



Health Insurance Fund

Annual Report 2016

13 September 2017

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Amsterdam, the Netherlands



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Management board's report

1. Introduction

In October 2006, the Health Insurance Fund signed a contract with the Dutch Ministry of Foreign Affairs to increase access to affordable and better healthcare for currently uninsured low and middle income populations in sub-Saharan Africa through the introduction of innovative financing mechanisms including health insurance and the improvement of healthcare quality. The first contract covered the period 2006-2015. A request for extension until April 2017 is currently being processed.

In September 2015, the Dutch Ministry of Foreign Affairs approved the second contract with Health Insurance Fund for the period 2016 – 2022.

The revised objectives of the HIF are the following:

- Develop private pre-payment mechanisms and risk pooling structures, and mobilize resources for organized demand;
- Strengthen, benchmark, and certify clinical and business performance of healthcare service suppliers;
- Improve efficiency, effectiveness, and transparency to better match demand and supply of healthcare transactions;
- Mobilize capital into the private health sector;
- Conduct research on the various implemented strategic interventions and advocate those that are successful.

HIF contracts PharmAccess as its implementing partner. This partnership mobilizes public and private resources for the benefit of African patients and doctors through health insurance, loans for healthcare providers (Medical Credit Fund), medical quality standards (SafeCare) and private equity (Investment Fund for Health in Africa) while simultaneously using the full spectrum of possibilities offered by the digital revolution.

In the form of public private partnerships, we aim to establish a new approach for development cooperation. We have implemented standards that have contributed to increasing trust in the healthcare system and to reducing investment risk and transaction costs in sub-Saharan Africa. With the financial support of the Dutch Ministry of Foreign Affairs, since 2007, we have been able to mobilize additional resources from third party donors, local governments, investors, local banks, private clients and member contributions for the premium. The Health Insurance Fund is active in four core countries: Nigeria, Tanzania, Kenya and Ghana.

Health insurance for low- and middle-income groups is not an end in itself. Rather, health insurance is a means to further the objective of achieving access to quality healthcare for all. For this reason, the Health Insurance Fund and PharmAccess have in the past years also focused on developing new forms of private pre-payment mechanisms to organize and mobilize demand such that poor and middle-income groups can also access quality care. With the help of mobile technology, new (private) prepayment models can connect users and providers of healthcare with payers for healthcare. At the same time, mobile technology can provide unprecedented transparency of the use and costs of healthcare, as well as of fund flows. In 2016, Safaricom, CarePay and PharmAccess introduced such an innovation to the market for the first time in Africa and, in fact, the first time anywhere in the world. This new product is the M-TIBA health

wallet in Kenya. The model is already proving its value in Kenya, where at the end of 2016, 171,806 users were signed up to the M-TIBA platform that connect users to almost 300 healthcare providers. At the time of writing, the number of users has again more than doubled to over 900,000. In addition, PharmAccess in 2016 continued working on deepening and transitioning health plans originally developed in 2007-2013 with Health Insurance Fund support. In Tanzania, significant progress in both deepening and transitioning was achieved during the past year. In Nigeria, despite the significant challenges with transitioning, a lot of groundwork was also completed towards achieving this goal. In total, in all four core countries, we delivered a record enrollment of approximately 456,970 people in 2016 compared to 291,000 in 2015.

In 2016, a total of 1,900 healthcare facilities were included in the healthcare delivery model SafeCare, while 84 percent were improving their quality score based on the SafeCare standards. SafeCare has also signed agreements with the ministries of health in Tanzania, Kenya and Nigeria that will further institutionalize and bring to scale the SafeCare standards in those countries. The enforcement of quality standards constitutes enormous progress towards ensuring access to better healthcare in sub-Saharan Africa. The total volume of loans disbursed by the Medical Credit Fund rose by 64 percent in 2016 to an amount of EUR 22.6 million. There is more risk appetite and confidence among banks to lend to the private health sector, demonstrated by their increased risk participation in the loan portfolio of a record 46 percent.

In 2015, the Dutch Ministry of Foreign Affairs commissioned an evaluation of our work for the past eight years. The Boston Consulting Group (BCG) concluded that the grant of the Dutch Ministry of Foreign Affairs was well invested. Based on the impact achieved over the past years and based on our continued strategy to develop and implement market-based innovations that bear the potential for transformational change in health systems, the Dutch Ministry of Foreign Affairs renewed the partnership with the Health Insurance Fund for the period of 2016-2022. These Annual Accounts are the first based on the renewed partnership.



