



Health Insurance Fund

Annual Accounts 2021

23 September 2022

Health Insurance Fund

Annual Accounts 2021

23 September 2022
Amsterdam, the Netherlands



Index

Management Board Report	7
1. Introduction.....	7
2. Financial.....	12
3. Outlook 2022 and beyond	13
4. Institutional development	14
Financial statements.....	17
Balance sheet as at 31 December 2021	18
Statement of income and expenditure for the year 2021.....	19
Cash flow statement for the year 2021	20
Notes to the financial statements	21
Signing of the financial statements	34
Other information	37
Independent auditor's report.....	38

ANTENATAL

MIMCARE

Safari salama ya Mama Mjamzito.



Safari salama ya mama mjamzito, kuendelea kuendelea pamoja na:

- 1. Amurumizi kuhusu majuzi
- 2. Amurumizi kuhusu kazi
- 3. Amurumizi kuhusu kazi

“Mama mjamzito, kazi yako ni kazi ya kazi, kazi yako ni kazi ya kazi, kazi yako ni kazi ya kazi.”

Chama cha Mwanamama
Mama Mjamzito
0677 141 176



Management Board Report

1. Introduction

PharmAccess seeks to make inclusive health markets work. In doing this, we design interventions to improve the way the entire health eco-system is financed, and quality care delivered.

Although less turbulent than the first year of the pandemic, 2021 remained a challenging year for the health sector, especially in sub-Saharan Africa. This underscores the need to apply concerted economic policies and interventions, build stronger health systems and innovations to reach those who are financially excluded.

Reflecting on our work in 2021, we see that digitalization has brought significant opportunities to make health insurance models work, especially in low-resource settings. This further strengthens our belief that taking a (digital) ecosystem approach remains relevant in the future with increasing opportunities to scale. In this context, advocacy and research and learning will have a significant role in sharing our vision and way of working with our key stakeholder and partners.

Our work is guided by 5 key strategic objectives. These are:

1. **Accelerate demand side financing** – supporting governments in their effort to design & implement effective and sustainable health insurance models, exploring different finance mechanisms.
2. **Strengthen the quality of health services** – through creating transparency, setting the benchmark and creating a culture of quality
3. **Increase investments into healthcare sector** – bridging the existing finance gap, making it possible for health facilities to invest in the quality care
4. **Matching demand and supply** for more effective and efficient healthcare transactions, making efficient use of limited resources
5. **Advocacy, Research and learning** – feed into fact-based decision making of partners and others in the (global) health sector.

Objective 1: Accelerating demand side financing

Our interventions on demand-side financing are designed to increase the use of healthcare services and give patients the purchasing power to get access to the healthcare services they need.

PharmAccess supports countries in building eco-system approaches to strengthen and prove the viability of programs and initiatives. Inevitable challenges occur as countries go through different stages of development and progress.

Tanzania: (Re)designing demand-side financing strategy

The quality of healthcare in Zanzibar is low and health facilities have limited funds to improve quality. With this challenge in mind, PharmAccess was consulted by the government of Zanzibar to help redesign the island's health financing strategy, building an eco-system that safeguards the accessibility of quality care. SafeCare, our quality improvement methodology, has also been adopted by the government – an important step to guaranteeing broad participation while designing the health insurance program. On

the Tanzanian mainland, the scaling of iCHF, the national health scheme, which was supported by PharmAccess, has slowed down and is pending government legislative decisions.

Kenya: Model county-wide digital health insurance program

The Marwa Kisumu Solidarity Health Cover is now in its third year. In partnership with the County Government of Kisumu (CGK) and the National Hospital Insurance Fund (NHIF), PharmAccess and CarePay implemented the initial stage of the Marwa Scheme by registering and identifying households eligible for a subsidy, assessing, connecting, and training 49 healthcare facilities, and providing the CGK with management and operational support. For the Financial Year 2022/23 the county government has committed USD 900,000, growing at 10% per annum for the next three years, as a budget line item to cover the vulnerable. The first 42,500 vulnerable households of Marwa that are enrolled are covered by donor funding. Our ambition is to help create best practices in building inclusive digital health ecosystems that can inspire other counties in Kenya to follow suit.

