



VILLAGE REACH[®] X

Annual Report 2011

Executive Summary

I am pleased to present VillageReach's 2011 annual report. VillageReach continues to apply its expertise with the primary goal of saving lives and improving health by increasing access to quality healthcare for remote, underserved communities. During the past year, we have partnered with a number of new organizations to help improve health for many communities. With our partners, we share a common goal to improve the capacity of health systems in order to help additional communities in need of better access to healthcare. We also continue to be recognized for our impact, cost effectiveness and transparency in our approach.

Accomplishments for the year include:

- **Malawi** - VillageReach has continued its program to build the capacity of community health workers, implement interventions to reduce malaria and diarrheal diseases, and improve communication through SMS mobile phone technology, and began work with the Ministry of Health to develop and implement an Information and Communications Technology (ICT) program to increase access to the essential package of maternal, newborn, and child health (MNCH) services.
- **Mozambique** - Our partnership with the ministry of health to improve vaccine distribution logistics has extended to four provinces, and gained the additional collaboration and financial support of the Elizabeth Glaser Pediatric AIDs Foundation. We also began work with the Center for Disease Control (CDC) to conduct a Rapid Diagnostic Test (RDT) consumption study aimed at estimating true demand and unmet need for RDTs throughout Mozambique.
- **Management Sciences for Health (MSH)/USAID** - VillageReach was selected to join the MSH team, serving as a special resource for the USAID program, *Systems for Improved Access to Pharmaceuticals and Services* (SIAPS), with emphasis on our information systems capabilities.
- **ODK Scan** - We were selected, in partnership with the University of Washington's Computer Science and Engineering Department, as a Bill and Melinda Gates Foundation Grand Challenges Explorations winner for our "ODK Scan" development research project: *Digitizing Paper-Based Data Via Mobile Image Technologies*. Leveraging our Mozambique program, the project will demonstrate the use of a new mobile data capture technology.
- **Tanzania** - VillageReach conducted an assessment of the performance of the Integrated Logistics System (ILS) at the service delivery point. The Ministry of Health & Social Welfare plans to use the methodology to conduct periodic assessments of ILS performance.
- **Uganda** - We collaborated with the University of Washington's Department of Global Health to assist in the implementation of a study looking at the impacts of global HIV funding on non-HIV infrastructure and service utilization at the health facility level.
- **Zambia** - In partnership with PATH, the Ministry of Health, and its partners, VillageReach developed a vision and roadmap for Zambia's logistics management information systems (LMIS) using the Collaborative Requirements Development Methodology (CRDM).
- **OpenLMIS Initiative** - The initiative has gained new collaborators and partnerships to promote a collaborative approach for LMIS solutions and encourage the use of international standards in supply chain and health informatics.
- **Social Enterprise** - In Malawi, we collaborated with the Wharton School and Rice University business school programs to conduct an assessment of barriers to economic development and opportunities for investment in ventures that provide employment. The assessment resulted in new financial investment by the Bayview Foundation to develop an agriculture/transport social enterprise in the Kwitanda community. In Mozambique, our social enterprise, VidaGas, increased shipments by 35% over 2010, expanding its operations into Nampula Province to support the region's health centers and a growing network of retailers serving homes and small enterprises.

We will continue our focus on improving the state of global health by working in partnership with health systems and other organizations served by them. We thank you for your interest in our work and look forward to your future support.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allen Wilcox', is centered within a light gray rectangular box.

Allen Wilcox
President

Why the Last Mile?

VillageReach works to improve the capacity and efficiency of health systems in low-income countries.

These countries account for a disproportionate share of worldwide deaths, many from preventable diseases which continue to kill 2.4 million children annually. The lack of access to healthcare for both prevention and treatment affects peoples' ability to attain an education, acquire employment, and raise healthy families to improve their economic and social quality of life. Limited health system performance in remote communities can perpetuate poverty in the world's marginalized communities.