2. Financial

In 2016, total realized program expenses (including expenses of the HIF and operational research) were EUR 10,526,657 (2015: EUR 15,868,464).

The financial statements reflect all the activities of Foundation Health Insurance Fund. The foundation does not have any employees. All support activities, such as Management, Finance & Control and ICT are subcontracted from PharmAccess Foundation.

The financial statements have been prepared in accordance with the Guideline for annual reporting 640 “Not-for-profit organizations” of the Dutch Accounting Standards Board. Contrary to the Guideline for annual reporting 640 the budget on overall level has not been included. Control is performed on project level. Financial risks are limited since Health Insurance Fund holds cash on dedicated interest-bearing bank accounts. Health Insurance Fund does not work with ‘embedded derivatives’ and ‘hedge accounting’ and all larger programs are prefunded. Currency risks are shifted to the programs.

The foundation has been incorporated for the sole purpose of running the activities along the lines of the objectives as mentioned in the introduction paragraph of the management board report. The foundation has no objective to gain reserves, the activities are funded by multi-year grants.

Given the nature of the organization the risk assessment and risks management process is addressed on quarterly basis. The monitoring and managing of risks takes place on the level of the Foundation and its implementing partner PharmAccess Foundation. Risks have been categorized and prioritized on possibility and impact. The most significant risks which have been identified by the foundation are:

- Financial risks - Continuity of funding; (successfully) mitigated by business development and submitting proposals for new funding;
- Performance risks - management capacity of the implementing partners and their local project partners; mitigated by capacity building activities;
- Reputational risks – mitigated by attention for external communication and advocacy.

SOLVENCY SUPPORT

Due to regulations one of the partners in Kenya, AAR was challenged by new regulations for HMO’s which needed to register as licensed insurers in 2012 and demanded increased solvency capital. The HIF provided a 5-year solvency loan of EUR 8 million to AAR to accommodate this transition and be able to continue its activities as partner to the HIF. These - sometimes sudden - developments to our private sector partners may also occur in other countries where the HIF is building capacity for health insurance programs eligible for low income and currently insured groups. Monitoring of regulatory developments and potential solutions for local partners will continue to be a priority.

TRANSPARENCY AND ACCOUNTABILITY

The program has been designed to ensure transparency and accountability to all stakeholders. The Health Insurance Fund Board holds quarterly meetings to discuss the status and progress of the program. In addition, the Board keeps regular formal and informal track of the program standing and development which includes visits to local operations. Financial program audits covering all main stakeholders including the local implementing partners are carried out by an external auditor every year.

3. Outlook 2017 and beyond

With reference to the objectives as mentioned in the introduction: HIF continues to support the activities as agreed with the Ministry of Foreign Affairs for the period 2016-2022. Within this agenda, activities will be increasingly focused on the digital developments.

4. Institutional development

Over 2016, the HIF was represented by five Board Members: Kees Storm, Chairman (former CEO of AEGON), Willem van Duin (CEO of Eureka/Achmea), Marcel Levi (Chairman of the Executive Board of the Academic Medical Center, University of Amsterdam), Peter van Rooijen (Executive Director International Civil Society Support) and Pauline Meurs (Professor of Governance in Health Care at the Erasmus University of Rotterdam). Jacques van der Gaag (Director of the Amsterdam Institute for International Development and Distinguished Visiting Fellow, Brookings Institution) is a Special Advisor to the HIF.

Economically effective as from January 1, 2017 the governance structure of Health Insurance Fund has been revised.

Stichting PharmAccess International was founded in 2001 and has since expanded into a group of organisations with closely related objectives and activities: the, so called, PharmAccess Group. This Group has grown significantly of the past years with new initiatives and activities. Some of these were set up in separate legal entities. This has been done for pragmatic reasons, but over time this resulted in inefficiencies. Increasingly PharmAccess received feedback that the coherence and inter-relationship was not always clear, which was also reflected in a report of the Boston Consultancy Group (evaluation 2015). The Ministry of Foreign Affairs has requested a revised governance model proposal as a condition precedent under the renewed financing (2016-2022).