Nigeria: Scaling-up health insurance coverage

In the last five years, Nigeria has made a considerable commitment to improving health insurance coverage. Over 30 states have adopted mandatory health insurance legislation with PharmAccess supporting a few of them. In Kwara, 45,000 users are enrolled but the state is still far away from the ambition to give 3.4 million inhabitants access to quality healthcare. On a national level, PharmAccess Nigeria is in constant contact with policymakers at the National and State level. Lessons learned from the implementation of rural and urban programs have proven to be valuable in the states we are supporting.

Ghana: Further digitalization for transparency

Ghana's healthcare coverage is currently over 50% and, in that sense, a leading example for many other African countries. PharmAccess was entrusted with providing data analytics to improve the health insurance model's efficiency and effectiveness and boost its use and popularity. PharmAccess Ghana also advocated strongly for the integration of the National Health Insurance Authority (NHIA) with the National Identification Authority System (known for the introduction of the Ghana Card, used to validate citizens' identification within the country). This digital integration has made it much easier for people to enroll for health insurance as their personal data is already in the system.

Objective 2: Strengthen the quality of healthcare services

Healthcare facilities, especially in resource-restricted settings, find it challenging to improve the quality of care delivered due to a lack of transparency and alignment. Through SafeCare we seek to create a culture in which quality is part and parcel of the approach of the health facilities and partners we work with. Regardless of the resources available to a healthcare facility or network, it is important for healthcare facilities to be able to measure their quality. Benchmarking is the first step to improving and better-protecting patients against flaws in quality.

Taking advantage of digitization

Our digital tools have proven to be very helpful in moving from quality measurement at one point in time, and follow-ups after that, to keeping health facilities and their staff actively engaged in quality over time. The Quality Platform offers an online platform where healthcare facilities can actively engage with quality improvement activities, enabling them to independently take steps to improve their health services. The Self-Assessment tools have been used over 1,200 times, highlighting the value of the tool. Using the Self-assessments, healthcare facilities can self-evaluate their quality of care against a set of criteria designed

around a specific topic. The COVID-19 self-assessment tool, for example, is used in 18 countries, from our core countries like Kenya and Tanzania to Namibia and Uganda.

