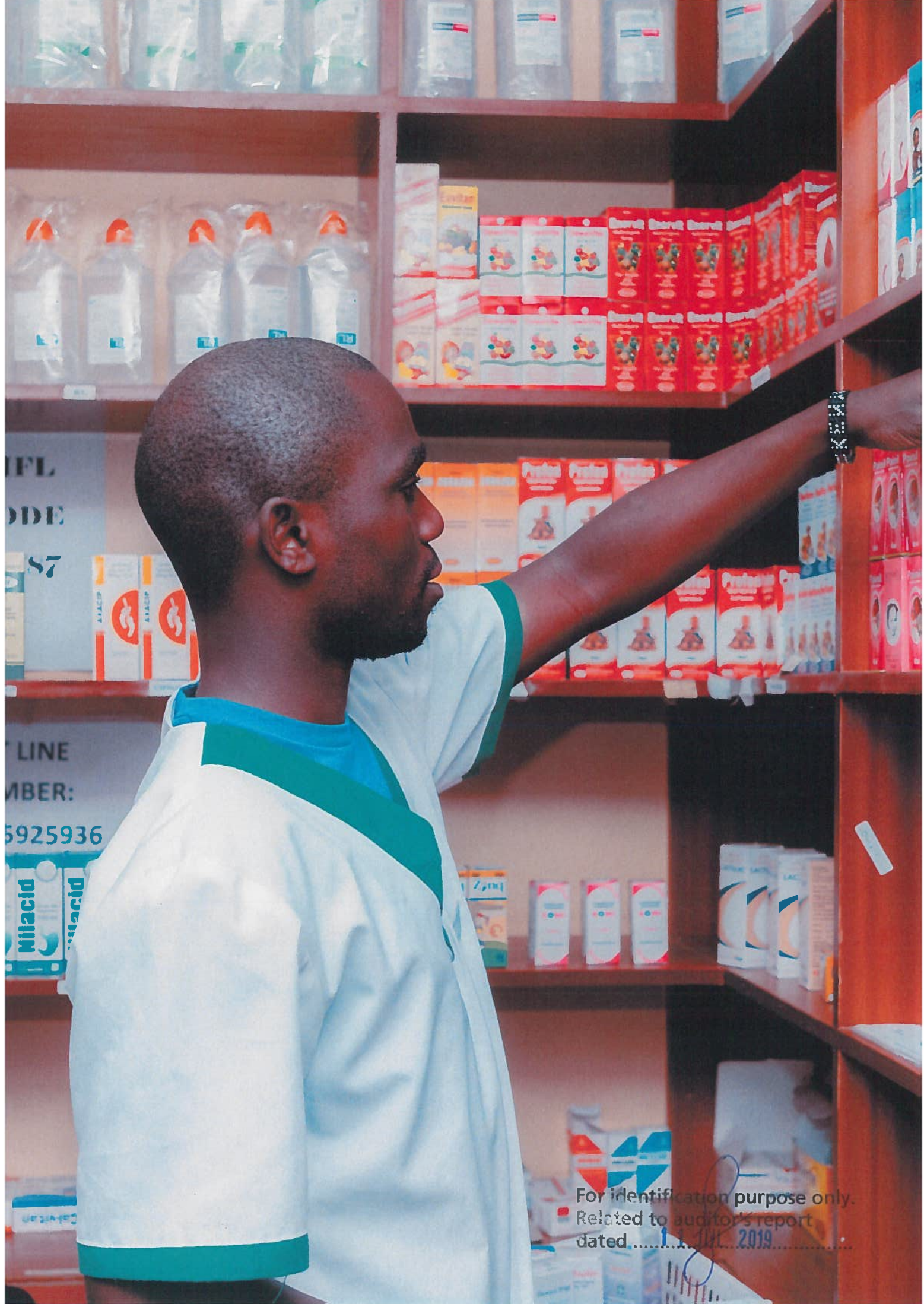




# Health Insurance Fund Annual Accounts 2018

11 July 2019





For identification purpose only.  
Related to auditor's report  
dated ..... 1.1.2019 .....

# Health Insurance Fund

## Annual Accounts 2018

11 July 2019  
Amsterdam, the Netherlands

For identification purpose only.  
Related to auditor's report  
dated ..... 11 JUL 2019 .....