Improving the health and welfare of these communities requires more attention and resources be paid to strengthening the final segment or "last-mile" of health systems and the infrastructure that support them. Key last mile deficiencies result from a lack of support for frontline health workers,

inefficiency of supply chains and other systems upon which these workers depend, weak information systems that could otherwise illuminate system performance, and missing local infrastructure needed to connect the final segment of the health system with central facilities and national infrastructure. Focusing on these key deficiencies is essential if we are to bridge the gap between quality health medical commodities and services that are currently available, and the remote, underserved communities that need them most.

We're building partnerships with health systems of national and local governments and enabling other contributing organizations throughout sub Saharan Africa and Asia. There is still much to be done. We encourage you to join us as we enable systems that save lives.

The VillageReach Model – Scale and Sustainability

VillageReach partners with local governments, communities and other organizations to strengthen existing health systems for remote communities in developing countries. Our solutions support the supply of medical supplies and equipment - that originates at the national level - by starting at the Last Mile. We apply modern business management techniques and inventory tracking applications to generate accurate, updated information regarding the needs of individual health centers and the communities they serve.

This information enables the development of medical supply distribution systems that are significantly more effective in reducing disease and death rates among the world’s most underprivileged. Through ongoing fieldwork and independent evaluations, our model has proven to be easily scalable to provide sustainable medical services for regional and national rollouts.

We enable the development of more capable, dependable health systems that complement the goals of many of the international development community’s global health initiatives:

Increasing Health Worker Productivity. Low- income countries face significant challenges regarding the limited number of health workers. VillageReach helps increase the productivity and job satisfaction of health workers by improving the infrastructure and services required to provide quality health services.

Improving the Quality of Health Services. Raising the quality of healthcare is a crucial component in building community confidence that the health system will benefit those who utilize it. VillageReach builds local capacity by improving the healthcare provider competencies and practices, the work environment and community engagement.

Improving Access and Reach of Health Services. A significant percentage of developing country populations live in rural areas with the least developed infrastructure. VillageReach focuses on strengthening the final segments – the Last Mile - from province to district to health center to communities. By focusing on rural and other remote health centers, VillageReach strengthens the channel for greater reach and reliability of primary health-care services.

Increasing Trust and Use of Health Services. Over time, communities receiving reliable services will come to trust and rely on the health system, thereby improving the overall health of the community. By improving productivity, quality and access, VillageReach simultaneously seeks to increase the use of health services by the community.

Ensuring Sustainable Results. By mobilizing local communities, supporting governments and enabling both non-profit and for-profit organizations to provide jobs and critical infrastructure, VillageReach creates a legacy of effective rural healthcare that continues beyond its direct involvement. We help fill infrastructure gaps by establishing and supporting sustainable social businesses to provide a variety of services. Because the customer base for these businesses will generally grow beyond the health system, the quality, stability and sustainability of the services is enhanced.

A Global Presence in Health System Strengthening

VillageReach provides critical last-mile support for health intervention programs through a complementary set of skills and approaches. We seek to achieve significant improvements in health system performance by addressing low-resource communities and lower layers of the health system. There are four key elements to our support.

Capacity and Efficiency Gains for Distribution

VillageReach provides standardized tools and practices to facilitate improvements in the distribution of medical commodities and other supplies to the last-mile level. VillageReach takes into consideration the available human and financial resources and infrastructure conditions to design more efficient and effective distribution practices.

Health Worker Training and Development

Applying technology solutions to improve health system performance can greatly improve the capacity and efficiency. However, technical assistance and systematizing supportive supervision for health personnel is also critical to improving health sector performance. VillageReach analyzes requirements, defines the approach, and builds systemic approaches to incorporating ICT into supportive supervision and health worker operations. These elements improve health worker capacity and efficiency, expose the facility management, stock management, data records, service provision, and adherence to national policies.

Information and Communications Technology Solutions

The design and deployment of high-capacity, low-cost distributions systems are dependent on the development and application of appropriate information and communications technologies (ICT) to ensure effective communications in the field and accurate capture and reporting of information. VillageReach defines requirements for and conducts evaluations of ICT systems, and develops personnel voice & data communications solutions and health information systems that help increase health worker capacity.

Enhancing Community Infrastructure via Social Enterprise

The VillageReach approach efficiently scales critical and sustainable infrastructure services, focusing on three key infrastructure sectors: transport and logistics, communications and information technology, and energy supply. VillageReach evaluates these gaps to assess opportunities for social businesses that develop a broad customer base beyond the health system.

