

ANNUAL REPORT 2017



**Healthy
Entrepreneurs**



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Universal Health Coverage.

We believe in access to basic health care for everyone. This is known as Universal health coverage (UHC), which means that all people can obtain the health services they need without suffering financial hardship. The WHO stated in 2017 that, although they may have access to some health services, more than 7.3 billion people do not receive all of the essential services they need. In terms of financial protection, over 800 million people spend at least 10 percent of their household budgets to pay for health care, and about 100 million people are pushed into extreme poverty due to their health expenditures.

In the year of 2017, the Universal Health Coverage was our main focus. During UHC conference in Tokyo we got the chance to present and explain our model to multiple relevant stakeholders and partners. We are proud to be a part of the UHC movement and what we have achieved so far. Ensuring that all people can access the health services they need – without facing financial hardship – is key to improving the wellbeing of a country's population. But universal health coverage is more than that: it is an investment in human capital and a foundational driver of inclusive and sustainable economic growth and development. It is a way to support people so they can reach their full potential and fulfil their aspirations.

Over the course of 2017, and thanks to tireless efforts of our partners, we equipped an extra 1750 frontline health workers to become a Healthy Entrepreneur. We provided them with health training, starter kit and tablet ensuring they could provide better high-quality care in their village.

At the end of 2017, HE has on-boarded and trained 3000 micro-entrepreneurs (78% women) in 5 countries. This network has reached 900.000 rural households. The retention rate of entrepreneurs is > 95% after three years. The HE HQ team expanded with 3 new employees, positioning us to sustain and surpass this growth. Amidst this growth and response work, 2017 provides us the opportunities for long term thinking. Going forward, HE plans to grow the network to 20.000 entrepreneurs in total in 2022, reaching 40 million people.