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**Safe Care**  
BASIC HEALTHCARE STANDARDS

**SafeCare Certificate**  
Olive Link Healthcare - Embakasi

This facility is participating in a national SafeCare Quality Improvement Program to provide safe and quality care to patients. SafeCare has identified five steps for the path to excellence. Care.

7 currently this facility has achieved  
Overall Score: 66

The SafeCare Certificate recognizes the commitment of the Health Care facility towards providing safe health care to its clients. SafeCare encourages the health care team for reaching the step and encourages them to continue with the improvement work.

Dr. Hussein Sanyal  
Managing Director, SafeCare



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**OLIVELINK HEALTHCARE**

**MISSION**  
To deliver timely, quality and affordable medical services to all our patients and their families in the highest possible standard through provision of quality staff, the most appropriate infrastructure and staff training programmes.

**VISION**  
To be a recognized/leading provider of choice by people within the region, regional and beyond.

**CORE VALUES:**

- The field leader in its practice and industry
- The benchmark of integrity, quality, service, efficiency and cost effectiveness
- We believe that all our people should embrace differences
- We ensure that business strategy are supported by policies, systems and staff
- We emphasize on education and training of our patients as well as ourselves to be able to cope with changing needs in all areas
- We value diversity and progressive healthcare that can reach to improve our patients
- We ensure our practice are a source of innovation, integrity, transparency and accountability
- We collaborate with other providers, our patients, ourselves and other people.

**WE ARE HIRING**

SEVERAL POSITIONS AVAILABLE

- GENERAL PRACTICE
- HEALTH PROMOTION
- LABORATORY ASSISTANT
- RECEPTIONIST

**NOTICE**  
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# Management board's report

## 1. Introduction

In October 2006, the Health Insurance Fund (HIF) signed a contract with the Dutch Ministry of Foreign Affairs (the Ministry, MoFA) 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 until December 31<sup>st</sup> 2015, and was formally closed on April 30<sup>th</sup> 2017.

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 Ministry 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 Ministry renewed the partnership with the Health Insurance Fund in September 2015 for the period of 2016-2022.

The objectives of the Health Insurance Fund are:

- 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.

The Health Insurance Fund 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, HIF aims to establish a new approach for development cooperation. We have implemented standards that have contributed to increasing trust in the sub-Saharan African healthcare system, and to reducing investment risk and transaction costs. 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 focus 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 on the use and costs of healthcare, as well as of funding 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, first launched in Kenya. M-TIBA is a mobile health wallet that people can access to pay for care when they need it. This technology provides a departure from an out-of-pocket approach to payment that risks impoverishing people in their times of need, and instead offers a pre-payment savings and insurance model. It also collects data and provides insights into quality of care, and an analysis of health market trends. Furthermore, the technology connects the key players in the health ecosystem: Governments, private sector investors, donors, healthcare providers and participants who urgently need affordable and quality care.

In 2018, we made considerable progress in supporting regional governments on the road to UHC using digital health platforms. Starting in Kenya and Nigeria a strong increase in enrollments of people across both countries got underway at both state and county levels, alongside strong support at political level. By the end 2018 over 2.7 million lives have been registered and 453 healthcare facilities were connected to the mobile platform, and the numbers are growing by the day. Its scale and data value have attracted a growing number of public and private partners, , institutional donors, banks and private insurers.

2018 was truly the year when UHC was put center stage. PharmAccess is playing a pivotal role in the design, proof of concept and technical assistance of these programs whilst proving that mobile and digital technology can create access to healthcare for even the most vulnerable citizens, as well as efficiency and transparency in scheme administration. On the supply side we worked during 2018 on the redesign of the SafeCare product into two cost-efficient, scalable products with clear 'buyers':

- A basic, one day SafeCare screening product of €500. This product helps to make high level decisions about onboarding providers based on pre-set criteria on scope and quality of services, for determining investment needs and for monitoring performance and managing risks of low performing facilities in regions where better options are unavailable.
- A comprehensive package of quality improvement and recognition using SafeCare's ISQua accredited clinical standards. Facilities achieving excellence will be part of a 'Gold membership', which will entitle them to special benefits including awards and marketing. These facilities will also serve as centers of excellence for peer-to peer learning.

Efficiencies, scale and long-term sustainability can only be achieved with the digitalization of processes and development of digital tools. 2018, was an important year for SafeCare with the development and testing of digital tools including an automated assessment and rating tool and a SafeCare Quality Dashboard, an open source interactive platform designed for doctors and nurses.

