remote areas.

In 2016, we have been able to fulfil our ambitions and over 1750 entrepreneurs reached approximately 3,5 million people living in remote areas, an incredible achievement!

Besides our focus on expanding the operations, we feel honoured by the fact that we gain recognition for our entrepreneurial business model by others. The Ministry of Foreign Affairs, UNFPA and other foundations remained important actors to support our concept. A special note to Ashoka, as this network of social entrepreneurs has provided us

with useful insights about the scalability of our business model and directly connected us with experts of both PWC and MC Kinsey.

We are fully aware that our business model could constantly be improved. The introduction of new products on markets where there was hardly any availability has helped us to start to expand the product range in order to create more impact for customers and improve business conditions for our entrepreneurs. Moreover, the combination of providing health education, screening, counselling and referral by using the tablet has proven to be successful. The Erasmus University has done in-depth research in cooperation with local researchers in Uganda and these results have been analysed to improve our business model in an extensive manner. The research shows for example that in the Kibaale district (Uganda) there is a 52% increase of knowledge of modern contraceptives and a 60% increase of the availability of essential health products. Besides research by universities on these subjects, the most important revelation became the eagerness of entrepreneurs to not only generate income, but more importantly support their own community by providing access to basic health products.

The vision of Healthy Entrepreneurs to bring basic health care for all is important in today's world. The ongoing commitment of all our colleagues contributes to this view. We hope to continue to empower people to create their own success and provide their community with access to basic health care.

Thank you!

Joost van Engen, founder of Healthy Entrepreneurs
Utrecht, Juli 2017





Why Healthy Entrepreneurs?

Why are there still over 2 billion people worldwide living in remote or isolated villages, without have no access to basic healthcare? Despite stunning progress in recent decades, approximately 16,000 children still die every day from diseases. The poorest of the poor lack quality medicines, health products, and education. The distance to products and services makes them particularly vulnerable. Due to a lack of knowledge, people are unable to make well-informed decisions about their own health and that of their children. They frequently depend on the local black market for expensive medicines, which are often counterfeit. The main challenge is how to cover that last mile distribution. Healthy Entrepreneurs proves that acces to basic health care in remote areas is possible and we have made it cheaper, more effective and more sustainable.

Vision, mission and goal

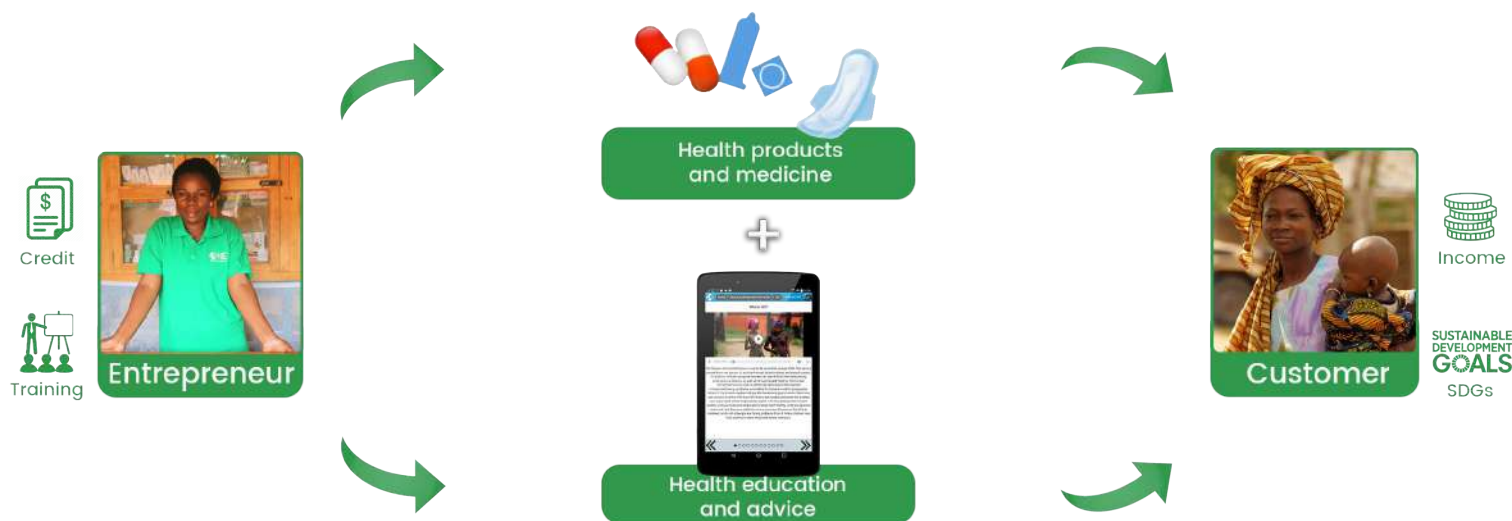
The vision of Healthy Entrepreneurs is basic healthcare for all. Access to basic health in the most remote areas is an important key for development and self-reliance. To our opinion, the key of success is self-empowerment, enabling people to overcome their own challenges.