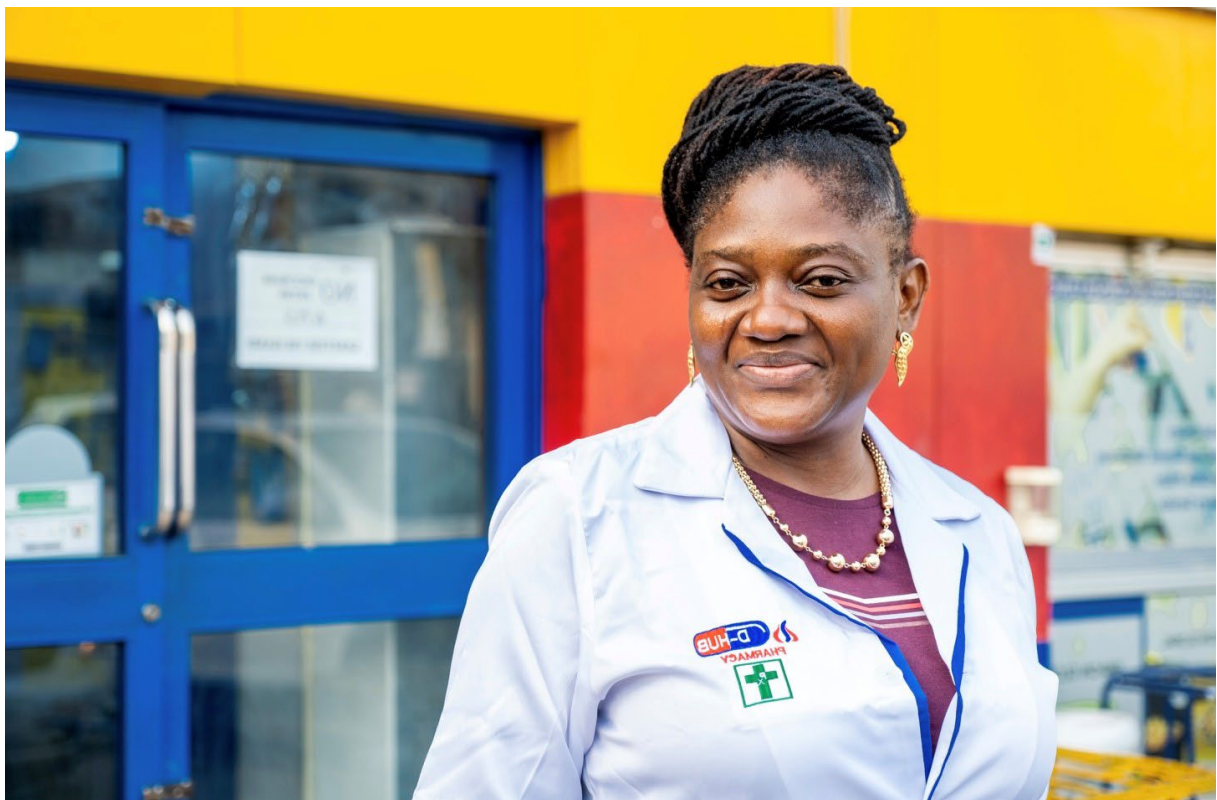
Besides that, on-site assessments and support continued in 2021, using our stepwise approach, ensuring our work in the field remained stable.

Institutionalization

In 2021, we continued to work with public and private partners in our key countries and beyond, fast-tracking the improvement of quality of care and embedding quality care in the ecosystem in a sustainable way. Starting new programs, with healthcare networks, or with public partners that operate on a national scale, enables faster scale-up in new countries of entry.

Celebrating re-accreditation

After an initial approval in 2013, SafeCare standards have been re-accredited by the International Society for Quality in Healthcare External Evaluation Association (IEEA). IEEA is a global organization responsible for assessing the standards of organizations that set the benchmarks in healthcare safety and quality. IEEA's re-accreditation underscores the continuous quality of SafeCare's services and focuses on making an impact.



Objective 3: Increase investments into healthcare sector

Medical Credit Fund (MCF) is an impact fund specifically targeting and supporting small and medium-sized healthcare facilities. In 2021 we focused on strategizing and preparing for the launch of MCF-II: a newly set up fund that will operate alongside MCF-I as the former is gradually phased out. MCF-II will continue to build on the successes of the initial fund, restructuring of the fund has been done so to ensure that MCF-II, can become financially sustainable by 2026.

Accelerating impact throughout the pandemic

The injection of EUR 7.5 million equity provided by the Dutch Ministry of Foreign Affairs in MCF-II in January 2021, helped address the challenges of the pandemic in our client's health facilities. It equally provided a valuable anchor for further fundraising of EUR 32.5 million later in the year. Digital loans allowed MCF to better serve smaller facilities with lower revenues providing a faster turnaround and flexible repayment. In total in 2021, we disbursed 6,500 loans to 1,800 facilities.

