



Health Insurance Fund

Annual Accounts 2019

24 June 2020

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Amsterdam, the Netherlands



Index

Management Board Report	7
1. Introduction.....	7
2. Financial.....	9
3. Outlook 2020 and beyond	11
4. Institutional development	11
Financial statements.....	14
Balance sheet as at 31 December 2019	15
Statement of income and expenditure for the year 2019.....	16
Cash flow statement for the year 2019.....	17
Notes to the financial statements	18
Signing of the financial statements	31
Other information	34
Independent auditor's report.....	35



Management Board 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. This first contract covered the period 2006 until December 31st 2015, and was formally closed on April 30th 2017.

In 2015, the Dutch Ministry of Foreign Affairs commissioned an evaluation of our work over the first eight years. The Boston Consulting Group (BCG) concluded that the grant of the Ministry was well invested. Based on the impact achieved over those 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:

1. Develop private pre-payment mechanisms, risk pooling structures, and mobilize resources for organized demand (Accelerating Health Financing)
2. Strengthen, benchmark, and certify clinical and business performance for healthcare providers (Strengthening the Quality of Health Services)
3. Improve efficiency, effectiveness and transparency to better match demand and supply of healthcare transactions.
4. Mobilize capital into the health sector.
5. Conduct research on 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, as part of the PharmAccess Group, 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, through its implementing partner PharmAccess, 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 2019, we continued our work in supporting regional governments on the road to UHC using digital health platforms in Kenya, Tanzania and Nigeria. The scale and especially data value have attracted a growing number of public and private partners, institutional donors, banks and private insurers.

2018 was the year when UHC was put center stage. This continued during 2019. So we are 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 continued working during 2019 on shaping the SafeCare product, investing in the Quality platform and we introduced a SafeCare licencing model.

From the start, MCF has had a mandate to co-lend with local financial institutions. Despite a solid track record—we had 19 financial partners and USD 22.6 million in loans outstanding with them in 2019 —MCF has also encountered challenges in getting banks to disburse funds. Collateral requirements remain an obstacle that SMEs must overcome to qualify for bank loans. In Kenya, which holds the largest share of the portfolio, a continued interest rate cap has reduced the banks' appetite to lend to SMEs.

Recognizing this challenge as well as the unmet demand for loans, MCF decided in 2019 to start lending directly to health SMEs to better serve its customers. While most of the portfolio remains held with financial partners, 10 percent of disbursements were made through direct lending in 2019.

To address the challenge of banks preferring larger loans, MCF has leveraged mobile technology to develop a digital loan product in 2019: Cash Advance. A short-term loan facility, the product uses the mobile money revenues of healthcare providers to secure and repay loans. Through Cash Advance, MCF can offer loans as small as USD 100 sustainably because of the streamlined process.

A special highlight in 2019: to promote a strategic dialogue on these issues, we organized the Financial Times Future of Health Coverage Conference in May of 2019, along with the Dutch Ministry of Foreign Affairs, the Joep Lange Institute (JLI), and the private sector in both Africa and Europe. The conference was opened by Her Majesty, Queen Maxima, UN Secretary-General's Special Advocate for Inclusive Finance for Development. Sigrid Kaag, the Dutch Minister for Foreign Trade and Development Co-operation and Yaw Osafo-Mafo, the Senior Minister of Ghana, attended.



2. Financial

In 2019, total realized program expenses (including the cost of organizing the Financial Times conference) were EUR 11,142,141 (2018: EUR 10,199,773).

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 a multi-year grant.

Given the nature of the organization risk assessment is addressed on regular basis. The monitoring and managing of risks take place on the level of the Foundation and its implementing partners. Risks have been categorized and prioritized on possibility and impact. The most significant risks which have been identified are:

- Financial risks - continuity of funding; (successfully) mitigated by business development and submitting proposals for new funding.
- Personnel risks - health and safety of staff; mitigated by establishing a travel policy.