Our mission is to train men and women to become Healthy Entrepreneurs or independent health workers. Via the network of entrepreneurs, a large set of affordable health products and services, that have been proven effective, are delivered to the last mile.

The goal of Healthy Entrepreneurs is mobilizing entrepreneurs with innovative and practical solutions corresponding to the demands of families living in remote, isolated communities.



The Healthy Entrepreneurs model



There is a tremendous drive of people in developing countries to improve their own health and the health of their children – when they have the right information and access to the products to do so. .

Other methods used in practice have severe obstacles:

1) Subsidized products handed out free of charge by NGOs.

Obstacles: frequent inefficiencies and multiple stock outs, free distribution not relied upon to be accessible when people need them.

2) Pharmacies linked to health institutions.

Obstacles: coverage of health institutions in rural areas is scarce and many facilities lack capacities to maintain a reliable stock of health products.

3) Private pharmacies.

Obstacles: Typically located in urban or sub-urban areas and offer high priced items unaffordable to the base of the pyramid, create scarcity to keep prices high, authenticity of medicines and vitamins may be questionable

4) "Marketing agents" (unqualified young men selling health goods without a license).

Obstacles: A high level of counterfeit and substandard medicines and other health goods

The business model of Healthy Entrepreneurs aims to work without these obstacles. Healthy Entrepreneurs identifies potential entrepreneurs with basic knowledge of health care, a secondary school diploma and preferably women. Men and women are trained as Healthy Entrepreneur or independent health workers. During their training, they learn about basic health the set of health products and entrepreneurial skills needed to establish their own mini-pharmacies.

Each entrepreneur invests 50 USD and receives a starter kit with basic medical products worth 100 USD on credit. Our entrepreneurs offer a complete collection of health commodities, including essential health products such as painkillers, contraceptives, sanitary pads, antibiotics, soap and vitamins. The entrepreneurs pay back the initial credit within one year. Our entrepreneurs are committed to this structure and demonstrate a high level of loyalty.

Educating the target audience with a tablet, in their own language, proves to be very effective. The information and counselling provided on our tablets is effective, especially among high-risk groups including youth and women. Through their services, entrepreneurs empower the customers to make informed decisions to improve their health. Entrepreneurs save lives. They contribute to the reduction of maternal and child mortality, improved delivery of essential health services to (pregnant) mothers and new-borns, and improved access to sexual and reproductive health education, counselling and commodities.

Affordable, reliable health products and education become available, promoting strong, healthy, sustainable communities.

Impact

Healthy Entrepreneurs' innovative, sustainable and honest approach is unique in the world of development work. Not only does our model improves basic health and well-being, it stimulates self-reliance through knowledge and education and access to basic health products. Moreover, it contributes to market efficiencies without subsidized products and creates job opportunities for entrepreneurs.