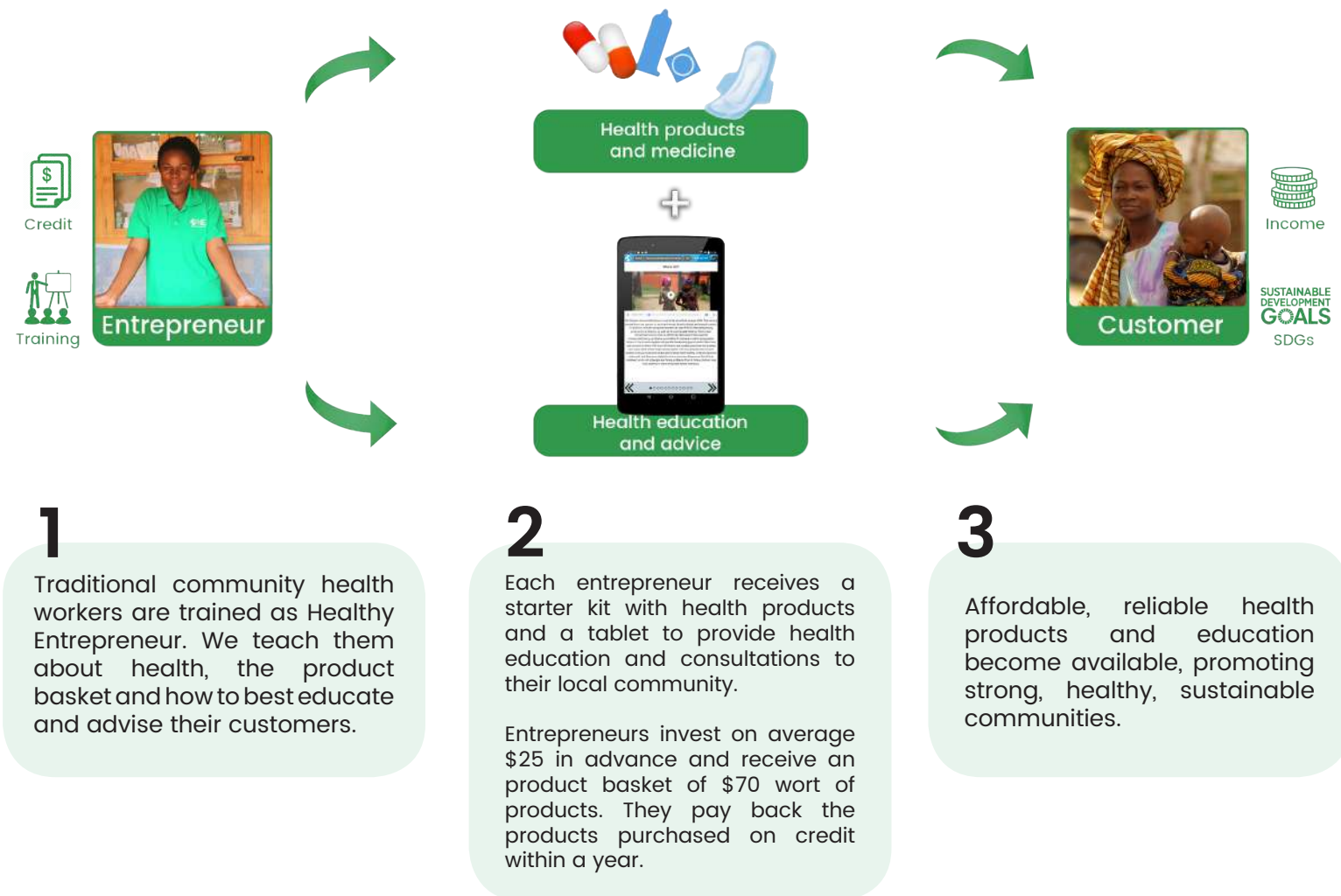
Who we are

Healthy Entrepreneurs (HE) is a social enterprise that manages a fully integrated end-to-end supply chain to deliver affordable and reliable health products and services to the poorest families living in rural areas via a network of trained micro-entrepreneurs. HE's product basket targets the health of children under-5 years with products like anti-malaria medications, zinc and oral rehydration salts, as well as sexual and reproductive health and rights for women and adolescent girls with items such as sanitary pads, condoms, and contraception.

Over 125 informational videos, tools for screening and consultation are available to help micro-entrepreneurs educate and/or detect the need for further care in areas such as family planning, gender-based violence, HIV and other sexually transmitted diseases (STDs), exclusive breastfeeding, and immunizations and malnutrition of young children.

HE's model is unique in that it manages a fully integrated end-to-end supply chain including product procurement, storage, distribution and quality assurance. At the same time, HE ensures that consumers at the base of the pyramid are provided with practical and accurate information on maternal, newborn and child health

(MNCH) and sexual reproductive health and rights (SRHR), so that they can make informed decisions about their health. HE designs and leverages adaptable technology systems to not only maximize operational efficiency, but also guarantee consistently stocked, low-priced, top quality health products for customers. Micro-entrepreneurs are equipped with health and business training, access to finance, and simple-to-use tools such as solar-charged tablets fitted with educational and commercial applications. Through these resources and ongoing support, HE ensures that micro-entrepreneurs are well-positioned to optimize their performance and meet the health needs of rural households.



HE implements a volume-based model based on rapid growth of the number of micro-entrepreneurs and products sold. HE generates revenue from the initial and ongoing sale of goods to the micro-entrepreneur network. In order to contribute to the overall profitability and the demand for HE's goods, HE includes a range of products beyond basic health commodities that typically generate higher margins, such as washable sanitary pads, lubricants, feminine wash, diapers and solar lamps. The revenue split of essential medicines and medical supplies (~60%) vs livelihood products that contribute to health and standard of living (~40%) enables micro-entrepreneurs to earn sufficient income to support their families.

Families in such isolated areas spend an average of \$43 a year on basic healthcare, making the potential annual turnover for an entrepreneur \$13,500 in the existing market. HE recognizes a tremendous drive with people in LMICs to improve their own health and the health of their children. HE improves demand by raising awareness and making products available in places where significant market inefficiencies lead poor families to pay higher prices for lower quality products. Access to health information and quality products in a transparent market gives the consumer a choice and promotes the adoption of healthy behaviors and decisions.





Focus areas

HEALTH EDUCATION AND COUNSELING

The typical micro-entrepreneur candidate is a woman, aged 30–45, with at least a secondary school education, who is already active in her local community in some capacity (has built trust of community members and leaders), and preferably a certain degree of existing health and/or entrepreneurial experience. In Uganda and Kenya, HE currently recruits village health teams (VHTs) that have been selected by a local partner, while in the DRC nurses are recruited in line with existing Ministry of Health (MoH) regulations. In Tanzania, entrepreneurs are existing community health workers and license holders of Accredited Drug Dispensing Outlet (ADDO).