- Personnel risks - fraud; mitigated by establishing a code of conduct and by sound financial management (segregation of duties, dual level authorization).
- Performance risks - management capacity of the implementing partners and their local project partners; mitigated by capacity building activities.
- Legal / Privacy - mitigated by implementing a data policy and involving specialist monitoring.
- 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. The loan period is extended until 31 December 2020. 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)

In April 2019, in accordance with the grant decision of the Minister for Foreign Trade and Development Cooperation for *'CarePay, a basic mobile health contract for everyone'*, the Health Insurance Fund purchased shares for a total amount of EUR 19.6 million (37%) in CarePay International B.V.. Herewith the outstanding amount of EUR 9.85 million of the convertible loan per year-end 2018 is converted into shares. The remaining amount of EUR 9.75 million will be paid in two installments parallel to when these installments are received from the Ministry of Foreign Affairs. One in installment in January 2020 (already processed) and the last installment in 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 bi-yearly 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 2020 and beyond

In April 2020, African and European political leaders called for the urgent transformation of an international collaboration on economic and global health — to fight Covid-19 in Africa. The virus is a communicable disease that reminds us that we are all vulnerable: within months, a disease originating in China spread around the globe and destroyed trillions in wealth. Covid-19 can strike anyone, anywhere. Wealth and power do not matter; and as such, Covid-19 works as a profound ‘equalizer’ - at a global and country level. We have all learned that the world will only be safe when we can collectively stop the impact of the pandemic everywhere.

In this interconnected world, the Covid-19 crisis confronts us all with daunting challenges. In this regard it is important to realize that most of the recent communicable disease crises originated in resource-poor countries. While this pandemic threatens health security and economic prospects globally, it will hit the African region even harder and will risk excluding the African continent from aspects of the global economy if the continent cannot manage to control Covid-19. The travel bans - which have ruled out medical tourism - contribute massively to the political will of the elites’ and citizens’ support at country-level to realize UHC and the much-needed transformation of health financing and delivery. A unique opportunity has emerged to dramatically strengthen systems for health and at the same time build systems that are resilient and can be sustained beyond this crisis to the benefit of millions. However, given the low average health expenditures in the countries we support, this kind of genuine transformation is achievable only if we fully employ the potential of innovation. Such a system needs to reach and include all people interactively, through their mobile phones and networks of outpatient clinics, referral systems and connected diagnostics. Therefore, the Health Insurance Fund, through PharmAccess and CarePay, aims to support efforts to combat Covid-19 using the mobile health financing platforms, quality systems and investment instruments that we have helped build and test over the past ten years.

The Covid-19 crisis has revealed an urgent need for remote care. M-TIBA helps in this area by allowing individuals to communicate on their own terms, regardless of where they live.

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 with a special attention for Covid-19-like diseases.

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 2019 the composition of the PGF Supervisory Board as well as the Executive Board has not changed. Pauline Meurs who, at the end of 2018, took over from Max Coppoolse on temporary basis, still chairs the Supervisory Board. 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 as member of the Supervisory Board during 2019. As per January 1, 2020 Christiaan Rebergen (Treasurer-General of the Dutch Ministry of Finance) and Mirjam van Praag (President of the Vrije Universiteit, Amsterdam) joined the Supervisory Board.

Monique Dolfing-Vogelenzang and Jan Willem Marees stayed in their role of resp. CEO and CFO of the Executive Board.

Signing of the Management Board's report

Amsterdam, 24 June 2020

J. W. Marees
Director

Stichting PharmAccess Group Foundation

Represented by:

M.G. Dolfing-Vogelenzang

J.W. Marees



Financial statements

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

Balance sheet as at 31 December 2019

(After appropriation of result)

	Note	31.12.2019	31.12.2018		Note	31.12.2019	31.12.2018
		EUR	EUR			EUR	EUR
Assets				Equity and liabilities			
Financial fixed assets:				Equity			
Loans	1	9,203,987	13,973,516	Continuity reserve	7	3,753	3,753
Participating interests	2	19,600,000	0				
				Long-term liabilities			
Current assets				Deferred income concerning solvency support	8	9,023,389	8,869,989
Other receivables	3	167	865				
Advance payments	4	111,042	3,610,772	Current liabilities			
Debtors	5	53,390	0	Creditors	9	53,683	640
				Deferred income	10	20,041,203	20,747,146
Cash	6	10,113,886	12,285,399	Other liabilities and accrued expenses	11	9,960,444	249,025
		39,082,472	29,870,553			39,082,472	29,870,553

Statement of income and expenditure for the year 2019

	Note	2019		2018	
		EUR		EUR	
Income	12	11,142,141		10,199,773	
Operating expenses:					
Direct project costs	13	11,067,366		10,110,687	
Personnel expenses	14	42,765		55,977	
Other operating expenses	15	32,010	11,142,141	33,109	10,199,773
Result		<u>0</u>		<u>0</u>	
Appropriation of the result:					
Continuity reserve		<u>0</u>		<u>0</u>	
		0		0	

Cash flow statement for the year 2019

(Based on the indirect method)