Focus areas

There is a tremendous drive of people in developing countries to improve their own health and the health of their children – when they have the right information and access to the products to do so. Educating the target audience with a tablet, in their own language, proves to be very effective as well. Moreover, we fulfilled our achievement to insert a screening application. For example, entrepreneurs are now able to determine fever and a general advice for children under 5 years old. In the upcoming months, we will focus on a new instrument to directly send text messages to our entrepreneurs to inform them about new health related aspects.

Through their services, entrepreneurs empower the customers to make informed decisions to improve their health on a wide spectrum of different areas, including maternal and child health, sexual and reproductive health, nutrition and common diseases:

Maternal and Child Health

Millions of children die every year from lack of medicines that cost less than a cup of coffee. We train and support our entrepreneurs to educate families on how to prevent their children from the leading killers: malaria, diarrheal disease and pneumonia. For example, when someone falls ill, our entrepreneurs can use a rapid diagnostic test for malaria and provide over-the-counter medication to treat malaria or pneumonia. In severe cases, entrepreneurs refer children to professionals to ensure they receive proper care. Products related to Maternal and Child health are: Artemisinin Combination Therapy for Malaria (ACT), Rapid Diagnostic Test for Malaria, Oral Rehydration Solution (ORS) and Zinc for Diarrhoea, Amoxicillin for Pneumonia and Deworming Pills – Albendazole.

Sexual and reproductive health

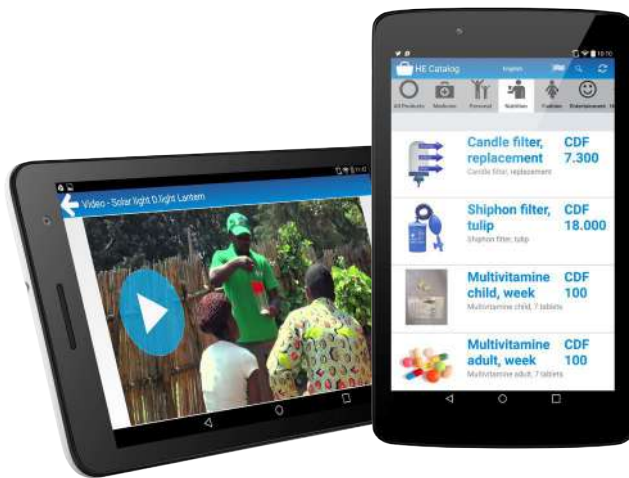
A majority of the people living in remote areas of developing countries lack the knowledge on sexual and reproductive health. The availability of anti-conception products and advice generates an increase in HIV/Aids awareness and a decline of infected people. Additionally, access to hygiene products has also resulted in a positive impact. For example, with the use of sanitary pads, girls are able to attend school on a more frequent basis. Products related to this health area include Oral Contraceptives, Condoms, Clean Delivery Kits and Prenatal Vitamins.

Nutrition

Nutrition is an important aspect particularly for pregnant women and young children to protect them against diseases. Chronic malnutrition affects over 40 percent of children in Africa. The lack of simple micronutrients like Vitamin A contributes to over half of the deaths under the age of five. Our tablet contains counselling flows about malnutrition and numerous educational videos about a balanced diet and prevention of malnutrition. We focus on improving micronutrient intake during pregnancy and the vital period from six to 24 months. Additionally, products with a high level of impact include Fortified Porridges for Children 6-24 months, Fortified Flour, Sprinkles (micronutrients), Vitamin A sachets and Iron Folate.

Common diseases

As we strive to address all the high-impact health needs at the community level, the tablet also contains specific information in relation to common diseases, such as cough and colds, rabies, malaria, tetanus, parasites, cholera, high-blood pressure, diabetes, tuberculosis, meningitis and HPV/ Cervical cancer.