The product assortment offered depends on health challenges, national legislation, the profile of the micro-entrepreneur, market needs and buying power of customers. The assortment is continuously subject to improvement and rotates on average with 15% per year.

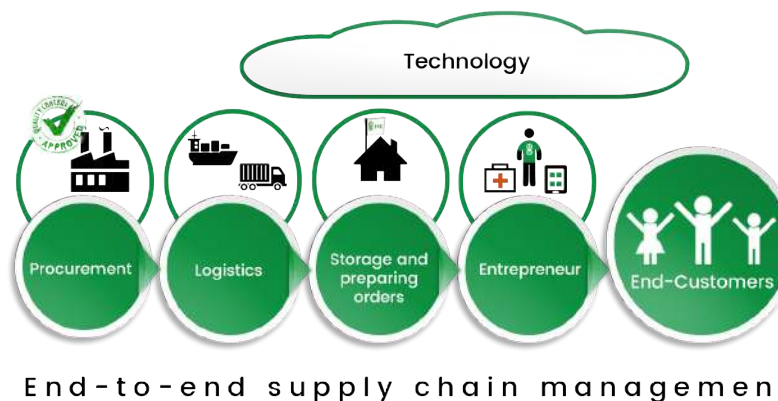
Micro-entrepreneurs provide products, basic screening and counseling services and/or knowledge transfer in these areas:

Sexual and Reproductive Health	Maternal Health	Children's Health under-5	Water, Sanitation & Hygiene	Nutrition	Emergency	Common Diseases
HIV & Sexually Transmitted Infections	Pregnancy & HIV	Taking care of babies < 2yrs	Safe drinking water	Under-nutrition	Emergency response	HPV / Cervical cancer
Gender and gender-based violence	Delivery	Taking care of children 2-5yrs	Cleaning & storing water	Food & balanced diet	Injury prevention	Malaria
Family planning	Male involvement	Child protection	Washing hands & hygiene	Feeding children	First aid	Cholera
Contraceptives	Unwanted or unplanned pregnancy	Mother-to-child-transmission	Proper sanitation	Preparing food		Parasites
Child marriage	Antenatal & postnatal care	Child nutrition, development & immunisation				

HEALTH OUTCOMES

All health products and services provided by HE's micro-entrepreneurs are tracked electronically throughout the supply chain by HE's cloud-based monitoring system. HE provides each micro-entrepreneur with a tablet. HE closely monitors the amount and type of health education provided to the communities.

Surveys and data collected through the tablet allows HE to monitor customer satisfaction, gain insight into target groups and measure increased access to a predetermined list of products and services.



SUPPLY CHAIN MANAGEMENT

HE engages in all elements of the supply chain delivery model, with variations based on the country context.

PROCUREMENT

HE has a network of over 25 qualified suppliers in India, China and the US and is actively pursuing a growing number of regional suppliers based in East Africa to better support local economies, improve operational efficiencies, and reduce its carbon footprint. HE focuses on the supply of MNCH and SRHR products such as condoms and anticonception medicines. By buying directly at manufactures and offer direct deliveries at the micro entrepreneurs, the traditional and expensive wholesale and retail businesses are bypassed.

QUALITY ASSURANCE

All selected suppliers comply with international production standards including those of the World Health Organization, Stringent Regulatory Authorities and CE certification (for non-medicines). Manufacturers offer competitive prices and manufacture according to specs formulated by HE. They also adjust pack sizes or develop special packaging for LMIC markets that protect against heat and humidity.

WAREHOUSING AND DISTRIBUTION

HE manages central warehouses in Uganda, Tanzania and DRC and oversees all storage operations, quality control, stock management and order preparation. Products are distributed largely door-to-door or via small shops run by local micro-entrepreneurs who are trusted and active members of their communities.

Micro-entrepreneurs place monthly orders for new products through online ordering (ERP) software and use mobile money for prepayment. Deliveries are generally combined with further health education, new product outlines and discussions about everyday challenges. This helps the entrepreneurs in their development.





The year 2017

SCALING MODEL

In 2017 HE is rolling-out its model in five countries – Uganda, Tanzania, Ghana, DRC and Haiti – incorporating novel elements and variations to enable national scale-up adapted to local context.

For Uganda, we are scaling mainly in the southern and western regions of the country. In Tanzania, we have an operation in the northwestern region. In Ghana we operate in the Western region and in DRC we operate in the eastern part of the country, Kivu. In Kenya, are preparing the ground in the western part of the country in the Homa Bay county.