Scaling up our impact in the future

MCF-II will prioritize digital lending with a focus on continuing to scale our digital services, especially for female entrepreneurs based in more remote areas. We are also keen on supporting health facilities not only with access to capital but also to provide business and technical support. In the next years, we will increase our introduction of MCF clients to SafeCare



Objective 4: Matching supply & demand

Championing value-based healthcare in Sub Saharan Africa

Africa accounts for 20% of the global disease burden even though less than 1% of the world's financial resources are spent on health in the continent. Against this backdrop, PharmAccess has implemented a value-based healthcare approach by using innovative care bundles. In 2021 we scaled and demonstrated proof of concept for our main care bundle-MomCare. A care bundle that brings together the patient, the health facilities, and the institutional payer so that maternal care can be planned efficiently.

MomCare has contributed to better, safer antenatal and postnatal care, and has led to an increase in skilled deliveries, reducing the risks of harm for both mothers and babies. To date, around 50,000 women are enrolled in MomCare. Because of the comprehensive and transparent journey, healthcare providers

can better determine the costs of safe deliveries and other types of care, creating transparency for clinics and payers of care.

Optimizing our Care Bundle approach – the way forward

Costs per clinic (including onboarding costs) need to be significantly decreased. At the same time, we want to ensure the high quality and engagement of the program. We also need multiple touchpoints – both online and offline – to stimulate behavior change among healthcare staff.

Value-based healthcare models require buy-in from all stakeholders to succeed. We will thus explore how to bring in larger funders and other partners, with the goal of empowering patients.

Objective 5: Advocacy, Research and learning

Our advocacy efforts center around a holistic approach to health system strengthening. In line with the holistic approach, our advocacy efforts target various stakeholders in the sector. They include governments in our countries of focus, their (national) health insurance agencies, private sector players, civil societies as well as governments, and multi-laterals.

Our key advocacy points are:

Engage the private healthcare sector

To realize a stable supply of quality health services requires in the first place, sufficient availability of those services. In sub-Saharan Africa, demand outweighs supply. Where public health services are insufficient, the private sector tends to fill the gaps.

Using digitalization to bring change

Data-driven innovations build trust among patients and providers but also for payers, as data provides transparency around finance streams and results. At PharmAccess we believe in the power of digitalization and data to improve health financing and delivery.

Reducing finance fragmentation

In the health sector, especially when financed by external donors, we often see funding for treatment for specific diseases or complications, not necessarily strengthening the health system. The focus on specific diseases results in parallel approaches.

Publications to feed decision-making

Validating our work through scientific research and evaluation is vital to understanding the gaps and flaws of the health system, verifying the usability of healthcare solutions, and learning how to scale, replicate and institutionalize new models. Findings from research led by our Research and Learning team resulted in 25 publication submissions to peer-reviewed journals, 16 of which were accepted and published.

Joining Coalitions and alliances

PharmAccess will continue to focus on further developing the PharmAccess profile in the global health and universal health care (UHC) community. Our current alliances and coalitions will help to further amplify our research findings, unique solutions, and interventions.

2. Financial

In 2021, total realized program expenses were EUR 8,921,611 (2020: EUR 9,237,157).

The financial statements reflect all the activities of the Health Insurance Fund. The actual implementation of the programs is done by PharmAccess for which it has offices in Tanzania, Kenya, Nigeria and Ghana. 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 bank accounts. Health Insurance Fund does not work with ‘embedded derivatives’ and ‘hedge accounting’ and all larger programs are prefunded.

The foundation has been incorporated for the sole purpose of running the activities along the lines of the objectives as mentioned in the management board report. The foundation has no objective to gain reserves.

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.
- IT related risks – security breaches and loss of data; mitigated by assigning responsibilities and implementing procedures.
- 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 2022. Repayment capacity of AAR is largely depending on a planned future sale of shares (see note 2 and 8 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

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 (2020: 19.6%) in CarePay International B.V..