	2019		2018	
	EUR		EUR	
Operating result	0		0	
Adjustments for:				
Changes in working capital:				
- movements operating accounts related to receivables and projects	3,447,038		(627,487)	
- movement deferred income concerning solvency support	(27,071)		(26,540)	
- movement deferred income	(705,943)		9,803,783	
- movements other current liabilities	9,764,463	12,478,487	88,584	9,238,340
Cash flow from business activities		12,478,487		9,238,340
Interest received/paid		0		0
Cash flow from operating activities		12,478,487		9,238,340
Investments in other financial fixed assets	(14,650,000)		(4,950,000)	
Cash flow from investing activities		(14,650,000)		(4,950,000)
Net cash flow		<u>(2,171,513)</u>		<u>4,288,340</u>
Cash as per 1 January		12,285,399		7,997,059
Cash as per 31 December		<u>10,113,886</u>		<u>12,285,399</u>
Movements in cash		<u>(2,171,513)</u>		<u>4,288,340</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

	2019	2018
	EUR	EUR
Balance as at 1 January	13,973,516	8,846,584
CarePay International B.V. - Convertible loan:		
- transferred	4,900,000	4,950,000
- converted	(9,850,000)	0
Interest to be received	180,471	176,932
Balance as at 31 December	9,203,987	13,973,516

	2019	2018
Total disbursed to AAR Insurance Holdings Limited	8,000,000	8,000,000
Total disbursed to CarePay International B.V.	0	4,950,000
Total disbursed as at 31 December	8,000,000	12,950,000
Total accumulated interest to be received	1,203,987	1,023,516
Balance as at 31 December	9,203,987	13,973,516

AAR Insurance Holdings Limited - Solvency support loan

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 2020. 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.

CarePay International B.V. - Convertible loan

In accordance with the grant decision of the Minister for Foreign Trade and Development Cooperation for 'CarePay, a basic mobile health contract for everyone', the Health Insurance Fund invested a total amount of EUR 19.6 million in CarePay International B.V. Upfront to this investment two installments of in total EUR 9,850,000 were transferred as part of the convertible loan to CarePay International BV. The convertible loan to CarePay International B.V. was 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 was not subject to an impairment. In April 2019, the convertible loan was executed. The convertible loan has been converted into shares as part of the total investment. The Health Insurance Fund received in total 196,000 shares.

2. PARTICIPATING INTERESTS

	2019	2018
	EUR	EUR
Participating interest – CarePay International B.V.	19,600,000	0
Balance as at 31 December	19,600,000	0

The investment is valued at the purchase value.

3. OTHER RECEIVABLES

	2019	2018
	EUR	EUR
Prepayments	-	513
Interest to be received	167	352
Balance as at 31 December	167	865

4. ADVANCE PAYMENTS

	2019	2018
	EUR	EUR
Deferred income to PharmAccess regarding MoFa	95,537	3,595,929
<i>Prepaid in total to PharmAccess on projects</i>	<i>95,537</i>	<i>3,595,929</i>
Interest revenue PharmAccess regarding MoFA	(15,504)	(14,843)
Balance as at 31 December	111,042	3,610,772

5. DEBTORS

	2019	2018
	EUR	EUR
Related foundation: PharmAccess Foundation (PAI) - accounts receivable	53,390	0
Balance as at 31 December	53,390	0

6. CASH

	2019	2018
	EUR	EUR
ABN-AMRO MeesPierson - General	-	4,900,000
ABN-AMRO MeesPierson - General - charity savings account	9,991,875	7,307,540
ABN-AMRO MeesPierson - Global Health Membership	122,011	77,859
Balance as at 31 December	10,113,886	12,285,399

The year-end balance of 2019 includes a part of an advance payments, which has been received from the Ministry of Foreign Affairs for the year 2012.

Funds are available in line with the different program objectives.

7. CONTINUITY RESERVE

	2019	2018
	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 2019 amounts to nil and therefore no movement has been processed in the continuity reserve.

8. DEFERRED INCOME CONCERNING SOLVENCY SUPPORT

	2019	2018	Realized in 2019
	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	1,023,389	869,989	153,400
<i>Total interest to be received</i>	<i>1,023,389</i>	<i>869,989</i>	<i>153,400</i>
Deferred income after interest	9,023,389	8,869,989	

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 2022. 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.