In all countries we operate in, we aim creating self-financed sustainable operations that run growing networks of micro entrepreneurs. We have chosen the countries where independently functioning organisations can be realised within the regulatory framework. The growth expectations in these countries are based on best practices of the previous five years. This growth forecast, ambitious though realistic, establishes a 'reference example' for the access to and provision of basic health (care) in Sub-Saharan Africa. At the same time the expansion allows for optimal use of support by the support office in the Netherlands.

ORGANISATIONAL SUSTAINABILITY

The management responsibilities lie at country level. In all countries HE ensures that employees are competent and motivated. During the start up phase country teams are managed by an international (often Dutch) manager. The team consist of a country coordinator, supply chain & warehouse manager, operations manager en finance manager or officer. The expansion of the network means the organization itself expands. However in each country a compact core management team remains.

The support office in the Netherlands provides support on the management of ERP system, applications, finance, international procurement and business development. The management team in the Netherlands also provides the operations with training and opportunities to share knowledge and professionalize.

Leadership of the organization is based on an immense drive to provide access to basic health in rural areas. Leadership is in the hands of Joost van Engen (MBA), Cees Rustenhoven (Accounting), Tosca Terra (Public Health), Wouter Hendriks (Logistic) and Wendy Ros (MBA) in the Netherlands. Experts in Uganda (Timo Beentjes, MPH), Tanzania (Karel Haal, MPH) and Ghana (Annemieke van de Riet) ensure a smooth and efficient implementation of goals.

The core of the model's sustainability lies in the drive and motives of all those involved. The majority of HE employees is caught by the impact and potential of the work. The entrepreneurs have a very low outflow percentage, the employees at country level work hard and actively contribute to the improvement of the operations and the compact international staff is versatile and hands-on.



HEALTH OUTCOMES IN 2017

In 2017 a qualitative case study was carried out into the effects of the introduction of the HE model on the local health system (M. Kok 2017), which allowed HE to identify lessons learned for continuous improvement. Information was gathered from key stakeholders (including government and NGO staff) through semi-structured interviews. M&E activities was supported by an independent research team from the Institute of Health Policy & Management, Erasmus University Rotterdam and the Division of Methodology & Applied Biostatistics, Vrije University (VU) Amsterdam.

The combination of providing health education, screening, counseling and referral by using the tablet has proven to be effective. The independent research concludes significant improvement in health and wellbeing. Our entrepreneurs tend to be more motivated and spend more time (+20%) on their health work, referred twice as many patients, and followed more refresher training, than regular Community Health Workers. Communities show a 52% increase in knowledge of modern contraceptives and a 46% increase in knowledge of HIV. the use of modern contraceptives has doubled and access to basic medicines has increased to 80%.

TECHNOLOGY IN 2017

Technology is at the core of the business model of HE. Automizing and standardizing operations is the key to serious scale. Reliable, effective and appreciated health education and basic counseling have become accessible at a very affordable cost through the technology of HE. Moreover, technology keeps the organisation lean and functioning efficiently.

In 2017, HE implemented a new ERP system (ODOO) enabling control of all activities within the operation, including registration of sales, credit, stock management and financial administration. The new system provides a solid basis for scaling the operation to large numbers of active micro-entrepreneurs. The HE PRODUCT app is 100% compatible with the ODOO system.



Each device is equipped with two applications that are designed for low-literacy individuals (highly pictorial, intuitive and text to speech).

These include:

1. **HE HEALTH** application: Includes over 125 short movies translated into local languages intended to educate and inform on topics such as: menstrual health, nutrition, maternal health, etc. The consultation part provides counseling and guidance in areas such as family planning, the use of contraceptives, diarrhea and fever with young children. Content is provided via text, pictures, short videos, questions, and links to other health topics. The HEALTH app also contains messages meant for micro-entrepreneurs about various health topics.

2. **HE PRODUCT** application: Provides a complete product catalogue with pricing in local currency, usage information on each item, and product video demonstrations. Essential non-prescription medicines and health products include ORS, bed nets, Albendazole, and Vitamin A. The stock and order part serves as stock and customer management in order to properly oversee the replenishment of stock and option to order online new items.

Future development of technology in 2018 includes controlled deliveries of orders using independent third parties. Whereas deliveries are currently managed successfully based on trust and relationship, an automated, standardized and controlled system is a precondition to scale the operation.

