

A person wearing a green polo shirt, a green baseball cap, and a large black backpack is walking away from the camera on a dirt path in a rural village. The backpack has a logo that includes a crown and the letters 'VHT'. The person's shirt has a logo with a cross and the letters 'H E'. In the background, there are brick buildings and lush green trees.

ANNUAL REPORT

2019



Healthy
Entrepreneurs

CONTENTS

INTRODUCTION.....	4
OUR CONTRIBUTION	
WHO WE ARE	
TECHNOLOGY	
IMPACT.....	8
HEALTH BENEFITS	
MARKET AND SYSTEM CHANGING	
FINANCE AND ECONOMIC BENEFITS	
OUR SOCIAL BUSINESS CASE	
THE YEAR 2019.....	9
FURTHER SCALING THE MODEL	
CUSTOMER FOCUS	
RAISING INVESTMENTS FOR FURTHER EXPANSION	
TELEHEALTH	
UGANDA	
KENYA	
TANZANIA	
GHANA	
OUR AMBITIONS.....	12
RESPONSIBLE BUSINESS CONDUCT.....	13
INCOME STATEMENT.....	14
BALANCE SHEET.....	15

In 2019, we have successfully worked on the future of Healthy Entrepreneurs. We completed our ambition of creating an investable business case to finance (part of) the further growth of the organization. We are proud and inspired reaching the next stage in the development of this high impact organization.

In order to successfully scale the operation, we are focusing on two core countries Kenya and Uganda for the coming years. We are investing time and effort in developing new products and services complementary to the core work of our Community Health Entrepreneurs (CHEs). Telehealth is offering additional health services at a distance with interesting opportunities for further expanding our impact on the lives of families living in remote and hard to reach areas.

In Uganda, we transformed the organization into a professional, smooth functioning operation serving thousands of customers each month. In Kenya, we expanded the network and adjusted the operation accordingly. We have invested in strengthening our relationship with the national ministries of health and international stakeholders including WHO, Unicef, Aidsfonds and Amref.



INTRODUCTION

Around 600 million people in Sub-Saharan Africa live in such remote and rural areas where access to high-quality, low-cost, clinical-based primary care is minimal. Having to walk for hours or even days to reach the nearest health centre is only too real for them. Hosting 15% of the world's population Sub-Saharan Africa faces almost 25% of all health/illness-related issues. These have to be countered with only 3% of the world's medically trained professionals and 2% of the financial means spent on health care globally (Kaleidos Research 2015).

Improving access to high-quality, low-cost information, services and medicines at the community level or primary care and investing in community health workers is seen as very cost-effective, mainly in increasing children's health (USAID 2018). Each \$1 invested in community health workers, can have a return of \$10 due to an increase in productivity of a healthier population, the potential decreased risk of disasters, such as Ebola, and the economic impact of an increase in employment; more people are working, generate an income and are, when needed, able to buy health products or services (USAID, 2015).

However, efforts to create cadres of community health workers have reached a limited scale;

- Lack of government budget and

competing priorities results in only 13% of the CHWs in Sub-Saharan Africa receive some form of payment (Taylor. C 2018).

- It takes governments and NGOs quite a long time to develop adequate programs, set up reliable and effective distribution channels and recruit and adequately train health workers.
- Structured evaluation of models for managing community-level healthcare is limited resulting in limited insights into the effectivity of healthcare interventions and models

Healthy Entrepreneurs believes entrepreneurship is the sustainable solution to offer healthcare access to the most remote areas of Africa, if the solution can be offered at scale. Since 2018, we scaled the operations in Kenya and Uganda and worked much on quality improvement of the operation. We show countries, governments and organisations that HE can reach an effective and long-lasting impact on large scale. In the most rural and remote areas we deliver trusted and affordable healthcare access and education.