The SafeCare Quality Dashboard, enables healthcare professionals to track and improve their quality through real-time progress information, quality improvement challenges and best practice examples. To ensure informed policy decision-making, effective allocation of resources and sound investment the SafeCare Quality Dashboard will also be accessible by donors, governments and investors such as banks. 2019, will see the further piloting and development of the digital tools and processes to ensure SafeCare continues to ensure quality can be achieved at scale.

In 2018, the Medical Credit Fund closed its last round of fundraising, which was initially started in 2015. Since inception, MCF has raised USD 52m in borrowings from 16 different parties, of which 11 parties are private and 5 parties are DFIs (development finance institutions). This last closing secured a local currency financing (Kenyan Shilling) from the European Investment Bank (EIB) of USD 5m.

In 2018, MCF reached the milestone of USD 50m in disbursements since inception. The Medical Credit Fund has disbursed a total of 2,930 loans to 1,446 health SMEs in Ghana, Kenya, Liberia, Nigeria, Tanzania, and Uganda. In 2018, MCF disbursed 1,151 loans with a value of USD 18m. Performing above

market average with a historical average of 96% repayment performance, MCF is proving that health SMEs are bankable and not as risky as most financial institutions perceive.

By the end of 2018, MCF works with 19 financial partners to improve access to capital and bring technical assistance support to health SMEs. Since the start of MCF, 2,358 financial partner staff have been trained on the health market and sensitized on the MCF program and loan products. So far, a total of 2,174 health SME staff were trained on business and quality improvement aspects.



## 2. Financial

In 2018, total realized program expenses (including expenses of the Health Insurance Fund and operational research) were EUR 10,199,773 (2017: EUR 13,696,160). The decrease in the HIF funding was according to the scheduled financial plan in the HIF re-financing proposal.

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 a regular basis. The monitoring and managing of risks take 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 increased solvency requirements in 2012 one of the partners in Kenya, AAR Insurance Holdings Limited (AAR) was challenged by these new regulations for Health Maintenance Organizations (HMO's) which needed to register as licensed insurers and were demanded to hold increased solvency capital. In accordance with the Dutch Ministry of Foreign Affairs the Health Insurance Fund provided a 5-year solvency loan of EUR 8 million to AAR to accommodate this transition and to be able to continue its activities as partner to the HIF. In 2017 this loan was extended with two years until 31 December 2019. Repayment capacity of AAR is largely depending on a planned future sale of shares (see note 1 and 7 to the financial statements).

These - sometimes sudden - changes of regulation influencing 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.

#### INVESTMENT – CONVERTIBLE LOAN

On behalf of the Ministry of Foreign Affairs, the Health Insurance Fund will invest a total amount of EUR 19.6 million in CarePay International B.V. As per year end 2018 HIF has received two installments from the Ministry of Foreign Affairs for a total amount of EUR 9.85 million. Upfront to the investment the first installment of EUR 4.95 million has been transferred as convertible loan to CarePay International BV.

The convertible loan has been converted into shares as per April 2019. The remaining two instalments will be made in January 2020 and January 2021.

#### TRANSPARANCY AND ACCOUNTABILITY

The program has been designed to ensure transparency and accountability to all stakeholders. The PharmAccess Group Foundation Supervisory Board, governing the Health Insurance Fund holds quarterly meetings to discuss the status and progress of the program. In addition, the Supervisory Board keeps yearly 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 2019 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

Since January 2017, in line with a request of The Ministry of Foreign Affairs, the governance structure of PharmAccess has been revised. The statutory responsibility for Stichting Health Insurance Fund and all PharmAccess group entities (i.e. Stichting PharmAccess International, Stichting Medical Credit Fund, Stichting SafeCare and stichting HealthConnect) is vested with PharmAccess Group Foundation (PGF), represented by its executive board (statutair bestuur) under the supervision of one Supervisory Board, the PGF Supervisory Board.

During 2018 the composition of the PGF Supervisory Board as well as the Executive Board has changed. Max Coppoolse chaired the board until November 28, 2018 when he retired. Pauline Meurs (vice Chair) has taken over on temporary basis. A search for a new chair is ongoing. Willem van Duin, Ben Christiaanse, Ruud Hopstaken, Peter van Rooijen and Lidwin van Velden stayed in their position while Kees Storm retired (as per November 28, 2018 as well) after 15 years of service. As per May 1<sup>st</sup>, 2018 Onno Schellekens stepped down as CEO and left the organization at the end of August 2018. He joined CarePay International B.V. as CEO. Monique Dolfing (already COO within the Executive Board) took over his CEO position and Jan Willem Marees stayed in his role of CFO.