The key features of the governance structure are:

All PharmAccess group entities will be managed by the same executive board. For this purpose a new foundation, Stichting PharmAccess Group Foundation (PGF), has been incorporated. The statutory responsibility for all PharmAccess group entities (i.e., Stichting PharmAccess International, Stichting Health Insurance Fund, Stichting Medical Credit Fund and Stichting SafeCare) is vested with PGF, represented by its executive board (statutair bestuur) under the supervision of one Supervisory Board, the PGF Supervisory Board.

Consequences for Health Insurance Fund

As a consequence, the existing Board of Health Insurance Fund has been dissolved. Supervisory duties and responsibilities are assumed by the newly instituted Supervisory Board of PGF (and its committees), through supervision of PGF's executive board.

Signing of the Management Board's report

Amsterdam, 13 September 2017

J. W. Marees
Director

Stichting PharmAccess Group Foundation

Represented by:

O.P. Schellekens

J.W. Marees

M.G. Dolfing-Vogelenzang

Financial statements

- Balance sheet
- Statement of income and expenditure
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Balance sheet as at 31 December 2016

(After appropriation of result)

	Note	31.12.2016	31.12.2015		Note	31.12.2016	31.12.2015
		EUR	EUR			EUR	EUR
Assets				Equity and liabilities			
Financial fixed assets:				Equity			
Loans	1	8,673,122	8,502,604	Continuity reserve	5	3,753	3,753
Current assets				Long-term liabilities			
Other receivables	2	2,732	8,854	Deferred income concerning solvency support	6	8,572,154	8,502,604
Advance payments	3	4,629,271	0	Current liabilities			
Cash	4	9,224,973	13,705,382	Liabilities to projects	3	0	1,077,905
				Creditors		573	19,648
				Deferred income	7	13,827,753	12,587,439
				Other liabilities and accrued expenses		125,865	25,491
		<u>22,530,098</u>	<u>22,216,840</u>			<u>22,530,098</u>	<u>22,216,840</u>

Statement of income and expenditure 2016

	Note	2016		2015	
		EUR		EUR	
Income	8	10,589,405		15,978,751	
Operating expenses:					
Direct project costs	9	10,463,749		15,810,802	
Personnel expenses	10	81,539		79,321	
General and administrative expenses	11	44,118	10,589,405	88,628	15,978,751
Result		<u>0</u>		<u>0</u>	
Added to:					
Equity - continuity reserve		<u>0</u>		<u>0</u>	
		0		0	

Cash flow statement for the year 2016

(Based on the indirect method)

	2016	2015
	EUR	EUR
Operating result	0	0
Adjustments for:		
Changes in working capital:		
- movements operating accounts related to receivables and projects	(5,701,054)	(135,056)
- movement deferred income concerning solvency support	(100,968)	0
- movement deferred income	1,240,314	12,424,590
- movements other current liabilities	81,299	(97,977)
Cash flow from business activities	(4,480,409)	12,191,557
Interest received/paid	0	0
Cash flow from operating activities	(4,480,409)	12,191,557
Received from MoFA concerning solvency support	0	0
Investments in other financial fixed assets concerning solvency support	0	0
Cash flow concerning solvency support	0	0
Net cash flow	<u>(4,480,409)</u>	<u>12,191,557</u>
Cash as per 1 January	13,705,382	1,513,825
Cash as per 31 December	<u>9,224,973</u>	<u>13,705,382</u>
Movements in cash	<u>(4,480,409)</u>	<u>12,191,557</u>

Notes to the financial statements

GENERAL

Foundation

Stichting Health Insurance Fund is a not-for-profit organization based in Amsterdam, the Netherlands. The foundation was set up on 6 October 2005.

The financial statements have been prepared in euros.

ACCOUNTING POLICIES

General

The financial statements have been prepared in accordance with the Guideline for annual reporting 640 “Not-for-profit organizations” of the Dutch Accounting Standards Board (‘Raad voor de Jaarverslaggeving’).

The financial statements have been prepared using the historical cost convention and are based on going concern. Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

If not indicated otherwise, the amounts of the accounts are stated at face value.

Balance sheet

Financial fixed assets

Upon initial recognition the receivables and loans are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account upon valuation.