TRANSPARANCY AND ACCOUNTABILITY

The programs are 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 2022 and beyond

The COVID-19 crisis in 2020 and 2021 has been a wake-up call, a reminder that resilient healthcare systems are essential for economic and social prosperity, and international security. It has demonstrated that health is a global responsibility that requires cross-sector collaborations for universal health coverage. It has also driven wide-spread acknowledgement that digital technology and data form a core pillar of healthcare. In the wake of COVID-19, an opportunity has emerged for African countries to build stronger, more resilient data-driven healthcare systems which are better prepared for the next pandemic and can deliver basic quality healthcare for all citizens. The increasing penetration of mobile technology and digital platforms in Africa will be key for fast-tracking health system transformation, allowing all individuals to be digitally connected, covered and empowered to access care. Technology provides real-time data, thus ensuring transparency in the delivery, utilization, and costs of care to guide decision making for patients, healthcare providers and governments.

This has proved vital during the crisis when it has been critical to both address the outbreak and to commit resources to other healthcare needs. With continued support of the Ministry of Foreign Affairs (Netherlands) and an increasing number of other funders, PharmAccess will continue to capitalize on digital technology to improve the financing and delivery of health care. For example, we will further develop smart contracting and value-based care interventions for mother and child healthcare, expanding services to support vulnerable socioeconomic groups. We will also continue working on the development of digital services for chronic care.

Given the limited and fragmented nature of healthcare funding in the countries that we support, and with donor funding on a downward trend, mobile technology also brings the opportunity to combine scarce funding sources while reducing transaction costs. By increasing efficiency and transparency, it can ensure that more marginalized individuals are covered while paving the way to implement new pay for performance models which generate data to guide governments in resource allocation. In the years ahead, we will support the integration of vertical programs into a more horizontal and integrated healthcare approach.

Further investments in healthcare quality remain crucial. We will continue to scale SafeCare and MCF, which proved critical throughout the pandemic. MCF's digital loans have offered much support for health SMEs during the crisis with SafeCare helping to ensure infection prevention and control, while prioritizing staff and patient safety in clinics. Going forward, we will continue to use digital technology and data to improve the quality standards of healthcare facilities as well as share our expertise and lessons learnt with new countries.

We will also focus on strengthening public and private partnerships to create an enabling environment for scaling. We will advocate for increased government spending on health, including contributions toward social health insurance schemes, which is needed to sustainably finance Universal Health Coverage (UHC). The use of (digital) poverty mapping to segment the populations and target subsidies efficiently will be critical. While supporting the implementation of digital tools, we will also provide technical support to ensure that African countries can create more value out of the data that they generate. We will also further strengthen local capacity in areas of policy and legislation, governance and leadership, and research.

In the years to come, with the increasing interest for our work, PharmAccess, and the Joep Lange Institute will continue to work with key partners and coalitions on global health diplomacy and the digitalization of health financing and delivery. The impact of technology has been demonstrated on the African continent, but the global health community and funders are yet to embrace its value. Through our joint advocacy efforts, we will promote thought leadership, share lessons learned, publish research results, initiate policy dialogue, and build partnerships to accelerate the role of digital technology in UHC.

4. Institutional development

The statutory responsibility for Health Insurance Fund and all PharmAccess group entities (i.e. Stichting PharmAccess International, Health Insurance Fund, Stichting Medical Credit Fund, Medical Credit Fund II Coöperatief U.A., Stichting SafeCare and Stichting HealthConnect) is vested with PharmAccess Group Foundation (PGF) represented by its executive board (statutair bestuur) and under the supervision of one Supervisory Board, the PGF Supervisory Board.

As per November 30th, 2021 Ruud Hopstaken resigned as Supervisory Board member at the end of his second term. The other Supervisory Board members (Pauline Meurs (Chair a.i.), Willem van Duin, Ben Christiaanse, Peter van Rooijen and Lidwin van Velden) stayed in their position. The Supervisory Board was strengthened with two new members being Mirjam van Reisen (as per 22 September 2021) and Els Boerhof (as per 1 January 2022).