#### Signing of the Management Board's report

Amsterdam, 11 July 2019

  
J. W. Marees  
Director

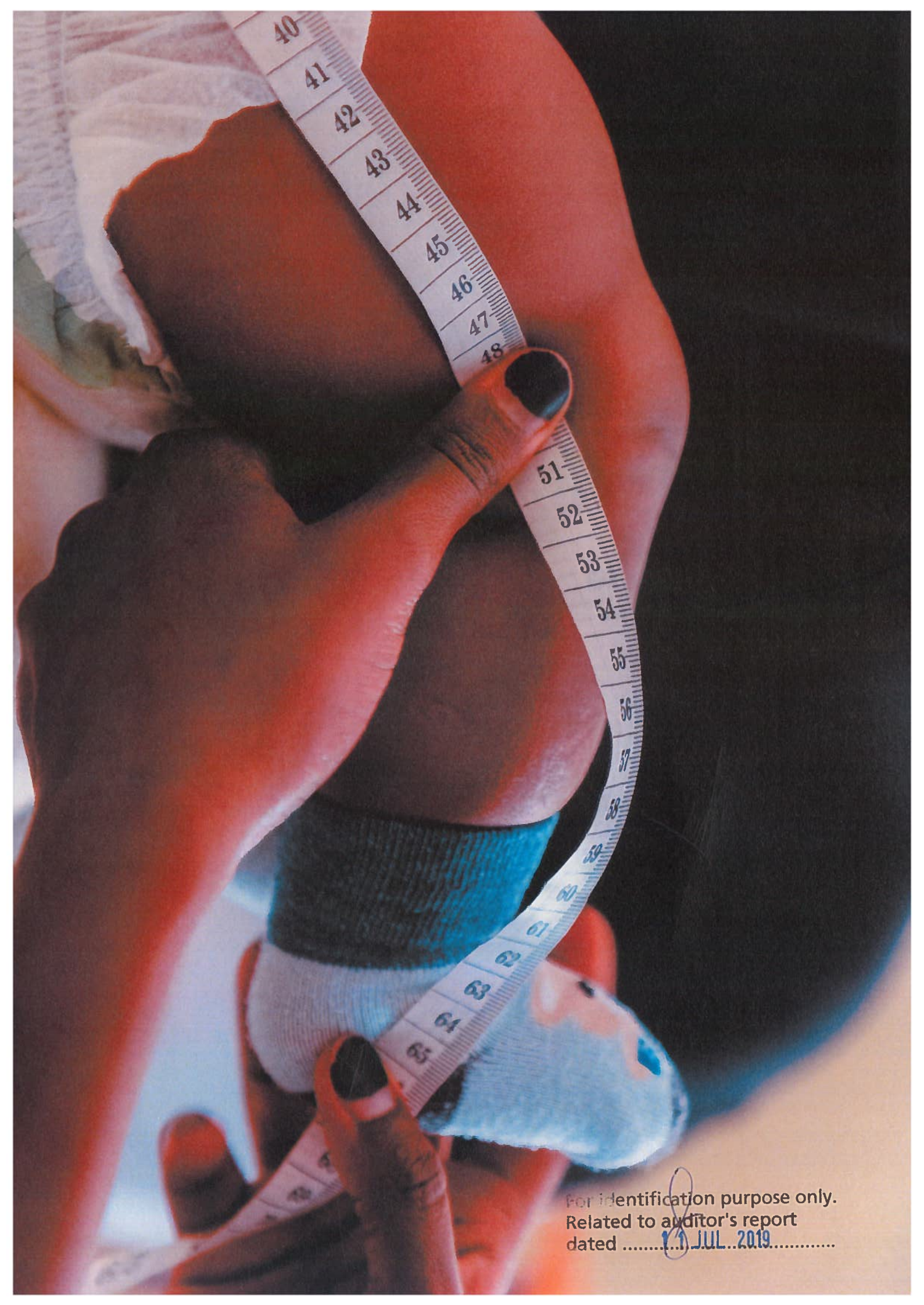
**Stichting PharmAccess Group Foundation**  
Represented by:



M.G. Dolfing-Vogelenzang

  
J.W. Marees





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dated ..... 1 JUL 2019 .....