OUR CONTRIBUTION

1. Our customers adopt healthy behaviors when health information and curative and preventative products are available
2. Our work contributes to the well-functioning of the formal national health care system
 - a. We provide health care where these would otherwise be none
 - b. We provide availability of health care products
 - c. Our CHEs refer to neighboring health facilities
 - d. In all areas we work, we collaborate with the Ministry of Health
3. Our intervention directly contribute to Sustainable Development goals
4. Our interventions are more cost-efficient than any other solution offered in the market
5. Research has shown that regular supplies of health commodities lead to a 17-25% reduction in market prices
6. Research has shown that our entrepreneurs have increased their income twofold or more since they have started as an entrepreneur

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 most impoverished 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.

Through HE's entrepreneurial micro-franchise model for delivery of basic health in remote areas, access to health care and reduced poverty go hand-in-hand. Selected health workers are trained and contracted as 'community health entrepreneurs' (CHEs). These CHEs provide trusted and targeted health information to their communities, using best-in-class digital aids built from World Health Organization (WHO) and UNICEF content. They also enable convenient, door-to-door and regular access to a wide range of affordable, high-quality health products, such as personal hygiene products, water filters, vitamins, and essential over the counter (OTC) medicines (e.g. paracetamol and anti-malaria pills). CHEs digitally manage their educational outreach, product stock, products and payments through solar-powered tablets. By increasing

health knowledge and bringing new products and services to unreached areas, HE generates income for traditionally low-paid health workers. Managing the full supply chain in each country, the social enterprise ensures the quality, availability and affordability of products, with prices ranging 15 to 20% below market prices. HE has rolled out its model in Uganda, Kenya, Tanzania, Haiti and Ghana.

HE creates substantial added value on several levels. Selected health workers become CHEs after investing an average of \$40 and receiving training to complement their previous health education with business skills. Then they receive a selection of health products, essential medicines, a solar-powered tablet and periodic additional training, enabling them to offer health education in parallel with products to support a healthy life. The tablet functions both as an educational device to counsel families on healthy habits and a channel to place orders.

The driver of HE's sustainability and value proposition is our integrated supply chain, which allows us to control the movement of product from the manufacturer down to Entrepreneur agents. This control reduces mark-ups along the chain of supply.

The cost-savings generated from this approach allow for two things:

1. We pass products along to our Entrepreneurs at higher quality and lower cost than they can obtain elsewhere. They can sell the products to consumers at prices that are ~10% lower than what is commonly available on the market, while marking-up the products slightly (between 20-35%) to earn a wage. CHEs earn an average of \$22 per month to complement their other income-generating activities. The highest performing Entrepreneurs are earning \$14 a day.
2. The cost savings generated by streamlining supply are substantial enough to cover Healthy Entrepreneurs lean management costs at scale. These cost-savings set Healthy Entrepreneurs apart from other direct sales models, such as Living Goods, because at scale the model can sustain itself from the savings generated through supply chain optimisation while continuing to sell products at prices lower than currently offered in rural markets.

This scalable and sustainable system allows the HE organisation to fulfil its mission and create a 20% margin, which is then used to finance management and cost of operations. Start-up expenses in new countries are funded by grants (provided by f.e. the Dutch, US and Canadian government,

and other partners such as Aidsfonds, Simavi, Philips, Boehringer Ingelheim), and a one-time investment by the CHEs to ensure their commitment.

A study from the Erasmus University Rotterdam and the Makerere University Kampala found a significant improvement in knowledge and access to basic care. In comparison to communities without an Entrepreneur, communities with the Community Health Entrepreneurs (CHEs) demonstrated that:

1. Households reached by CHEs have twice the odds at using modern contraceptives and have substantially more comprehensive knowledge of HIV and other STIs (46%)
2. CHE had a substantially better availability of essential generic medicine (80%) and basic equipment, were more motivated, referred twice as many patients, spend more time on health work (+20%) and followed more refreshment training
3. The motivation and performances of CHW, who became a CHE, was positively affected by the opportunity to generate an income and the substantially better availability of essential medicine and basic equipment and the organisational structure in which they functioned. The entrepreneurial approach provides CHEs with the incentives, products

and equipment that improve and sustain their functioning

4. The research team is about to submit two articles about these studies for publication in peer-review scientific journals.