As per 1 November 2021 Monique Dolfing-Vogelenzang stepped down as CEO and was succeeded by Nicole Spieker as the new CEO who together with Jan Willem Marees, who stayed in his role as CFO, now forms the Executive Board of PGF.

Signing of the Management Board's report

Amsterdam, 23 September 2022

J. W. Marees
Director

Stichting PharmAccess Group Foundation
Represented by:

N. Spieker

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 2021

(After appropriation of result)

	Note	31.12.2021	31.12.2020		Note	31.12.2021	31.12.2020
		EUR	EUR			EUR	EUR
Assets				Equity and liabilities			
Financial fixed assets:				Equity			
Loans	1	9,576,342	9,388,571	Continuity reserve	7	3,753	3,753
Participating interests	2	27,100,000	19,600,000				
				Long-term liabilities			
Current assets				Deferred income concerning solvency support	8	9,339,891	9,180,285
Other receivables	3	213,636	175,261				
Advance payments	4	5,300,003	-	Current liabilities			
Debtors	5	118,490	-	Creditors	9	191,548	272,976
				Deferred income	10	44,306,879	33,194,812
Cash	6	11,843,114	22,488,009	Liabilities projects	4	-	3,842,798
				Other liabilities and accrued expenses	11	309,514	5,157,217
		<u>54,151,585</u>	<u>51,651,841</u>			<u>54,151,585</u>	<u>51,651,841</u>

Statement of income and expenditure for the year 2021

	Note	2021		2020	
		EUR		EUR	
Income	12	8,921,611		9,237,157	
Operating expenses:					
Direct project costs	13	8,861,462		9,178,710	
Personnel expenses	14	24,813		26,445	
Other operating expenses	15	35,336	8,921,611	32,002	9,237,157
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 2021

(Based on the indirect method)

	2021		2020	
	EUR		EUR	
Operating result	0		0	
Adjustments for:				
Changes in working capital:				
- movements operating accounts related to receivables and projects	(9,299,666)		3,832,136	
- movement deferred income concerning solvency support	(28,165)		(27,688)	
- movement deferred income	11,112,067		13,153,609	
- movements other current liabilities	(4,929,131)	(3,144,895)	(4,583,934)	12,374,123
Cash flow from business activities		(3,144,895)		12,374,123
Interest received/paid		0		0
Cash flow from operating activities		(3,144,895)		12,374,123
Investments in other financial fixed assets	(7,500,000)	(7,500,000)	-	-
Cash flow from investing activities		(7,500,000)		-
Net cash flow		<u>(10,644,895)</u>		<u>12,374,123</u>
Cash as per 1 January		22,488,009		10,113,886
Cash as per 31 December		<u>11,843,114</u>		<u>22,488,009</u>
Movements in cash		<u>(10,644,895)</u>		<u>12,374,123</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.

The financial data of the legal entity and its subsidiaries are included in the consolidated financial statements of PharmAccess Group Foundation based in Amsterdam, the Netherlands. These consolidated financial statements are available on request.

As from 2020 the foundation is confronted with the consequences of the corona virus. Although the consequences of the corona virus are uncertain in the long term, the foundation does not expect any consequences for the continuation of the activities.

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

	2021	2020
	EUR	EUR
Total disbursed to AAR Insurance Holdings Limited	8,000,000	8,000,000
Total accumulated interest to be received	1,576,342	1,388,571
Balance as at 31 December	9,576,342	9,388,571

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 2022. 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.

2. PARTICIPATING INTERESTS

	2021	2020
	EUR	EUR
CarePay International B.V.	19,600,000	19,600,000
Medical Credit Fund II Coöperatief U.A.	7,500,000	-
Balance as at 31 December	27,100,000	19,600,000

CarePay International B.V.

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 Health Insurance Fund has a total of 196,000 shares.

The investment is valued at the purchase value.