# Financial statements

- Balance sheet
- Statement of income and expenditure
- Cash flow statement
- Notes to the financial statements



## Balance sheet as at 31 December 2018

(After appropriation of result)

	Note	31.12.2018	31.12.2017		Note	31.12.2018	31.12.2017
		EUR	EUR			EUR	EUR
<b>Assets</b>				<b>Equity and liabilities</b>			
Financial fixed assets:				<b>Equity</b>			
Loans	1	13,973,516	8,846,584	Continuity reserve	6	3,753	3,753
<b>Current assets</b>				<b>Long-term liabilities</b>			
Other receivables	2	865	895	Deferred income concerning solvency support	7	8,869,989	8,719,597
Advance payments	3	3,610,772	2,706,923	<b>Current liabilities</b>			
Debtors	4	0	275,868	Creditors		640	517
Cash	5	12,285,399	7,997,059	Deferred income	8	20,747,146	10,943,363
				Other liabilities and accrued expenses		249,025	160,563
		<b>29,870,553</b>	<b>19,827,793</b>			<b>29,870,553</b>	<b>19,827,793</b>

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## Statement of income and expenditure for the year 2018

	Note	2018		2017
			EUR	EUR
Income	9		10,199,773	13.696.160
<b>Operating expenses:</b>				
Direct project costs	10	10,110,687		13,604,292
Personnel expenses	11	55,977		50,281
Other operating expenses	12	33,109	10,199,773	41,586
Result			<u>0</u>	<u>0</u>
Appropriation of the result:				
Continuity reserve			<u>0</u>	<u>0</u>
			<u>0</u>	<u>0</u>



## Cash flow statement for the year 2018

(Based on the indirect method)

	2018		2017	
	EUR		EUR	
<b>Operating result</b>	-		-	
Adjustments for:				
Changes in working capital:				
- movements operating accounts related to receivables and projects	(627,487)		1,647,853	
- movement deferred income concerning solvency support	(26,540)		(26,019)	
- movement deferred income	9,803,783		(2,884,391)	
- movements other current liabilities	88,584	9,238,340	34,643	(1,227,915)
Cash flow from business activities		9,238,340		(1,227,915)
Interest received/paid		-		-
Cash flow from operating activities		9,238,340		(1,227,915)
Investments in other financial fixed assets	(4,950,000)		-	
Cash flow from investing activities		(4,950,000)		-
Net cash flow		<u>4,288,340</u>		<u>(1,227,915)</u>
Cash as per 1 January		7,997,059		9,224,973
Cash as per 31 December		<u>12,285,399</u>		<u>7,997,059</u>
Movements in cash		<u>4,288,340</u>		<u>(1,227,915)</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 founded on 6 October 2005. Health Insurance Fund is registered with the Trade Register at the Chamber of Commerce under number 34234456.

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 are 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

	2018	2017
	EUR	EUR
Balance as at 1 January	8,846,584	8,673,122
CarePay International B.V. - Convertible loan	4,950,000	0
Interest to be received	176,932	173,462
<b>Balance as at 31 December</b>	<b>13,973,516</b>	<b>8,846,584</b>
Total disbursed to AAR Insurance Holdings Limited	8,000,000	8,000,000
Total disbursed to CarePay International B.V.	4,950,000	-
Total disbursed as at 31 December	12,950,000	8,000,000
Total accumulated interest to be received	1,023,516	846,584
<b>Balance as at 31 December</b>	<b>13,973,516</b>	<b>8,846,584</b>

The Health Insurance Fund issued in 2012 a 5-year solvency support loan of EUR 8 million to AAR Insurance Holdings Limited. 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 has been, with approval from the Ministry of Foreign Affairs, extended to 31 December 2019. Repayment capacity of AAR is largely depending on a sale of shares planned to take place. The default risk (of not repaying the loan by AAR) is covered by the pre-received subsidy of the Dutch Ministry of Foreign Affairs, included under the deferred income concerning solvency support on the balance sheet. Therefore, the loan is not subject to an impairment.