9. CREDITORS

	2019	2018
	EUR	EUR
Accounts payables	487	517
Related foundation: PharmAccess Foundation (PAI) – accounts payable	53,196	123
Balance as at 31 December	53,683	640

10. DEFERRED INCOME

	2019	2018
	EUR	EUR
Dutch Ministry of Foreign Affairs: 2016 – 2022 'making inclusive health markets work, activity number 28079'	10,160,839	10,866,782
Dutch Ministry of Foreign Affairs: 2018 – 2021 'CarePay; A basic mobile health contract for everyone, activity number 4000001129'	9,850,000	9,850,000

Global Health Membership	0	0
HealthConnect	30,364	30,364
Balance as at 31 December	20,041,203	20,747,146

Deferred income Dutch Ministry of Foreign Affairs: 2016 – 2022

	2019	2018	Realized in 2019
	EUR	EUR	EUR
Cumulative payments from Dutch Ministry of Foreign Affairs	55,715,000	45,625,000	10,090,000
Cumulative realized expenses:			
- Organisational	7,393,253	5,450,794	1,942,462
- Demand Side Financing	10,903,212	9,158,046	1,745,166
- Supply	9,907,354	7,907,857	1,999,497
- Investments: Financing & Access to Credit	6,868,204	4,710,020	2,158,184
- Data & Technology	1,986,182	1,025,910	960,272
- Advocacy	4,240,071	3,546,129	693,942
- Resource Mobilisation	1,359,980	601,367	758,613
- Research & Learning	2,528,677	1,988,794	539,883
- New Initiatives	426,924	426,924	0
<i>Total realized expenses</i>	<i>45,613,857</i>	<i>34,815,838</i>	<i>10,798,019</i>
<i>Deferred income before interest</i>	<i>10,101,143</i>	<i>10,809,162</i>	
Cumulative interest received:			
- interest income Health Insurance Fund	44,192	42,777	1,415
- interest income PharmAccess	15,504	14,843	661
<i>Total interest received</i>	<i>59,696</i>	<i>57,620</i>	<i>2,076</i>
Deferred income after interest	10,160,839	10,866,782	

Deferred income Dutch Ministry of Foreign Affairs: 2018 – 2021

	2019	2018	Realized in 2019
	EUR	EUR	EUR
Cumulative payments from Dutch Ministry of Foreign Affairs	9,850,000	9,850,000	0
Cumulative realized expenses:			
- Reported expenditures for the year	0	0	0
<i>Total realized expenses</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Deferred income before interest</i>	<i>9,850,000</i>	<i>9,850,000</i>	
Cumulative interest received:			
- Reported interest for the year	0	0	
<i>Total interest received</i>	<i>0</i>	<i>0</i>	
Deferred income after interest	9,850,000	9,850,000	

In accordance with the grant decision of the Minister for Foreign Trade and Development Cooperation for 'CarePay, a basic mobile health contract for everyone', the Health Insurance Fund invested a total amount of

EUR 19.6 million in CarePay International B.V. As per year end 2019 HIF has received two installments from the Ministry of Foreign Affairs for a total amount of EUR 9,850,000. The remainder, which amounts to a total amount of EUR 9,750,000, is scheduled to be received from the Ministry of Foreign Affairs in January 2020 and December 2020 - January 2021. After receipt of the installments these funds will be directly disbursed to CarePay International B.V. in line with the 'Share Purchase Sale Agreement'.

Deferred income Global Health Membership

	2019	2018	Realized in 2019
	EUR	EUR	EUR
Cumulative payments from private donors	339,450	295,327	44,123
Cumulative realized expenses:			
- General program/project management	31,862	26,079	5,783
- Contribution to Health Insurance Programs	307,588	269,248	38,340
<i>Total realized expenses</i>	<i>339,450</i>	<i>295,327</i>	<i>44,123</i>
Deferred income	0	0	

11. OTHER LIABILITIES AND ACCRUED EXPENSES

	2019	2018
	EUR	EUR
Other liabilities	9,750,000	0
Accrued expenses	210,444	249,025
Balance as at 31 December	9,960,444	249,025

Other liabilities

In accordance with the grant decision of the Minister for Foreign Trade and Development Cooperation for 'CarePay, a basic mobile health contract for everyone', the Health Insurance Fund invested a total amount of EUR 19.6 million in CarePay International B.V. The investment was partially financed via the execution of the outstanding convertible loan of EUR 9,850,000. The remainder, which amounts to EUR 9,750,000, will be paid to CarePay in two tranches (III and IV). From this amount EUR 4,850,000 will be settled within one year (Tranche III - January 2020) and the final tranche is expected to be settled in January 2021.