With reference to the adopted and approved financial statements of CarePay International B.V. for the financial year 2021 (dated August 5th, 2022) and based on the participating interest percentage of Health Insurance Fund in CarePay International B.V. the net asset value (NAV) amounts to EUR 2,895,363 (33.85%) per year end 2021 (2020: EUR 7,469,715 (33.86%)).

Medical Credit Fund II Coöperatief U.A.

Medical Credit Fund II Coöperatief U.A. (MCF2) was incorporated as a Cooperative in the Netherlands in

May 2021. Based on the member's agreement the Health Insurance Fund received a 99% participating interest in MCF2 (Medical Credit Fund II Coöperatief U.A.).

The Health Insurance Fund holds significant influence via associated entities (Stichting PharmAccess Group Foundation (PGF) and Stichting Medical Credit Fund (MCF)) and its investment(s). The participation in MCF2 is accounted for as an Investment in an Associate entity and has been recognized at cost on initial recognition.

With reference to the financial statements of Medical Credit Fund II Coöperatief U.A., which are prepared in accordance with IFRS as adopted by the European Union, for the financial year 2021 (dated May 27th, 2022) and based on the capital contribution of Health Insurance Fund in Medical Credit Fund II Coöperatief U.A. the net asset value (NAV) amounts to EUR 7,533,695 (99.01%) per year end 2021.

3. OTHER RECEIVABLES

	2021	2020
	EUR	EUR
Other receivables	213,636	175,261
Balance as at 31 December	213,636	175,261

The other receivables relate to rent and service costs to be charged out.

4. ADVANCE PAYMENTS / LIABILITIES RELATED TO PROJECTS

	2021	2020
	EUR	EUR
Deferred income to PharmAccess regarding MoFa	5,300,003	(3,858,352)
<i>Prepaid in total to PharmAccess on projects</i>	<i>5,300,003</i>	<i>(3,858,352)</i>
Interest revenue PharmAccess regarding MoFA	-	15,554
Balance as at 31 December	5,300,003	(3,842,798)

5. DEBTORS

	31.12.2021	31.12.2020
	EUR	EUR
Related foundation: PharmAccess Foundation (PAI) - accounts receivable	118,490	-
Balance as at 31 December	118,490	-

6. CASH

	31.12.2021	31.12.2020
	EUR	EUR
ABN-AMRO MeesPierson - General - charity savings account	6,870,366	14,947,174
ABN-AMRO MeesPierson - General - MoFa	4,900,000	7,500,000
ABN-AMRO MeesPierson - Global Health Membership	38,681	40,835
ABN-AMRO MeesPierson – General	34,068	-
Balance as at 31 December	11,843,114	22,488,009

The year-end balance of 2021 includes advance payments, which has been received from the Ministry of Foreign Affairs for the year 2022 and beyond.

Funds are available in line with the different program objectives.

7. CONTINUITY RESERVE

	2021	2020
	EUR	EUR
Balance as at 1 January	3,753	3,753
Result	-	-
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 2021 amounts to nil and therefore no movement has been processed in the continuity reserve.

8. DEFERRED INCOME CONCERNING SOLVENCY SUPPORT

	2021	2020	Realized in 2021
	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	1,339,891	1,180,285	159,606
<i>Total interest to be received</i>	<i>1,339,891</i>	<i>1,180,285</i>	<i>159,606</i>
Deferred income after interest	9,339,891	9,180,285	

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

	2021	2020
	EUR	EUR
Accounts payables	191,548	272,976
Balance as at 31 December	191,548	272,976

10. DEFERRED INCOME

	2021	2020
	EUR	EUR
Dutch Ministry of Foreign Affairs: 2016 - 2022 <i>'making inclusive health markets work, activity number 28079'</i>	12,306,879	10,994,812
Dutch Ministry of Foreign Affairs: 2018 - 2021 <i>'CarePay; A basic mobile health contract for everyone, activity number 4000001129'</i>	24,500,000	14,700,000
Dutch Ministry of Foreign Affairs: 2020 - 2030 <i>'Medical Credit Fund; financing the future (MCF2), activity number 4000004301'</i>	7,500,000	7,500,000
Global Health Membership	-	-
HealthConnect	-	-
Balance as at 31 December	44,306,879	33,194,812