Other solutions are a traditional project funded community-based care programs often depended upon volunteer labour. The costs of training and remuneration of community health workers in these cases are high, the duration of the intervention is limited, and scope is rather small.



TECHNOLOGY

Technology is key for Healthy Entrepreneurs for multiple reasons. One reason is to support the organisation operating at large scale. Standard automated procedures & systems are prerequisites to keep control and the operational cost low. Our ERP system Odoo is the backbone of the organization in all the countries HE is operating.

Other technology used are the HE product and HE health application, designed for low-literacy individuals (highly pictorial, intuitive and text to speech). The applications are used to maximise the health education, consultation and product knowledge of the micro-entrepreneurs. The product application also offers the opportunity to order products at a distance

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 counselling and guidance in areas such as family planning, the use of contraceptives, diarrhoea 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.

HE PRODUCT application: Provides a complete product catalogue with pricing in the 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.



IMPACT

Through the growing network of CHE, we can reach the most challenging areas with interventions for sexual and reproductive health, maternal health, children's health, water, sanitation and hygiene and nutrition. Priority diseases are malaria, pneumonia, diarrhoea, malnutrition for children under 5.

HEALTH BENEFITS

Well trained and equipped CHEs can diagnose health issues in early stages and patients can be treated or referred to a health centre or hospital in time. Timely detection and treatment prevent further development, spreading, it prevents costs and decreases the burden on the limited health care available and waiting times in health centres. HE ensures a constant supply of generic medicines, HE has already experienced that health centres refer their patients to the CHE when they do not have the medicines available themselves.

MARKET AND SYSTEM CHANGING

The HE model is proving that it can be done. Based on the results, donors and national governments will learn that social entrepreneurship is not a threat, but complementary to their contribution. HE strives to be an example for many other African countries, by realising a full financially self-sufficient/sustainable operation in at least two countries.

By offering health products and medicines for a competitive and affordable price, the presence of HE forces the market also to change their prices to a market comfort price.

FINANCE AND ECONOMIC BENEFITS

Apart from health benefits, the HE model contributes to employment, which is an essential aspect, particularly in rural and remote areas. The CHEs earn a sustainable income from their activities. The CHEs earn a sustainable income running their own business. The entrepreneurs can realise a significant increase in their income of 20% on average. Particularly for women entrepreneurship this is an essential step towards empowerment and self-efficacy; their position in the community and family is strengthened.

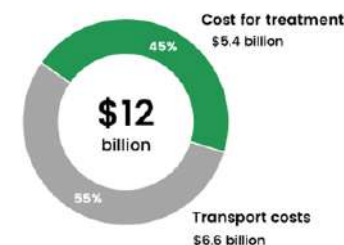
OUR SOCIAL BUSINESS CASE

Our beneficiaries are families of 5 members on average including a child < 5 years, one adolescent, living in remote villages in one-room houses, earning less than \$2 per day. The nearest health centre is on average 75 minutes walking distance, or at \$2 costs by transport. Families in remote areas of Sub-Sahara Africa spend out of pocket an average of \$100 per year on basic health treatment (USAID 2016) of which \$45 on treatment and \$55 on transport costs.