VillageReach also provides low-cost access to capital, patient investment horizons and an ability to assume risk. With the health system serving as an anchor customer, social businesses can expand their base of customers. The goal is to leave behind a legacy of successfully developed, profitable businesses that are market competitive and socially beneficial.

VillageReach is expanding its presence of health system strengthening programs. See the following key programmatic experiences ...



Malawi

ICT to Improve Health Services for Mothers and Children. VillageReach is working with the Ministry of Health to develop and implement an Information and Communications Technology (ICT) program to increase access to the essential package of maternal, newborn and child health (MNCH) services. This program includes a toll-free 24-hour case management hotline for maternal and child health advice and referral, and uses mobile phones to send personalized voice and SMS health messages to women regarding their pregnancy and the health needs of their children. VillageReach is also working with the Ministry of Health to test a facility-based scheduling system for antenatal and postnatal care in order to reduce wait times, improve provider-client interactions, and improve health center readiness for maternal and neonatal health.

Kwitanda Community Health. Since 2008, VillageReach has led a program to strengthen the health system at the community and health center levels by building capacity of community health workers, implementing cost-effective interventions to reduce malaria and diarrheal diseases, and improving communication between community health workers and the health center through SMS communication systems.

VillageReach's program aims to reduce levels of malaria and diarrheal disease in the Kwitanda catchment area. To accomplish this goal, VillageReach facilitates distribution of existing cost-effective preventative measures, manages community health worker training, and provides infrastructure support for the health center and community.



Mozambique

Mozambique is home to VillageReach's first health program. As a result of that program's success, VillageReach is engaged in a multi-year program covering a population of more than 12 million. The program, started in early 2010, is intended to achieve significant change in the performance of the Mozambique Ministry of Health (MISAU) through the use of dedicated distribution channels for various medical commodities to community health centers.



Nigeria

In Nigeria, 97% of the population is at risk of infection with malaria. The Nigerian Government and National Malarial Control Programme (NMCP) have set a goal of reducing malaria morbidity and mortality by 50% by 2013. Strengthening the medical supply distribution systems is key toward reducing the malaria burden. A project team consisting of VillageReach, MIT-Zaragoza Programme, Transaid, and i+ Solutions assessed the supply chain and logistics for malaria commodities in all 37 states in order to optimize the performance of the transport and distribution systems for scaling up the malaria control program. With combined expertise in last mile logistics, transportation fleet management, and logistic systems modeling and optimization, the team provided a comprehensive assessment of Nigeria's commodity distribution system and recommendations to increase efficiency in this system. In 2010, VillageReach partnered with MIT-Zaragoza, Transaid, and DFID's PATHS II project to develop a framework for considering and selecting outsourcing opportunities as a means of improving public sector pharmaceutical supply chain performance. The team developed a set of tools for modeling the potential cost and performance of outsourcing opportunities that can support the design and assessment of outsourcing policy proposals. The primary audience for this work is both developed and developing country policy makers and practitioners working in the pharmaceutical sector.



Tanzania

In 2002, the Tanzania Ministry of Health and Social Welfare began the process of integrating the logistics systems of a number of vertical programs in order to improve efficiency and performance of the supply chain. This system, called the Integrated Logistics System (ILS), combines the logistics system for essential medicines, family planning, sexually transmitted infections, malaria, and the laboratory and diagnosis program. In 2010, in partnership with the USAID|DELIVER Project, VillageReach conducted an assessment of the performance of the ILS at the service delivery point. Using secondary data available through Report & Requisition forms, the team sampled 25 percent of the health facilities in each district to identify overall ILS performance as well as high and low performing districts for follow up by the Pharmaceutical Services Unit at the MOHSW. The MOHSW plans to use the methodology developed to conduct periodic assessments of ILS performance.