On behalf of the Ministry of Foreign Affairs, the Health Insurance Fund, will invest a total amount of EUR 19.6 million in CarePay International B.V. Upfront to this investment the first installment of EUR 4.95 million has been transferred as convertible loan to CarePay International BV. The convertible loan has been converted into shares in 2019. The convertible loan to CarePay International B.V. is covered by the pre-received subsidy of the Dutch Ministry of Foreign Affairs, included under the deferred income on the balance sheet. Therefore, the loan is not subject to an impairment.

### 2. OTHER RECEIVABLES

	2018	2017
	EUR	EUR
Prepayments	513	513
Interest to be received	352	383
<b>Balance as at 31 December</b>	<b>865</b>	<b>895</b>

### 3. ADVANCE PAYMENTS

	2018	2017
	EUR	EUR
Deferred income to PharmAccess regarding MoFa	3,595,929	2,692,909
<i>Prepaid in total to PharmAccess on projects</i>	<i>3,595,929</i>	<i>2,692,909</i>
Interest revenue PharmAccess regarding MoFA	(14,843)	(14,014)
<b>Balance as at 31 December</b>	<b>3,610,772</b>	<b>2,706,923</b>

### 4. DEBTORS

	2018	2017
	EUR	EUR
Debtors	0	275,868
<b>Balance as at 31 December</b>	<b>0</b>	<b>275,868</b>

The 2017 year-end debtors balance consisted of EUR 275,868 as receivable from a 'related foundation', PharmAccess Foundation.

### 5. CASH

	2018	2017
	EUR	EUR
ABN-AMRO MeesPierson - General -	4,900,000	-
ABN-AMRO MeesPierson - General - charity savings account	7,307,540	7,923,096
ABN-AMRO MeesPierson - Global Health Membership	77,859	73,962
<b>Balance as at 31 December</b>	<b>12,285,399</b>	<b>7,997,059</b>

The year-end balance of 2018 includes a part of an advance payments, which has been received from the Ministry of Foreign Affairs for the year 2019.

Funds are available in line with the different program objectives.



## 6. CONTINUITY RESERVE

	2018	2017
	EUR	EUR
Balance as at 1 January	3,753	3,753
Result	0	0
<b>Balance as at 31 December</b>	<b>3,753</b>	<b>3,753</b>

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 2018 amounts to nil and therefore no movement has been processed in the continuity reserve.

## 7. DEFERRED INCOME CONCERNING SOLVENCY SUPPORT

	2018	2017	Realized in 2018
	EUR	EUR	EUR
Cumulative payments from Dutch			
Ministry of Foreign Affairs	8,000,000	8,000,000	
<i>Deferred income before interest</i>	<i>8,000,000</i>	<i>8,000,000</i>	
Cumulative interest to be received:			
- AAR	869,989	719,597	150,392
<i>Total interest to be received</i>	<i>869,989</i>	<i>719,597</i>	
<b>Deferred income after interest</b>	<b>8,869,989</b>	<b>8,719,597</b>	

This long-term deferred income position with the Dutch Ministry of Foreign Affairs relates to a loan for solvency support which has been made available to AAR Insurance Holding Limited (AAR) in 2012. The solvency support agreement between Health Insurance Fund and AAR has been extended to 31 December 2019. The deferred income represents the pre-received subsidy from the Dutch Ministry of Foreign Affairs. In the event of a default of AAR on the loan agreement the deferred income is recognized as income to cover for the impairment costs. The Health Insurance Fund has the obligation to report to the Ministry on the status of repayment by AAR.

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

## 8. DEFERRED INCOME

	2018	2017
	EUR	EUR
Dutch Ministry of Foreign Affairs: 2016 – 2022 'making inclusive health markets work, activity number 28079'	10,866,782	10,920,435
Dutch Ministry of Foreign Affairs: 2018 – 2021 'CarePay; A basic mobile health contract for everyone, activity number 4000001129'	9,850,000	0
Global Health Membership	0	0
HealthConnect	30,364	22,927
<b>Balance as at 31 December</b>	<b>20,747,146</b>	<b>10,943,363</b>