Sustainability

Healthy Entrepreneurs' interventions are very cost effective. Per beneficiary, the cost is approximately 1 USD. Additionally, the model is based upon a self-sustaining concept. At the one hand, we do not need to support our entrepreneurs once they are active. They pay an investment fee and afterwards they are assured of a constant monthly delivery of new products by our end-to-end supply chain management. On the other hand, the product assortment consists of a wide spectrum of different commodities and ensures stable margins to make a sustainable living for the entrepreneur. Peter Singer, one of the leading persons in effective altruism, affirms the concept of entrepreneurial franchisees to create positive impact in the lives of people living in remote areas of developing countries. Moreover, by using modern and proven technology, we are able to develop an efficient model that supports performance monitoring and point-of-sale data capturing and offers a customer-focused approach, while also respecting the national guidelines regarding entrepreneurial and health promotion activities. In the coming years, we will continue to develop the supporting technology in order to simultaneously maximize outcomes and minimize logistic and operational expenses. From a research angle, PWC has analysed that our model is a sustainable solution based on revenue generation. This assumption is based upon the fact that our concept has a positive impact on health (behavioural change, informed health consent and increase in usage of health system), market (improved availability of products, lower prices and adaption of behaviour to innovative products) and financial (job opportunities and generating of income by individual entrepreneur).

HE's target population is families living in remote areas in LMICs, particularly women, adolescent girls and children under 5 years old. Families residing in remote areas of DRC, Tanzania and Uganda have limited means of accessing health commodities. Even in cases where products are available, counterfeit goods are prevalent, prices are typically higher than what the poor can afford, and pricing tends to fluctuate as suppliers charge more in times of scarcity. A majority of these people has never been in contact with community health workers and lack health knowledge to take health consent decisions.

Our entrepreneurs change situations within these remote areas. Especially the combination of health education, screening and access to reliable products is key to improve the living standard.



The year 2016

Uganda

In Uganda, we recruit Village Health Team workers (VHT) to become entrepreneurs. VHTs are part of the public health system, but do not receive any payments from the government. As volunteers, they are not able to dedicate as much time to their health work as they would like. By becoming an entrepreneur, they can supply their community with much needed goods, use a tablet to educate people, and earn their own living. In Uganda, approximately 85% of the people are living in remote areas. In this way, the HE intervention is truly sustainable and strengthens the public health system. VHTs are authorized to sell essential medicines, which enables HE to provide a wide variety to the entrepreneurs. In the 'Healthy Business, Healthy Lives' project, we partner with Simavi and Emesco Development Cooperation and together we have managed to install 100 entrepreneurs in 2015. At first, we worked with existing drugstores to supply the VHTs; however, we discovered that continuous supplies are better guaranteed when we supply the VHTs directly. In 2016, we continued expanding the network of entrepreneurs in Uganda, in cooperation with Simavi and Enesco. Supported by DHO, we established the instruments needed to work towards a sustainable operation, namely hiring a warehouse, receiving the licences and recruiting a local team.



Haiti

In Haiti we work together with Fonkoze, the largest micro-finance institution in the country, to improve the health of people in remote areas. Fonkoze recruits and selects potential health entrepreneurs from within their network. Healthy Entrepreneurs ensures that the entrepreneurs are properly trained and supplied with the products. Partly funded by Grand Challenge Canada, we managed together to install over 266 entrepreneurs. A selection of entrepreneurs in Haiti are also trained to screen their customers for high blood pressure or diabetes, for example. All entrepreneurs are supervised by nurses and receive technical assistance for medical issues. In 2016, we successfully expanded the amount of entrepreneurs up to 600. Additionally, we moved to a new warehouse, were able to decrease our operational costs and expanded the product range with several new products.

Democratic Republic of Congo

In the DRC, where close to 60% of the population lives in rural areas, we continued to grow our network of entrepreneurs and focused on sustainability and provision of SRH products and services. Our 'Pharmacie-en-boîte' model proved to be successful in the DRC. The impact of having essential, high-quality, affordable medicines available at the community level is immense. In a region where more than 70% of all medicines available are substandard, communities are very eager to be able to improve their own health. In addition to these medicines, other products clearly meet a demand as well. For example, our sanitary pads were the best sold items in the DRC with approximately 82 items sold every month per entrepreneur. In 2016, we further expand our network of entrepreneurs. Moreover, we did research in the North-Kivu area and initiated an evaluation of the product assortment to make it more efficient. In order to scale up the network of

entrepreneurs in DRC, we are always open to discuss new business opportunities.