Other future technology is the use of simple point of care diagnostics combined with the expertise (including prescription) by medical experts on distance. Examples for these tests are the HIV-selftest, measuring phneumonia, bloodpressure, bloodsugars and proteins, urine tests, pregnancy, malaria etc. Our ultimate objective is bringing, on top of the existing assortment, these simple diagnostics, medical expertise and treatments closer to people. We are currently exploring the option to expand a proven technology in India into the African context.





UGANDA IN 2017

In 2016, we continued expanding the network of entrepreneurs in Uganda. In 2017 we trained 919 Village Health Team workers to become Community Health Entrepreneurs in Ssembabule, Bukomansimbi, Mityana and Gomba districts and finalized the training of women in Mukono and Mubende. 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.

In 2017, Healthy Entrepreneurs changed its focus from only 1 district in the Western part of Uganda to the central region in Uganda. Which led to a number of challenges in terms of translation and adjusting materials. Healthy Entrepreneurs is constantly working on the improvements of the training materials, and other resources that are used to increase efficient operations and quality of the work of the entrepreneurs. We are often linking with external partners to be able increase the work that we are doing. This led to the implementation of a new franchise and business training that was developed in collaboration with MangoTree in Uganda, and Research4Development.

Also the products that are in the basket are constantly subject to change. This is based on the market, on the demand, regulations and on the impact, that is reached by the products that are used. Products were added like cough linctus, multivitamins and free condoms. The free condoms were added in collaboration with UNFPA. Via UNFPA, the national government and the implementing partner of the government were convinced that the network of female retail entrepreneurs is benefiting the community in terms of condoms distribution.

TANZANIA IN 2017

HE Tanzania works together with Simavi (and her Local partners WPC and Umati) and Solidaridad in the Golden Line Program. The objectives of HE Tanzania are twofold. On the one hand to create economic opportunities for women and on the other hand to improve basic health for women and their families. Through a network of female micro entrepreneurs, we aim to deliver health information, medicines, health products and services to the most remote rural areas of the Geita Region.

Within the Golden Line program, Healthy Entrepreneurs Tanzania deals with activities to strengthen the supply chain and provision of medication and related health products. By assuring quality of medication and a solid local supply chain, within the boundaries of the national and international guidelines, the service in the rural areas increases in quality, availability and competitive prices, which benefits the community. In addition, Healthy Entrepreneurs Tanzania focuses on improving the economic status of women by increasing their capacity as entrepreneurs. This aligns with the Golden Line program, whose objective is to increase the economic empowerment of women in mining and mining affected communities.

In 2017, HE Tanzania established a network of 148 social entrepreneurs in Geita Region. After completing their training, the 'Healthy Entrepreneurs' started their profitable business to improve health and well-being in their community. Based on the lessons learned, market potential and the financials, we are currently identifying ways to scale the model. Precondition for a long term sustainable contribution to the health and wellbeing of families in the Geita Region and beyond. At the end of 2017, HE was up and running in Tanzania. HE has established strong

ties with the Government and adapted the model to fit local rules and regulations while still reaching our goals.





GHANA IN 2017

In 2017 an extensive research in Ghana's pharmaceutical and non-pharmaceutical market resulted in a high understanding of the market, the new interest group; Hawkers and Petty traders, who are often women from the lowest socio-economic group, and have poor access to credit. By providing them with a small loan in the form of health products, and training on health and business skills, we support them to expand their business. We have trained 63 women with a Hawking/Petty Trader background, as well as 10 female shop attendants on health and business topics, and provided them with a product basket to sell within the store where they work.

HE is also in the process of building five chemical shops, plus renovating and renting two shops. And made policy recommendations to the Pharmacy Council with respect to the suspension of licensed chemical sellers. This was possible thanks to the establishment of excellent partnerships with key local stakeholders such as the Pharmacy Council and Ghana Health Service. For example, on the 17th of November, the Pharmacy Council agreed to fast-track our OTCMS license application. Besides that, HE successfully trained 10 female shop attendants on health and business topics, and provided them with a product basket that economically empowers them. And successfully trained 63 women with a Hawking/Petty Trader background.

DEMOCRATIC REPUBLIC OF CONGO IN 2017

DRC is a paradox. Although rich in natural resources, it is one of the poorest countries in the world. Civil war and cross-border conflicts, violence, disease, hunger and the mass displacement of people have been ravaging the country for the last 15 years.