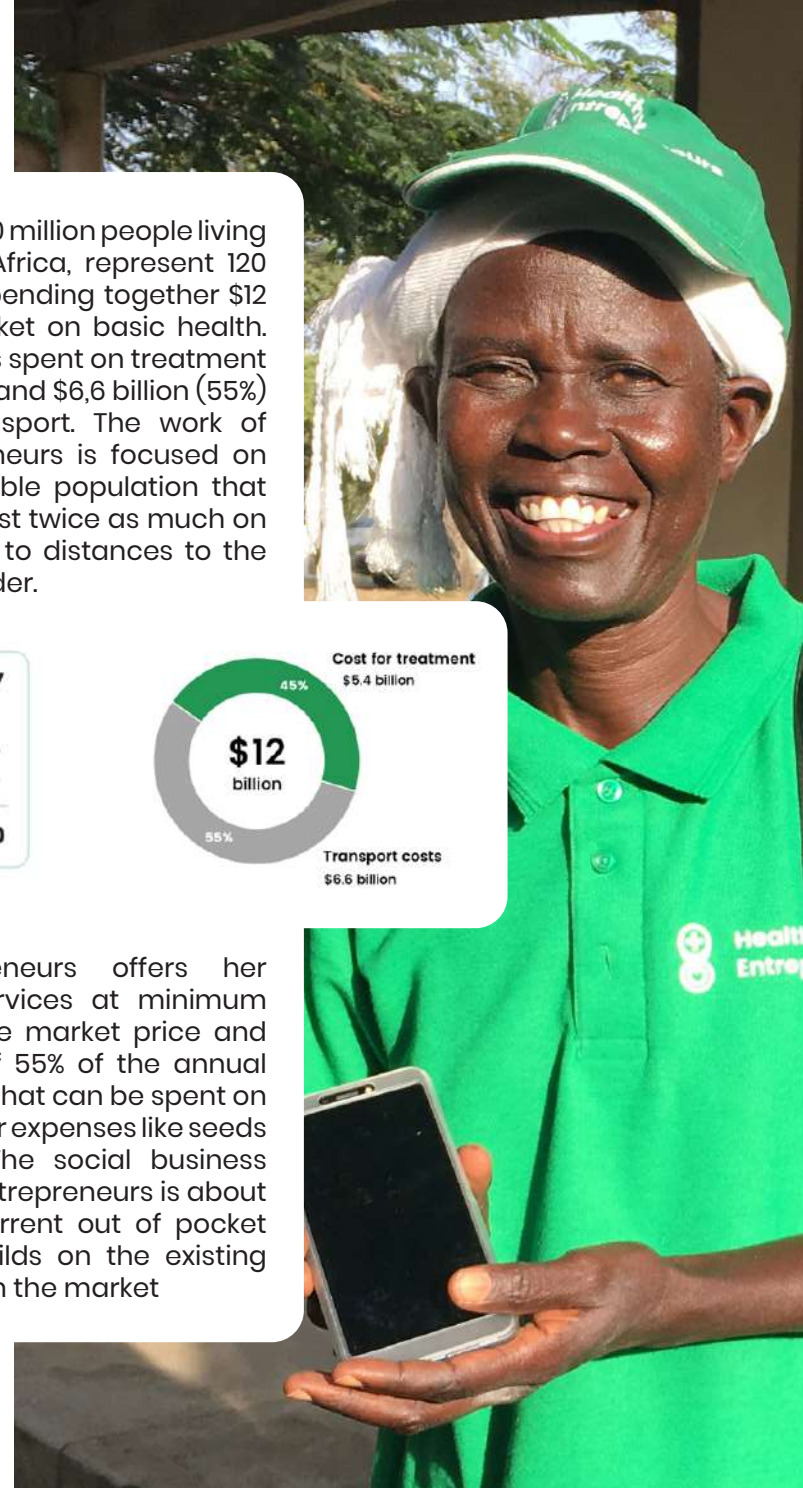
In other words, 600 million people living in Sub Saharan Africa, represent 120 million families spending together \$12 billion out of pocket on basic health. \$5,4 billion (45%) is spent on treatment and consultation and \$6,6 billion (55%) is spent on transport. The work of Healthy Entrepreneurs is focused on the most vulnerable population that is spending at least twice as much on basic health due to distances to the health care provider.