Tanzania and Ghana

In 2016, we initiated an exploration phase in both Tanzania and Ghana in order to start our operations in the beginning of 2017.





Business Development

Throughout 2016 we worked closely together with UNFPA, Ashoka, Cordaid, Simavi and Solidaridad in order to provide trainings and expand our network of entrepreneurs in an extensive manner. We have the aim to provide a private investors bond in 2020. The private investors will come in the growth phase where they will finance the operational expenses of the organization. For that matter, we are fully aware that in order to reach the upcoming phase we will focus on business funding opportunities in the short term.

Marketing

We further professionalized our marketing and communications materials and attended several events in order to share expertise among other social entrepreneurs.

Logistics

Ensuring a smooth supply chain continues to be a major challenge in Africa. Rules and regulations tend to be unclear and change frequently. Taxes are raised randomly. In 2016, we focused on the possibility of regional/local procurement as this will lead to a more efficient supply chain management, lowering prices on our products and will create job opportunities. Expanding our operations to Kenya has the potential to set up a warehouse as a regional hub for both Kenya, Tanzania and Uganda. Additionally, we are aiming to set up a central warehouse in Ghana to provide an end-to-end supply chain to both Burkina Faso and Mali.

Technology

Overall, we improved data collection through new modules on the tablet and our Enterprise Resources Planning (ERP) system. We produced 52 additional short movies and installed them on our tablets. In addition to educational videos about common diseases and maternal and child health, we also added, for example, some product promotion videos about usage of the contraceptive pill.

In 2016, we initiated our new ERP system, including several software improvements and a cloud-based system. Additionally, in 2017 entrepreneurs will be able to order new products online by a mobile money payment.



Ambitions

Our goals may be ambitious, but they are also attainable. By 2022, we aim to have 30,000 entrepreneurs in action, delivering health-related products to more than 60 million people in eight countries. With a network of at least 1,000 entrepreneurs per country, we strive for self-sustaining logistic operations.

To reach its goals, Healthy Entrepreneurs prefers to work with organisations that represent existing networks of potential entrepreneurs. This way, we can keep the costs of selecting and training entrepreneurs low and expand the existing systems.

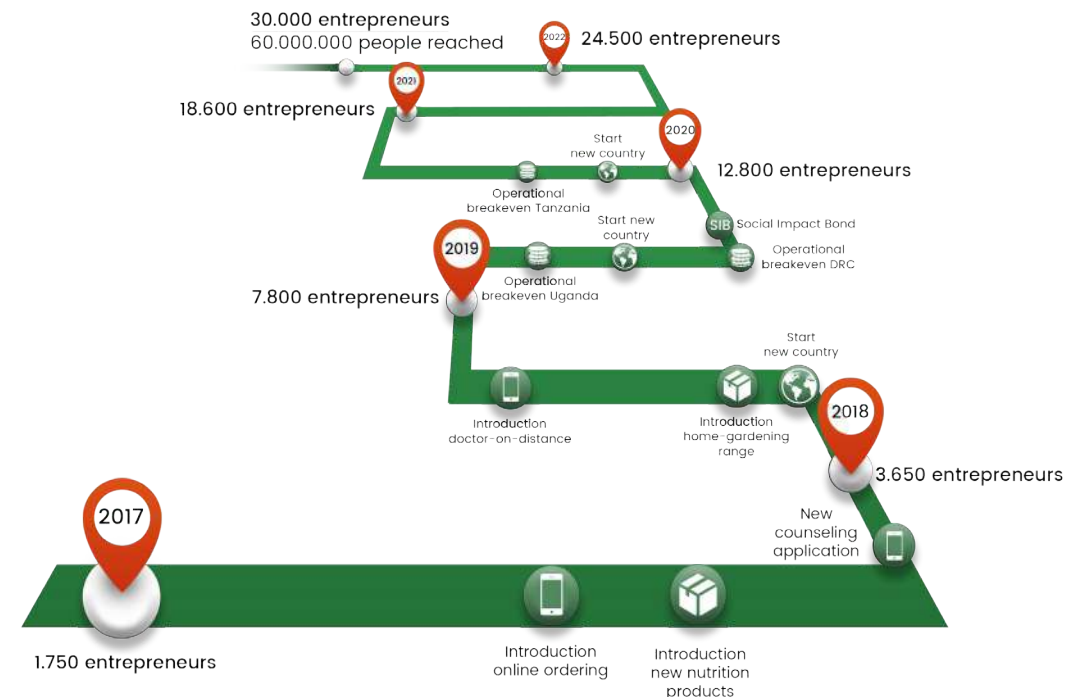
We are continuously improving our set of impact products and services. We are constantly on the lookout for products that offer the best value for money. New items are being added to our assortment continuously, including innovative impact products that usually hardly find their way to the remote areas. In 2017, we're focusing on adding nutrition products for young children and the prevention and treatment of diarrhoea.