### Deferred income Dutch Ministry of Foreign Affairs: 2016 – 2022

	2018	2017	Realized in 2018
	EUR	EUR	EUR
Cumulative payments from Dutch Ministry of Foreign Affairs	45,625,000	35,530,000	10,095,000
<b>Cumulative realized expenses:</b>			
- Organisational	5,450,794	3,933,407	1,517,387
- Demand Side Financing	9,158,046	7,666,863	1,491,183
- Supply	7,907,857	5,778,064	2,129,793
- Investments: Financing & Access to Credit	4,710,020	2,609,720	2,100,300
- Data & Technology	1,025,910	0	1,025,910
- Advocacy & Resource Mobilization	4,147,496	2,792,760	1,354,736
- Research & Learning	1,988,794	1,455,826	532,968
- New Initiatives	426,924	426,924	0
<b>Total realized expenses</b>	<b>34,815,838</b>	<b>24,663,563</b>	<b>10,152,277</b>
<b>Deferred income before interest</b>	<b>10,809,162</b>	<b>10,866,437</b>	
<b>Cumulative interest received:</b>			
- interest income Health Insurance Fund	42,777	39,983	2,794
- interest income PharmAccess	14,843	14,014	829
<b>Total interest received</b>	<b>57,620</b>	<b>53,997</b>	<b>3,623</b>
<b>Deferred income after interest</b>	<b>10,866,782</b>	<b>10,920,434</b>	

*Deferred income Dutch Ministry of Foreign Affairs: 2018 – 2021*

	2018	2017	Realized in 2018
	EUR	EUR	EUR
Cumulative payments from Dutch Ministry of Foreign Affairs	9,850,000	0	9,850,000
<b>Cumulative realized expenses:</b>			
- Reported expenditures for the year	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total realized expenses</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Deferred income before interest</i>	9,850,000	0	
<b>Cumulative interest received:</b>			
- Reported interest for the year	<u>0</u>	<u>0</u>	
<i>Total interest received</i>	<u>0</u>	<u>0</u>	
<b>Deferred income after interest</b>	<u>0</u>	<u>0</u>	

On behalf of the Ministry of Foreign Affairs, the Health Insurance Fund will invest a total amount of EUR 19.6 million in CarePay International B.V. As per year end 2018 HIF has received two installments from the Ministry of Foreign Affairs for a total amount of EUR 9.85 million.

*Deferred income Global Health Membership*

	2018	2017	Realized in 2018
	EUR	EUR	EUR
Cumulative payments from private donors	295,327	247,831	47,496
<b>Cumulative realized expenses:</b>			
- General program/project management	26,079	23,262	2,817
- Contribution to Health Insurance Programs	<u>269,248</u>	<u>224,569</u>	<u>44,679</u>
<i>Total realized expenses</i>	<u>295,327</u>	<u>247,831</u>	<u>47,496</u>
<b>Deferred income</b>	<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 95.6 million. Of this amount approximately EUR 55.5 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.

#### Non-recognised assets and liabilities and contingent assets and liabilities

In December 2016 a ten-year operational lease agreement was signed for the premises - AHTC building, 4<sup>th</sup> 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.

On behalf of the Ministry of Foreign Affairs, the Health Insurance Fund will invest a total amount of EUR 19.6 million in CarePay International B.V..Upfront to this investment the first installment of EUR 4.95 million has been transferred as convertible loan to CarePay International B.V.. The convertible loan will be converted into shares in 2019. The Health Insurance Fund has an off-balance sheet commitment to CarePay International B.V. of EUR 14,650,000 per year-end 2018.

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

**9. INCOME**

	2018	2017
	EUR	EUR
Realized income related to projects	10,152,277	13,645,103
Other income	<u>47,496</u>	<u>51,057</u>
	<u><b>10,199,773</b></u>	<u><b>13,696,160</b></u>

The 'Realized income related to projects' consists of:

	2018	2017
	EUR	EUR
Dutch Ministry of Foreign Affairs: 2016 - 2022	10,152,277	13,587,093
Dutch Ministry of Foreign Affairs: 2006 - 2016	0	58,009
Dutch Ministry of Foreign Affairs: 2018 - 2021	<u>0</u>	<u>0</u>
	<u><b>10,152,277</b></u>	<u><b>13,645,103</b></u>

The 'Other income' consists of:

	2018	2017
	EUR	EUR
Global Health Membership	<u>47,496</u>	<u>51,057</u>
	<u><b>47,496</b></u>	<u><b>51,057</b></u>

## 10. DIRECT PROJECT COSTS

	2018	2017
	EUR	EUR
Ministry of Foreign Affairs 2016 - 2022	10,063,191	13,495,226
Ministry of Foreign Affairs 2006 - 2016	0	58,009
Global Health Membership	47,496	51,057
	<b>10,110,687</b>	<b>13,604,292</b>

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

	2018	2017
	EUR	EUR
Health Insurance Fund	10,890	19,965
PharmAccess	10,096,980	13,522,147
Global Health Membership *	(44,679)	(46,887)
	<b>10,063,191</b>	<b>13,495,226</b>

\*) 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: 2006 - 2016

	2018	2017
	EUR	EUR
PharmAccess concerning HMO - Nigeria	0	58,009
PharmAccess concerning HMO - Kenya	0	0
	<b>0</b>	<b>58,009</b>

The contractual agreement (*1e beschikking*) has been formally closed. As a result, the remaining balance(s) with local HMO's have been settled.