Current liabilities

Deferred income

Deferred income consists of subsidy prepayments related to projects to be carried out less the realized costs of these projects, taking into account foreseeable losses on projects.

Other current liabilities

Upon initial recognition, liabilities recorded are stated at fair value and then valued at amortized cost.

Principles for the determination of the result**Statement of income and expenditure**

Income and expenditure are recognized as they are earned or incurred and are recorded in the financial statements of the period to which they relate. Overhead expenses are excluded from program expenses and recorded in the operating expenses.

Income

Income from 'Realized income related to projects' is recognized in proportion to the completed project activities rendered on active projects, based on the cost incurred up to balance sheet date. The costs of these project activities is allocated to the same period.

Other income relates to other non-project related items.

Direct project costs

Direct project costs consist of expenses directly related to projects (out-of-pocket costs) excluding staff costs.

Recognition of transactions in foreign currency

Transactions in foreign currencies are recorded at the exchange rate prevailing at the transaction date. At year-end, the assets and liabilities reading in foreign currencies are translated into euros at the rates of exchange as per that date.

Financial instruments

Financial instruments include both primary financial instruments, such as receivables and liabilities, and financial derivatives. Reference is made to the treatment per balance sheet item for the principles of primary financial instruments. The foundation does not use derivatives and there are also no embedded derivatives.

The foundation does not apply hedge accounting.

Principles for preparation of the cash flow statement

The cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered to be highly liquid deposits.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Notes to the specific items of the balance sheet

1. LOANS

	2016	2015
	EUR	EUR
Balance as at 1 January	8,502,604	8,335,886
Interest to be received	170,518	166,718
Balance as at 31 December	8,673,122	8,502,604
Total disbursed as at 31 December	8,000,000	8,000,000
Total accumulated interest to be received	673,122	502,604
Balance as at 31 December	8,673,122	8,502,604

The HIF signed a loan agreement for a total amount of EUR 8 million with AAR Holdings Limited for solvency support. The full amount has been disbursed. The interest rate on this solvency loan is 2% per annum on the disbursed amount and is added to the deferred income concerning solvency support. The final repayment date is 31 December 2017.

On July 10th, 2017, AAR Insurance Holdings Limited formally requested for an extension of the final repayment date from 31 December 2017 to 31 December 2019.

2. OTHER RECEIVABLES

	31.12.2016	31.12.2015
	EUR	EUR
Interest to be received	2,732	8,854
Balance as at 31 December	2,732	8,854

3. ADVANCE PAYMENTS (LIABILITIES TO PROJECTS)

	31.12.2016	31.12.2015
	EUR	EUR
Deferred income to PharmAccess regarding MoFa	4,402,335	(1,278,162)
<i>Prepaid in total to PharmAccess on projects</i>	<i>4,402,335</i>	<i>(1,278,162)</i>
Deferred income to AIID regarding MoFA	0	(4,956)
Deferred income to AIGHD regarding MoFA	0	(9,761)
Interest revenue PharmAccess regarding MoFA 2006 – 2015	(214,974)	(214,974)
Interest revenue PharmAccess regarding MoFA 2016	(11,962)	0
Balance as at 31 December	4,629,271	(1,077,905)

4. CASH

	31.12.2016	31.12.2015
	EUR	EUR
ABN-AMRO MeesPierson - General - charity savings account	9,162,430	13,595,296
ABN-AMRO MeesPierson - Global Health Membership	62,543	110,086
Balance as at 31 December	9,224,973	13,705,382

The year-end balance of 2016 includes a part of an advance payment, which has been received from the Ministry of Foreign Affairs for the year 2017.

Funds are available in line with the different program objectives.

5. CONTINUITY RESERVE

	2016	2015
	EUR	EUR
Balance as at 1 January	3,753	3,753
Result	0	0
Balance as at 31 December	3,753	3,753

In accordance with the subsidy agreements, the operating expenses are funded by the different donors. The continuity reserve is available to use in line with the described objectives of the foundation as stated in article 2 of the Articles of Association.

Result appropriation for the year

No provisions of the Articles of Association deal with result appropriation. The result for the financial year 2016 amounts to nil and therefore no movement has been processed in the continuity reserve.