In the last five years the circumstances in DRC got significantly worse. Due to recent political instability, and poor economic situation, the buying power has

dropped. Salaries to civil servants were not paid for months, corruption increased and important taxes doubled.

In fact circumstances in DRC are not supportive to grow the existing network of more than 300 entrepreneurs. Both public and private investors are kind of reluctant in investing in DRC due to the current instability and track record of difficulties.

Healthy Entrepreneurs is active in a consortium of specialized agencies to further develop and expand the sexual reproductive health program known as Jeune S3 (Santé, Sexualité, Sécurité). Funded by the Dutch Ministry of Foreign Affairs.

HAITI IN 2017

Until now, the nearest place to buy over-the-counter health products was more than an hour away for people living in Lavale, Haiti. It meant that rather than making the long trek by foot, people would occasionally risk letting illnesses and wounds go untreated. As a result, illnesses would often worsen and infections would set in. HE is trying to change this through their support on the program Boutik Santé (community health store) and Aksyon. HE participation in Fonkoze's Aksyon and Boutik Sante enables us to do just that. In 2017 we introduced several new nutrition products and moved into a new warehouse and initiated a warehouse management. In 2017, 520 Entrepreneurs were trained to open boutik sante in their communities. In Haiti, the total network of entrepreneurs was 1500 in total end of 2017.

KENYA IN 2017

In 2017, we initiated an exploration phase in Homa Bay, Kenya in order to start our operations in 2018. There is serious market potential for entrepreneurs in Kenya and the various ministries are welcoming Healthy Entrepreneurs to start her operation.

Ambitions 2018



In line with the ambitions and objectives of 2017, Healthy Entrepreneurs has successfully scaled their operations. But beyond these scaling objectives lies the real challenge, building a financial self-sustaining operation that ensures the supplies to all entrepreneurs. Part of the ambitions is a long-term solution that actively contributes to the health and well-being of the communities around the mines.

Precondition for a sustainable operation worldwide is scaling the network up to 10,000 or more entrepreneurs. Currently, Healthy Entrepreneurs is investing time and effort to connect with investors and funders to facilitate the growth of the operation. The actual work includes market research identifying expansion areas and identifying additional health commodities to add to the basket (f.e. nutrition). Our ambitions for 2018 go far beyond the targets of new entrepreneurs,

The role of technology is the key for scaling the business. In 2018, we will continue improving the use of simple technology supporting our operations, minimizing the financial risk and the administrative burden. The data collected of all entrepreneurs active enables us to rationalize and optimize supply chain and monitoring the performances of the entrepreneurs. Technology also supports the expansion of the services offered by our entrepreneurs, using simple point of care diagnostics and integrate the role of the medical experts.