A rural family

Treatment	\$45
Transport	\$55
Total	\$100



Healthy Entrepreneurs offers her products and services at minimum 15% lower than the market price and offers a saving of 55% of the annual expenses, money that can be spent on healthcare or other expenses like seeds or school fees. The social business case of Healthy Entrepreneurs is about optimising the current out of pocket expenses and builds on the existing money available in the market

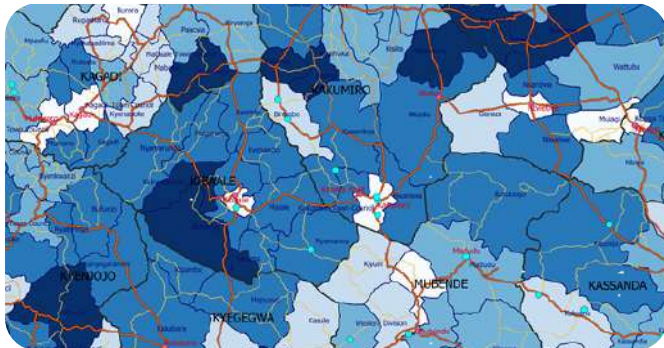


THE YEAR 2019

FURTHER SCALING THE MODEL

In 2019, we have onboarded 2229 new CHEs in Uganda and Kenya serving more than 3,000,000 people living in rural and hard to reach areas. In total HE has onboarded more than 6,000 CHEs in Haiti, DRC, Uganda, Kenya, Tanzania and Ghana.

In 2019, we professionalized our work focusing on market potential. Using GPS and other digital information about our target market helped us to identify where to find our customers. We identified our customers in areas where people live more than 5km walking distance from the nearest health facility. Other criteria used are existence of infrastructure, population density and health outcomes.



By selecting the right intervention areas, we were able to maximize our impact and optimize the financial results at the same time.



CUSTOMER FOCUS

Another intervention to improve the impact and performances of the operations is to focus on customer orientation. Together with the teams we actively worked on improving customer satisfaction, complaint management and customer loyalty. To build a long-term relationship with our CHEs as our customer at a distance customer satisfaction is key.

RAISING INVESTMENTS FOR FURTHER EXPANSION

Based on the work done
in 2018 in developing an
investment case for 10,000

new CHEs in Uganda and Kenya, we partnered in 2019 with various potential impact investors on funding our expansion plan. We have been in touch

with more than 60 investors for multiple conversations. At the end of 2019, we were able to secure the funding with 4 private investors, the Dutch Good Growth Fund and additional grant funding. It has been a great learning and successful experience. With the investment of €2,500,000 we are able to continue our work in the coming years.

In 2019, HE was also present during the Global health summit at the WHO in Geneva. HE was both presenting the investment case and sharing our experience with representatives of multiple other developing countries. HE was also awarded by BI as one of the high potential social entrepreneurs.

TELEHEALTH

In 2018 we started the pilot project 'doctor at a distance', where 150 good performing micro-entrepreneurs get the opportunity to offer additional services to their customers. The services including screening of hypertension and diabetes sharing the data with a doctor at a distance using an app. Based on the data and a phone call with patient, the doctor will diagnose and consult the patient. In case of a prescription, the doctor will send the document per App. Subject to the prescription, the micro-entrepreneurs will provide access to the treatment.

The innovation aims to increase the products and services offered by the micro-entrepreneurs to the end customers. Research tells that more than 15% of the population faces either hypertension or diabetes or a combination of both. The actual monthly cost for the treatment of a patient living in a remote village is around \$7,5- including the transport expenses and time investment required. Through the innovation offered by Healthy Entrepreneurs we can offer the same service for less than \$3,- delivered at the doorstep. In 2019 we will continue with the pilot in Kenya with a focus on non-communicable diseases. In Uganda, we will introduce an extended concept including screening for communicable and non-communicable diseases, including the diagnosis and prescription by a doctor at a distance.

In 2019, we continued the telehealth work in both Kenya and Uganda with additional products and services available, further expansion of the network, standardizing procedures and way of working and the use of other technologies. At the end of the year we completed the pilots successful including clear recommendations to continue. In 2020, we will introduce the 'virtual health center' where our final patients through the phone of the CHE can access services they could also get in the far location physical health center.



UGANDA

In 2019, we trained 1479 new Village Health Team workers to become Community Health Entrepreneurs in the central and western part of Uganda, giving a total of around 2800 active CHEs in Uganda. We have optimized our coverage of CHEs in districts HE operates in already and we have engaged several new districts. In total HE operates in 20 districts, representing only 15% of the total number of districts in Uganda.