6. DEFERRED INCOME CONCERNING SOLVENCY SUPPORT

	31.12.2016	31.12.2015	Realized in 2016
	EUR	EUR	EUR
Cumulative payments from Dutch			
Ministry of Foreign Affairs	<u>8,000,000</u>	<u>8,000,000</u>	
<i>Deferred income before interest</i>	<i>8,000,000</i>	<i>8,000,000</i>	
Cumulative interest to be received:			
- AAR	<u>(572,154)</u>	<u>(502,604)</u>	<u>(69,550)</u>
<i>Total interest to be received</i>	<i>(572,154)</i>	<i>(502,604)</i>	
Deferred income after interest	<u>8,572,154</u>	<u>8,502,604</u>	

This long-term deferred income position with Ministry of Foreign Affairs (MoFA) relates to solvency support which has been made available to AAR Insurance Holding Limited (AAR). Based on the communication with MoFA, this position is part of the grant of EUR 104.9 million (1e beschikking). The grant from MoFa to Health Insurance Fund expires at 30 April 2017. The solvency support agreement between Health Insurance Fund and AAR contractually concludes before the end of 2017.

The interest added to the deferred income position is calculated on the disbursed amount.

7. DEFERRED INCOME

	31.12.2016	31.12.2015
	EUR	EUR
Dutch Ministry of Foreign Affairs: 2006 - 2016	152,250	(397,564)
Dutch Ministry of Foreign Affairs: 2016 - 2022	13,675,503	12,985,000
Balance as at 31 December	13,827,753	12,587,439

Deferred income Dutch Ministry of Foreign Affairs: 2006 - 2016

	31.12.2016	31.12.2015	Realized in 2016
	EUR	EUR	EUR
Cumulative payments from Dutch Ministry of Foreign Affairs	96,665,589	96,665,589	
Cumulative realized expenses:			
- General program/project management	10,414,385	10,414,385	0
- Health plans & insurance *	54,106,038	54,655,852	(549,814)
- Delivery infrastructure quality & development	11,409,985	11,409,985	0
- Financing & access to credit development	4,307,752	4,307,752	0
- Program development, advocacy & communication	4,018,849	4,018,849	0
- Analysis & learning	3,389,862	3,389,862	0
- Impact evaluation	8,409,207	8,409,207	0
- New initiatives	1,096,229	1,096,229	0
<i>Total realized expenses</i>	<i>97,152,307</i>	<i>97,702,121</i>	<i>(549,814)</i>
<i>Deferred income before interest</i>	<i>(486,718)</i>	<i>(1,036,532)</i>	
Cumulative interest received:			
- interest income Health Insurance Fund	(423,994)	(423,994)	
- interest income PharmAccess	(214,974)	(214,974)	
<i>Total interest received</i>	<i>(638,968)</i>	<i>(638,968)</i>	
Deferred income after interest **	152,250	(397,564)	

***) Health Plans & Insurance**

Health Plans & Insurance excluding guarantee by Ministry of Foreign Affairs	50,227,355	50,777,170	(549,814)
Receivable from Kwara State guaranteed by Ministry of Foreign Affairs	3,878,682	3,878,682	
Health Plans & Insurance	<u>54,106,038</u>	<u>54,655,852</u>	<u>(549,814)</u>

****) Any financial effects related to eligible claims after 2015, HCHC KPI entitlement and possible exchange rate results will be taken into account of the final closure of the '1e beschikking DDE0083448'. The revised closure date will be postponed to 30 April 2017 (previously 31 December 2015).**

Deferred income Dutch Ministry of Foreign Affairs: 2016 – 2022

	31.12.2016	31.12.2015	Realized in 2016
	EUR	EUR	EUR
Cumulative payments from Dutch Ministry of Foreign Affairs	24,710,000	12,985,000	11,725,000
Cumulative realized expenses:			
- General program/project management	1,771,235		1,771,235
- Demand: Health plans	3,797,727		3,797,727
- Supply: Delivery infrastructure, quality & development	2,260,466		2,260,467
- Investments: Financing & access to credit	1,109,720		1,109,720
- Program development, advocacy & communication	1,231,162		1,231,162
- Research: Impact evaluation and learning & analysis	778,017		778,017
- New initiatives	128,142		128,142
<i>Total realized expenses</i>	<u>11,076,468</u>	<u>0</u>	<u>11,076,470</u>
<i>Deferred income before interest</i>	<i>13,633,532</i>	<i>12,985,000</i>	
Cumulative interest received:			
- interest income Health Insurance Fund	(30,009)	(11,962)	(30,009)
- interest income PharmAccess	(11,962)		(11,962)
<i>Total interest received</i>	<u>(41,971)</u>	<u>0</u>	<u>(41,971)</u>
Deferred income after interest	<u><u>13,675,503</u></u>	<u><u>12,985,000</u></u>	