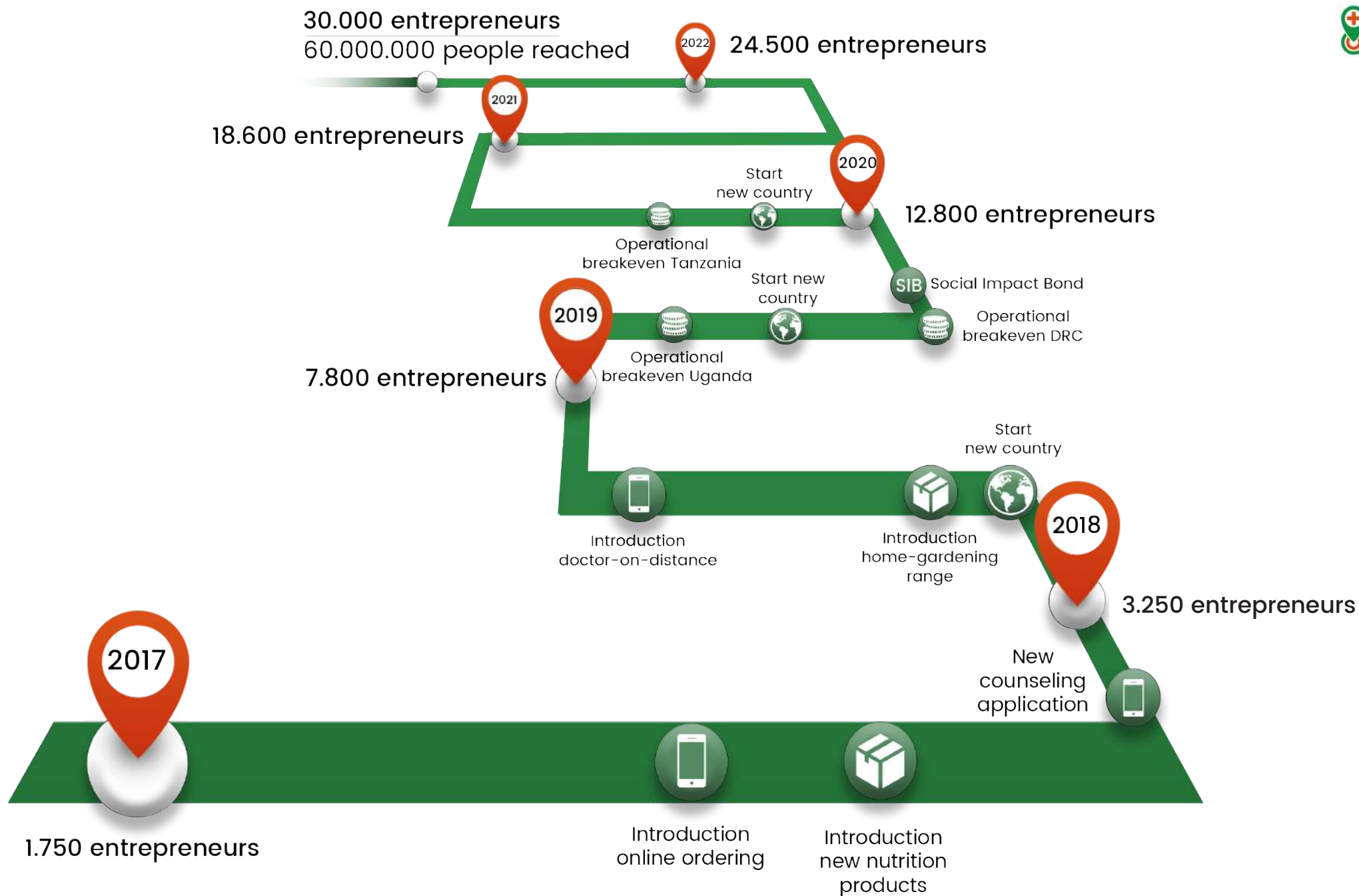
At the time, we are building the investors case to get social and impact investors on board funding the growth of the network. There is serious interest in the 'one-stop-shop' model where Healthy Entrepreneurs offers a complete basket of reliable products at a competitive price delivered close to the doorstep of

the entrepreneurs. In the coming years mezzanine types of funding will support Healthy Entrepreneurs to continue growing the operation.

In the future the business model is based on traditional buying and selling where our advantage is to buy on bulk at reduced (manufacturing) prices and entrepreneurs have far less travel costs to collect all products they want to offer. The complete basket of reliable and affordable health commodities (OTC medicines, drugstore articles and nutrition products) is based on market needs of the customers and will be adjusted accordingly.

For HE to become sustainable, it must strive to develop a competitive edge in the market and to continually strive to adapt new technologies. The role of technology (online ordering, health education on distance, reliability of the consultations provided etc.) are key for successful scaling the model. The size and growth of demand in health and pharma products are crucially important for the growth and sustainability of HE. HE will take advantages of existing lessons in order to expand its sector by utilizing lessons learned from Uganda and other operations.

Our goals may be ambitious, but they are also attainable. By 2022, we aim to have more than 24,000 entrepreneurs in action, delivering health-related products to more than 40 million people in eight countries. With a network of at least 1,000 entrepreneurs per country, we strive for self-sustaining logistic operations.



Healthy Entrepreneurs at a glance in 2017

3250 entrepreneurs reaching nearly 3.5 million people in 5 countries with basic health care



Income statement

STATEMENT OF INCOME AND EXPENDITURE 2017

	2017 €	2016 €
Income	1.249.033	873.637
Project expenses	1.258.433	876.368
	-9.410	-2.731
Other income	8.842	79.174
Results	-568	76.443
OTHER EXPENSES		
General expenses	10.633	13.011
BALANCE OF FUNDS	-11.201	63.432



Balance sheet

BALANCE SHEET AS AT 31 DECEMBER 2017

	31 december 2017 €	31 december 2016 €
Current assets	342.827	421.939
TOTAL ASSETS	342.827	421.939
Equity	23.082	34.283
Short term debt	319.745	387.656
TOTAL LIABILITIES	342.827	421.939



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