The new ERP system has contributed significantly to the efficiency of the operation; all employees have actual information at hand about customers, stock positions, results etc. And the administrative burden has been significantly reduced by using the new system.

We have included a new range of fortified porridges for various target groups, solutions for skin infection and various disinfectants and soap. Some other items were removed from the assortment. Around 60% of the revenues are sales of pharmaceutical products, the remaining 40% are personal care and nutrition. Other new items in the assortment are related to the telehealth program, offering additional products and services based on the prescription of an expert. We worked closely with our key stakeholder the ministry of health of Uganda. We are active participants in a number of workshops at the ministry regarding community health

and the use of technology for online reporting. HE was an active participant in the national conference for health promotion, including participation in panels, organizing workshops and having our own booth.

In line with the ambitions for 2020, we have recruited new trainers specialized in the western part of Uganda. Our initial plan for 2020 was recruiting 1600+ new CHEs.



KENYA

In 2018, we established the operation, the relation with the key stakeholders in the Homa Bay county and started implementing the model at small scale. In 2019, we scaled the network of CHEs with 750 to 1000 in total, spread over two counties Kisumu and Homa Bay. Next to expanding the network, we further increased the revenues (including the average revenues per CHE) and the service provision.

The assortment in Kenya was significantly improved in comparison with 2018. We found more competitive suppliers, better value for money alternative products and extended the range with more personal care

items. We also included items for the telehealth program, with specific focus on Non-Communicable Diseases.

Part of the deliverables in 2019 was the establishment of the connection – agreements with the county ministries of health. In 2019, we worked with a number of counties including Kakamega, Siaya, Vihiga, Kiisi. We have concluded the year with signed MOUs and intentions to work together. We also worked closely with one of our funders, Aidsfonds.

For 2020, we had a detailed expansion plan to multiple districts.



TANZANIA

In Tanzania women have limited access to health care, contraception and sexual and reproductive health and rights (SRHR) education thus limiting their opportunities to engage in economic activity and improve their status. Access to health facilities is low in areas around small mines in the Geita Region and when present, an estimated 60 per cent of facilities have inadequate capacity

Through our 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. The HE Tanzania operation continued performing independent with an established network of 275 CHEs. We did not expand the network but increased the revenues per CHE and so improved the sustainability of the operation. In 2020 or beyond we aim to further expand the network as part of our replicator program. Due to the political and investment unfriendly environment HE does not want to invest in the country herself at this moment of time. We aim to further scale – replicate the model through third parties investing and further expanding the model.

GHANA

In Ghana, the programme is being implemented in selected communities in the Western and Ashanti Regions. The programme aims to improve the working conditions of women within small-scale gold mines as well as work jointly with communities and women outside the gold mines to improve their status and abilities to engage in economic activities, increase their knowledge on Sexual Reproductive Health Rights and create an enabling environment in which communities, health workers and authorities recognize women's health needs and rights.

In 2018 an extensive research in Ghana's pharmaceutical and non-pharmaceutical market resulted in a great 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 180 women with a Hawking/Petty Trader background in total, as well as ten female shop attendants on health and business topics, and provided them with a product basket to sell within the store where they work.

In 2019 180 entrepreneurs are running viable health business and providing quality health information. Health education by the use of the tablet

has also reached out directly to women and their households and are also extending it to their community members. The project in Ghana is not directly in line with the ambitions of HE (different model and different geographical location) and so HE has decided not to continue investing in the project after 2020. We are working on a smooth transition of activities to ensure the continuation of the work.



AMBITIONS 2020–2025

In the coming years, we focus on building smooth functioning operations at large scale in Uganda and Kenya serving together 14,000 micro-entrepreneurs by end of 2023. Both entities should be entirely financially independent and ready for further expansion.

At the same time, we aim to replicate the model in multiple countries based on the lessons learned, the systems, products and services developed and designed and most important the simplicity of the model. In the coming years, we continue to explore partnerships with international organizations that could support Healthy Entrepreneurs in the replication strategy.