Deferred income Global Health Membership

	31.12.2016	31.12.2015	Realized in 2016
	EUR	EUR	EUR
Cumulative payments from private donors	196,774	134,026	62,748
Cumulative realized expenses:			
- General program/project management	19,091	13,513	5,578
- Contribution to Health Insurance Programs	177,683	120,513	57,170
<i>Total realized expenses</i>	<u>196,774</u>	<u>134,026</u>	<u>62,748</u>
Deferred income	<u>0</u>	<u>0</u>	

Contingent assets and liabilities

Regarding the current project portfolio Stichting Health Insurance Fund received from donors' commitments for grants for an amount over EUR 180.9 million. Of this amount approximately EUR 132.4 million has been received. Stichting Health Insurance Fund has the obligation to make use of these promised grants according to the contracts with donors.

Financial instruments

For the notes to financial instruments reference is made to the specific item by item note.

The main financial risks the foundation is exposed to are the currency risk, the liquidity risk and the credit risk. The foundation financial policy is aimed at mitigating these risks by:

Currency risk

The currency risk is mitigated by holding the received foreign currency pre-payments on ongoing foreign currency contracts as long as possible in the contracted foreign currency and only convert into the functional currency (EUR) based on commitments.

Liquidity risk

The liquidity risk is mitigated by monthly monitoring of the work in progress portfolio and closely monitoring and steering the deferred income position per contract.

Credit risk

The credit risk is limited as the current programs are prefunded. The credit risk for head office is mitigated by banking at a governmental acquired bank (ABN-AMRO MeesPierson). For the partners, the credit risk is mitigated by providing only a rolling advances.

Off-balance sheet commitments

In December 2016 a ten-year operational lease agreement was signed for the premises - AHTC building, 4th floor, Tower C and D - located at the Paasheuvelweg 25 in Amsterdam, the Netherlands. The yearly operational lease amount amounts to EUR 402,185. The first two years are free of charge, year 3: 60%, year 4: 73,3%, year 5: 86,6% and year 6 -10: 100% of the yearly operational lease amount.

Notes to the specific items of the statement of income and expenditure

8. INCOME

	2016	2015
	EUR	EUR
Realized income related to projects	10,526,657	15,868,464
Other income	62,748	110,287
	10,589,405	15,978,751

The 'Realized income related to projects' consists of:

	2016	2015
	EUR	EUR
Ministry of Foreign Affairs 2006 - 2016	(549,811)	15,868,464
Ministry of Foreign Affairs 2016 - 2022	11,076,468	0
	10,526,657	15,868,464

The 'Other income' consists of:

	2016	2015
	EUR	EUR
Global Health Membership	62,748	110,287
	62,748	110,287

9. DIRECT PROJECT COSTS

	2016	2015
	EUR	EUR
Ministry of Foreign Affairs 2006 - 2016	(549,811)	15,700,515
Ministry of Foreign Affairs 2016 - 2022	10,950,812	0
Global Health Membership	62,748	110,287
	10,463,749	15,810,802

Direct project costs related to Ministry of Foreign Affairs: 2006 - 2016

	2016	2015
	EUR	EUR
PharmAccess	0	6,608,538
PharmAccess concerning HMO - Nigeria	(648,758)	4,436,803
PharmAccess concerning HMO - Tanzania	0	185,018
PharmAccess concerning HMO - Kenya	98,947	195,474
PharmAccess concerning MCF	0	629,834
PharmAccess concerning SafeCare	0	3,134,914
AIGHD	0	440,762
AIID	0	173,997
Global Health Membership *	0	(104,825)
	(549,811)	15,700,515

*) This amount reflects the Global Health Membership (GHM) contribution to the Ministry of Foreign Affairs program.