Technology is key to reaching remote areas. Not only does it allow our entrepreneurs to give sound advice to their clients, it also facilitates ordering, payments and delivery. In 2017 and 2018, with support of both our entrepreneurs and their clients we aim to improve the existing applications. In addition, we are investigating possibilities for doctors to give advice on distance and a new way for our entrepreneurs to continue developing their skills through regularly sharing new knowledge.

Thanks to our standard procedures supported by an order management system and an online ordering platform, we are prepared to expand our network of entrepreneurs. In the coming year, we will continue to optimise our methods to limit costs and reducing complexity of the operation.

Research on how our products and educational materials are used allows us to further optimise their effectiveness as well as increase our entrepreneurs' impact. In collaboration with Erasmus University, we've studied the impact our entrepreneurs have on the communities they work in, as well as their own effort and motivation and the ways in which they contribute to the overall reinforcement of the national health care system.

In order to grow the network of entrepreneurs, we require a one-time contribution from each new entrepreneur. With small margins on product sales, entrepreneurs can earn a living, but the one-time start-up cost of new entrepreneurs are not



recovered by sales margins. In order to scale up our networks, we're seeking donors that are looking for a high return on their donation and who believe that entrepreneurship can bring about structural change. We're also interested in working with donors who have experience and expertise to help us further develop Healthy Entrepreneurs.

Achieving major structural change for millions of people in remote areas in developing countries requires a lot of capital. In addition to expanding the number of entrepreneurs, we're developing new forms of funding based on both impact and financial return.

Through our sustainable, entrepreneurship-based business model, Healthy Entrepreneurs aims to be an innovative example of how working together with governments and other stakeholders it is possible to open up remote communities and provide basic health care to everyone.

Income statement



STATEMENT OF INCOME AND EXPENDITURE 2016

	2016 €	2015 €
Income	873.637	1.150.318
Project expenses	876.368	1.150.656
	(2.731)	(338)
Other income	79.174	-
Results	76.443	(338)
OTHER EXPENSES		
General expenses	13.011	25.305
BALANCE OF FUNDS	63.432	25.643



Balance sheet

BALANCE SHEET AS AT 31 DECEMBER 2016

	31 december 2016		31 december 2015	
	€	€	€	€
ASSETS				
Current assets				
Receivables and prepayments				
Other receivable, prepayments and accrued income		117.052		16.911
Cash at banks and in hand		304.887		21.407
TOTAL ASSETS		421.939		38.318
EQUITY AND LIABILITIES				
Reserves		34.283		(29.149)
Current liabilities				
Debts to suppliers and trade creditors	20.474		5.703	
Other liabilities, accruals and deferred income	367.182		61.764	
		387.656		67.467
TOTAL EQUITY AND LIABILITIES		421.939		38.318



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