## 11. PERSONNEL EXPENSES

	2018	2017
	EUR	EUR
Contracted services related to Facility Agreement	55,464	49,769
Other personnel expenses	513	513
	<b>55,977</b>	<b>50,281</b>



## 12. OTHER OPERATING EXPENSES

	2018	2017
	EUR	EUR
Auditing fees	20,044	18,150
Office costs	0	317
Representation/marketing/communication	10,647	20,796
Other	2,419	2,323
	<u>33,109</u>	<u>41,586</u>

## Other notes

### NUMBER OF EMPLOYEES

The average number of employees during the financial year was nil (2017: 0).

### REMUNERATION OF MEMBERS OF THE BOARD

The Health Insurance Fund is in compliance with the WNT as no payments were made to the Members of the Board.

### SUBSEQUENT EVENTS

On April 19<sup>th</sup>, 2019 the convertible loan to CarePay International B.V. has been executed. On behalf of the Ministry of Foreign Affairs, Health Insurance Fund invests an amount of EUR 19.6 million and received 37.66% of shares in CPI. At the time of the closing HIF had already transferred an amount of EUR 9.85 million. As a result, HIF will transfer, on behalf of the Ministry of Foreign Affairs, two remaining installments for a total amount of EUR 9.75 million (on or before 31<sup>st</sup> January 2020: EUR 4.85 million and 31<sup>st</sup> January 2021 EUR 4.9 million).

## Signing of the financial statements

Amsterdam, 11 July 2019

J.W. Marees  
Director

**Stichting PharmAccess Group Foundation**  
Represented by:



M.G. Dolfing-Vogelenzang



J.W. Marees





For identification purpose only.  
Related to auditor's report  
dated ..... 1.1.2019 .....

# 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 AUDIT OF THE FINANCIAL STATEMENTS 2018 INCLUDED IN THE ANNUAL ACCOUNTS

##### Our opinion

We have audited the accompanying financial statements 2018 of Stichting Health Insurance Fund, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Health Insurance Fund as at December 31, 2018, and of its result for 2018 in accordance with the Dutch Accounting Standard 640 'Not-for-profit-organizations'.

The financial statements comprise:

1. The balance sheet as at December 31, 2018.
2. The statement of income and expenditure for the year 2018.
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 2018 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 "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics 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.

Deloitte Accountants B.V. is registered with the Trade Register of the Chamber of Commerce and Industry in Rotterdam number 24362853. Deloitte Accountants B.V. is a Netherlands affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited.

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## REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

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

- Management Board's Report
- Other Information

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 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 other information, including the Management Board's report, as required by the Dutch Accounting Standard 640 'Not-for-profit-organizations'.

### Valuation of loans

We draw attention to note 1 (Loans), note 7 (Deferred income concerning solvency support) and note 8 (deferred income), as presented in the financial statements, where a clarification is included on why the loans are not subject to an impairment. Our opinion is not modified in respect of this matter.

## DESCRIPTION OF RESPONSIBILITIES REGARDING 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-profit-organizations' and the 'Beleidsregels toepassing Wet Normering bezoldiging Topfunctionarissen publieke en semi-publieke sector (WNT)', including the audit protocol WNT. The executive board is likewise responsible for preparing the financials 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 semi-publieke 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 foundation 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 detect all material errors and fraud during our audit.

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 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 judgement 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 foundation 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 identified during our audit.

Amsterdam, July 11, 2019

Deloitte Accountants B.V.

Initials for identification purposes:



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The logo for the Health Insurance Fund features the words "Health", "Insurance", and "Fund" stacked vertically in a blue, sans-serif font. To the left of the text is a vertical red bar that is partially obscured by the letters "H", "I", and "F".

**Health  
Insurance  
Fund**