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 (2018: EUR 95.6 million). Of this amount approximately EUR 65.9 million (2018: 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. 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, 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

12. INCOME

	2019	2018
	EUR	EUR
Realized income related to projects	11,098,018	10,152,277
Other income	44,123	47,496
	11,142,141	10,199,773

The 'Realized income related to projects' consists of:

	2019	2018
	EUR	EUR
Dutch Ministry of Foreign Affairs: 2016 - 2022	10,798,018	10,152,277
Dutch Ministry of Foreign Affairs: 2019 - Revolutionizing Health Financing	300,000	0
Dutch Ministry of Foreign Affairs: 2018 - 2021	0	0
	11,098,018	10,152,277

The 'Other income' consists of:

	2019	2018
	EUR	EUR
Global Health Membership	44,123	47,496
	44,123	47,496

13. DIRECT PROJECT COSTS

	2019	2018
	EUR	EUR
Ministry of Foreign Affairs 2016 - 2022	10,723,243	10,063,191
Dutch Ministry of Foreign Affairs: 2019 - Revolutionizing Health Financing	300,000	0
Global Health Membership	44,123	47,496
	11,067,366	10,110,687

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

	2019	2018
	EUR	EUR
Health Insurance Fund	11,192	10,890
PharmAccess	10,750,391	10,096,980
Global Health Membership *	(38,340)	(44,679)
	10,723,243	10,063,191

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

14. PERSONNEL EXPENSES

	2019	2018
	EUR	EUR
Contracted services related to Facility Agreement	42,252	55,464
Other personnel expenses	513	513
	42,765	55,977

15. OTHER OPERATING EXPENSES

	2019	2018
	EUR	EUR
Auditing fees	18,653	20,044
Representation/marketing/communication	11,226	10,647
Other	2,131	2,419
	32,010	33,109

Other notes

NUMBER OF EMPLOYEES

The average number of employees during the financial year was nil (2018: 0).

REMUNERATION OF MEMBERS OF THE BOARD

Throughout 2019, the board of the Health Insurance Fund consisted of two board members. J.W. Marees and PharmAccess Group Foundation. The PharmAccess Group Foundation is represented by M.G. Dolfing-Vogelenzang and J.W. Marees. With reference to the WNT, two natural persons are recognized as board member.

2019

	M.D. Dolfing- Vogelenzang CEO EUR	J.W. Marees CFO EUR	Total EUR
Total remuneration WNT	0	0	0
Period of engagement:			
Engaged from	01.01.2019	01.01.2019	
Engaged to	31.12.2019	31.12.2019	
Scope of services	N/A, no actual employment	N/A, no actual employment	

2018

	M.D. Dolfing- Vogelenzang CEO EUR	J.W. Marees CFO EUR	Total EUR
Total remuneration WNT	0	0	0
Period of engagement:			
Engaged from	01.01.2018	01.01.2018	
Engaged to	31.12.2018	31.12.2018	
Scope of services	N/A, no actual employment	N/A, no actual employment	

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

SUBSEQUENT EVENTS

The outbreak of Covid-19 in 2020 has no impact on the financial position as per year end 2019 and there is no additional continuity risk for 2020.

Signing of the financial statements

Amsterdam, 24 June 2020

J.W. Marees
Director

Stichting PharmAccess Group Foundation

Represented by:

M.G. Dolfing-Vogelenzang

J.W. Marees



MPISHE MZEE
APATE HUDUMA
KWANZA

DIRISHA LA
DAWA
PHARMACY

KAA KWENYE DALI
URUDUWINE KWA
UTARA TRA
USIMAMBE
ASANTE
JAMALA

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 2019 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2019 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, 2019, and of its result for 2019 in accordance with Dutch Accounting Standard 640 'Not-for-profit-organizations'.

The financial statements comprise:

1. The balance sheet as at December 31, 2019.
2. The statement of income and expenditure for 2019.
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 2019 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 accountants-organisaties (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.

Explanatory emphasis on the impact of COVID-19

The coronavirus also has consequences for Stichting Health Insurance Fund. Management has disclosed the current impact and intends to disclose these circumstances in the notes of the financial statements. Management also indicates that it is currently not possible for them to properly estimate the impact of the coronavirus on the financial performance and health of Stichting Health Insurance Fund. Our opinion has not changed on this point.

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'.

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 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 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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, June 24, 2020

Deloitte Accountants B.V.

Signed on the original: S. Kramer



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**Health
Insurance
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