Another ambition is to continue optimizing the products and services offered by the micro-entrepreneurs to their communities. The role of the doctor (and nurse) at a distance will most probably play a key role in increasing the impact created by Healthy Entrepreneurs.

Last but not least, we will continue professionalizing and standardizing our way of working aiming to keep it as straightforward as possible. We will continue investing in IT and supporting tools to improve the communication with our direct and final customers

Beginning of 2020, we will sign the investment agreements and start implementing our ambitions plans accordingly to the business plan. We will leverage new funding sources; scale-up successful innovations in how we work, the services we deliver, and the technologies we deploy; and design a new approach for collaborating with governments. Throughout, we will stay focused on what matters most: supporting our healthy entrepreneurs to provide the best care possible to families in need.



RESPONSIBLE BUSINESS CONDUCT

Healthy Entrepreneurs positions itself as a social enterprise in which responsible business conduct an integral part is of its business operations. Healthy Entrepreneurs is compliant to the OECD Guidelines for Multinational Enterprises.

The OECD Guidelines for Multinational Enterprises (MNE Guidelines) are the most comprehensive international instrument for responsible business conduct, which covers all major areas of business ethics.

In this way, Healthy Entrepreneurs has setup and implemented a whole range of policies, guidelines and procedures which steers and controls the way we do business and which determines our behaviour towards our network of entrepreneurs, end customers, employees, suppliers and other stakeholders.

The main objectives of our policy can be summarized as follows:

- Improved healthcare by creating healthy business and healthy lives
- Creating a safe and sustainable environment for all stakeholders
- Act responsibly towards people, planet and profit

We accomplish this by stimulating awareness with regular trainings among our staff and entrepreneurs. In this way, responsible business conduct

should be present in every part of our business operations.

RECENT DEVELOPMENTS

Healthy Entrepreneurs requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. These high standards are reflected in our policies, procedures and guidelines. As our organization has grown tremendously in the past year, we felt the need to broaden our range of policies and procedures in the light of our corporate responsibility. Some of these new policies are more internally focussed and others more externally. However, we are convinced that all of it should apply to all our stakeholders and therefore it should be part of the way we do business. In the past year, we setup the following new policies:

- Modern slavery and human trafficking: we do not tolerate slavery, trafficking or forced labour in any part of our business or supply chain
- Conflict of Interest: employee's or director's personal interest may not contradict the interest of the company
- Whistleblower policy: this policy is intended to encourage and enable employees and others to raise serious concerns internally

so that HE can address and correct inappropriate conduct and actions.

All these policies and guidelines are not meant to be an administrative responsibility. In our view, these are concrete tools to setup and manage our operations in such a way, that it strengthens the local communities and the environment, instead of contributing negatively to them. In order to be fully compliant, we will organize (refresher) courses about our policies and guidelines among our staff and other stakeholders. Moreover, new topics are even set on our agenda for the coming years. For instance, we will look at both decent job and gender responsive strategies which are important for our entrepreneurs as most of them are women who are in vulnerable positions. We are convinced that such a social investment will also payoff financially. This is how HE would like to do business and how we would like to become a changemaker in the lives of poor people.



STATEMENT OF INCOME AND EXPENDITURE 2019

Income Statement	2019	2018
	€	€
Income	934.602	1.060.456
Project Expenses	930.158	1.040.908
	<hr/> 4.444	<hr/> 19.548
Other Income		100
	<hr/> 4.444	<hr/> 19.648
Results		
Other Expenses		
General Expenses	3.591	7.323
	<hr/> 853	<hr/> 12.325
Operating result		
Financial income and expenses	3.977	4.695
	<hr/> 4.830	<hr/> 17.020
BALANCE OF FUNDS		

BALANCE SHEET 2019

Trade receivables	6.623	7.028
Other receivables	180.342	227.928
Cash and cash equivalents	57.740	152.786
Total assets	244.705	387.742
Reserves	40.102	23.082
Balance of funds	4.830	17.020
Trade payables	4.840	12.110
Other payables	194.933	335.530
Total liabilities	244.705	387.742