Zambia

In Zambia, the Ministry of Health has plans to develop an accurate and real-time system for collecting and managing the data needed from the service delivery point to inform the procurement, management and distribution of medical commodities. VillageReach, in partnership with PATH, worked with the MOH and its partners to develop a vision and roadmap for logistics management information systems (LMIS) in the country. As a first step, PATH and VillageReach facilitated a series of workshops with the MOH, Medical Stores

Limited (MSL), and the partners who support the MOH in supply chain strengthening, to develop a shared vision and a comprehensive set of user requirements using the Collaborative Requirements Development Methodology (CRDM) as the starting point. With the Zambia version of the CRDM developed and endorsed by the MOH and its partners, VillageReach is seeking opportunities to assist the MOH and its partners to move forward on their road map and investigate solutions for a new computerized LMIS.

New Capabilities in Information Management

VillageReach has increased its investment in information and communications technology (ICT). We define requirements for and conduct evaluations of ICT systems, and develop personnel voice & data communications solutions and health information systems that help increase health worker capacity and improve health system efficiency.

VillageReach's use of Internet and mobile application technologies provides health systems with critical support for personnel to ensure effective information capture and reporting. We're developing and deploying impactful and sustainable ICT solutions that are:

- Internet-enabled – to allow for data visibility and broad information share across frontline health personnel and health system management;
- Platform- and device-independent – to facilitate low-cost solutions by leveraging competitively priced phones and mobile computing devices; and
- Open-standards based – for greater interoperability, a critical feature for data exchange and effective visibility throughout health information systems.

VillageReach's expertise covers ICT support evaluation and response; applications development and device support for personnel voice and data communications; health information system evaluation and design; training for health system personnel, plus technical assistance and supportive supervision in support of program management.

In Mozambique, we have deployed a logistics management information system, vrMIS, to facilitate data capture and reporting of community health information and performance metrics of the health system itself. vrMIS incorporates a comprehensive feature set to enable efficient program monitoring and evidence-based decision-making for health systems.

In 2011, *OpenLMIS* gained broader interest and active membership with the establishment of a core group of partners: John Snow Inc., PATH, Rockefeller Foundation, and VillageReach. The first meetings of the initiative were convened in Washington D.C. to establish common agreement on goals and priorities. OpenLMIS will provide a repository of tools, product and project assessments, and other information to promote a collaborative approach for LMIS solutions and encourage the use of international standards in supply chain and health informatics.

The OpenLMIS initiative (www.openlmis.org) is aimed at the community of stakeholders – national governments, supply-chain/logistics specialists, global health delivery organizations, and software developers. OpenLMIS is a community-lead initiative dedicated to furthering understanding and development in LMIS to support improvements in health system supply chains in low-income countries around the world.

Social Enterprise Support for Health Systems

VillageReach's pioneering model to improve health systems continues to rely on social enterprise solutions, where the focus is on improving community infrastructure. Its model efficiently scales critical and sustainable infrastructure services. Relieving public and private health systems of the burden of building and operating non-core activities.

In 2011, VillageReach's social business, VidaGas, a propane distribution company operating throughout northern Mozambique, accelerated its activities and became fully operational in Nampula Province. The new geography significantly increased the company's sales performance, resulting in a 35% increase in gas shipments over 2010. Entry into additional provinces is expected in 2012.

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 John Beale, Strategic Development Director, Group Lead,
 Social Business Group
 Tom Martin, Operations Director
 Ron Pankiewicz, Technology Director, Group Lead,
 Information Systems Group

Mozambique

Leah Hasselback, Country Director
 João Rodrigues, General Manager (VidaGas)

Malawi

Patrick Mangaliso Karonga Phiri, Project Manager,
 Kwitanda Community Health Project
 Health Services for Mothers and Children Project

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Financial Report

VillageReach provides its financial reporting online for convenient access. Copies of our *Articles of Incorporation, Bylaws, Proof of 501 (c)(3)*, and archived financial reports can be found at:

- <http://villagereach.org/about-us/corporate-financial-documentation/>.

The following 2011 financial reports are also available online:

2011 Audited Financial Report:

- <http://villagereach.org/vrsite/wp-content/uploads/2012/03/2011-0930-VillageReach-FS.pdf>

2011 tax filing – Form 990:

- <http://villagereach.org/vrsite/wp-content/uploads/2009/11/2011-VillageReach-Form-990-PD-Copy.pdf>

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