Direct project costs related to Ministry of Foreign Affairs: 2016 - 2022

	2016	2015
	EUR	EUR
Health Insurance Fund	13,038	
PharmAccess	10,994,945	0
Global Health Membership *	(57,170)	0
	10,950,812	0

*) This amount reflects the Global Health Membership (GHM) contribution to the Ministry of Foreign Affairs program.

10. PERSONNEL EXPENSES

	2016	2015
	EUR	EUR
Salary external	81,026	76,872
Other personnel expenses	513	2,449
	81,539	79,321

11. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
	EUR	EUR
Auditing fees *	13,915	32,912
Office costs	6,980	8,324
Representation/marketing/communication	18,648	46,647
Travel expenses	2,134	0
Other general and administrative expenses	2,442	745
	44,118	88,628

*) The decrease in auditing fees can be explained by an amount of EUR 10,527 for the subsidy audit of the Ministry of Foreign Affairs program, which have been incorporated in the 'Direct project expenses' in 2016 and by an amount of EUR 7,865 for additional auditing fees related to the financial year 2014, which were invoiced by Deloitte Accountants B.V. in 2015.

Other notes

NUMBER OF EMPLOYEES

The average number of employees during the financial year was nil (2015: 0).

REMUNERATION OF MEMBERS OF THE BOARD

Until December 15th, 2016, as in 2015, Kees Storm (Chairman), Pauline Meurs, Willem van Duin, Marcel Levi and Peter van Rooijen formed the Board of the Health Insurance Fund. From December 15th, 2016, onwards Jan Willem Marees formed the board as director, alongside the Stichting PharmAccess Group Foundation. During these years no payments were made to the Members of the Board and therefore the Health Insurance Fund is in compliance with the WNT. For reference the new governance structure became effective as of January 1st, 2017.

SUBSEQUENT EVENTS

On July 10th, 2017, AAR Insurance Holdings Limited formally requested for an extension of the final repayment date from 31 December 2017 to 31 December 2019.

Signing of the financial statements

Amsterdam, 13 September 2017

J. W. Marees
Director

Stichting PharmAccess Group Foundation
Represented by:

O.P. Schellekens

J.W. Marees

M.G. Dolfing-Vogelenzang



Other information

Independent auditor's report

The independent auditor's report is recorded on the next page.

Independent auditor's report



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Independent auditor's report

To the Management Board of Stichting Health Insurance Fund

REPORT ON THE FINANCIAL STATEMENTS 2016 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the financial statements 2016 of Stichting Health Insurance Fund, based in Amsterdam.

In our opinion the financial statements included in the annual accounts give a true and fair view of the financial position of Stichting Health Insurance Fund as at December 31, 2016, and of its result for 2016 in accordance with the Dutch Accounting Standard 640 "Not-for-profit organizations".

The financial statements comprise:

1. The balance sheet as at December 31, 2016.
2. The statement of income and expenditure for 2016.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Moreover we are of the opinion that in all material aspects the 2016 financial statements comply with the WNT requirements regarding financial regularity, as laid down in the WNT Audit Protocol of the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)".

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Stichting Health Insurance Fund in accordance with the "Verordening inzake de onafhankelijkheid van accountants" bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA) and the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)", including the audit protocol WNT.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report, the annual accounts contain other information that consists of:

- Management Board's report
- Other information

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Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by The Dutch Accounting Standard 640 "Not-for-profit organizations".

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Accounting Standard 640 "Not-for-profit organizations" and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the Management Board's report and the other information as required by the Dutch Accounting Standard 640 "Not-for-profit organizations".

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Dutch Accounting Standard 640 "Not-for-profit organizations" and the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)", including the audit protocol WNT. The Executive Board is likewise responsible for preparing the financial statements in compliance with the WNT requirements regarding financial regularity as laid down in the WNT Audit Protocol of the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)".

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these

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financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Management Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Amsterdam, September 13, 2017

Deloitte Accountants B.V.

Signed on the original: M.G.W. Quaadvlieg

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Health Insurance Fund

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The logo for the Health Insurance Fund (HIF) features the words "Health", "Insurance", and "Fund" stacked vertically in a blue, sans-serif font. To the left of the text is a red vertical bar that is divided into three segments, each aligned with one of the words. The segments are of equal height and are separated by thin white lines.

Health
Insurance
Fund