Deferred income Dutch Ministry of Foreign Affairs: 2016 – 2022

	2021	2020	Realized in 2021
	EUR	EUR	EUR
Cumulative payments from Dutch Ministry of Foreign Affairs	76,000,000	65,745,000	10,255,000
Cumulative realized expenses:			
- Organisational	11,410,778	9,149,136	2,261,642
- Demand Side Financing	12,432,888	11,848,603	584,285
- Supply	11,782,392	11,101,838	680,554
- Investments: Financing & Access to Credit	10,356,002	8,840,050	1,515,952
- Data & Technology	4,386,924	3,538,486	848,438
- Advocacy	6,910,771	4,967,990	1,942,781
- Resource Mobilisation	2,572,499	1,912,517	659,982
- Research & Learning	3,413,943	3,024,640	389,303
- New Initiatives	426,924	426,924	-
Total realized expenses	63,693,121	54,810,184	8,882,937
Deferred income before interest	12,306,879	10,934,816	

Cumulative interest received:

- interest income Health Insurance Fund	-	44,442	(44,442)
- interest income PharmAccess	-	15,554	(15,554)
<i>Total interest received</i>	-	<i>59,996</i>	<i>(59,996)</i>
Deferred income after interest	12,306,879	10,994,812	

Deferred income Dutch Ministry of Foreign Affairs: 2018 – 2024

	2021	2020	Realized in 2021
	EUR	EUR	EUR
Cumulative payments from Dutch Ministry of Foreign Affairs	24,500,000	14,700,000	9,800,000

Cumulative realized expenses:

- Reported expenditures for the year	-	-	-
<i>Total realized expenses</i>	-	-	-
<i>Deferred income before interest</i>	<i>24,500,000</i>	<i>14,700,000</i>	

Cumulative interest received:

- Reported interest for the year	-	-	
<i>Total interest received</i>	-	-	
Deferred income after interest	24,500,000	14,700,000	

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. In 2021 there was an amendment to the grant agreement which increased the total amount with EUR 4.9 million to EUR 24.5 million and extended the grant until June 30th, 2024. As per year end 2021 the total amount was received.

Deferred income Dutch Ministry of Foreign Affairs: 2020 – 2030

	2021	2020	Realized in 2021
	EUR	EUR	EUR
Cumulative payments from Dutch Ministry of Foreign Affairs	7,500,000	7,500,000	-
Cumulative realized expenses:			
- Reported expenditures for the year	-	-	-
<i>Total realized expenses</i>	-	-	-
<i>Deferred income before interest</i>	<i>7,500,000</i>	<i>7,500,000</i>	
Cumulative interest received:			
- Reported interest for the year	-	-	-
<i>Total interest received</i>	-	-	-
Deferred income after interest	7,500,000	7,500,000	

In accordance with the grant decision of the Minister for Foreign Trade and Development Cooperation for “Medical Credit Fund; financing the future (MCF2), the Health Insurance Fund received a grant to grant to invest as common equity in MCF2. The total grant amount of EUR 7,500,000 was received from the Ministry in 2020 and was distributed to Medical Credit Fund II Coöperatief U.A. in 2021.

Deferred income Global Health Membership

	2021	2020	Realized in 2021
	EUR	EUR	EUR
Cumulative payments from private donors	418,954	380,279	38,675
Cumulative realized expenses:			
- General program/project management	43,958	37,801	6,157
- Contribution to Health Insurance Programs	374,996	342,478	32,518
<i>Total realized expenses</i>	<i>418,954</i>	<i>380,279</i>	<i>38,675</i>
Deferred income	-	-	

11. OTHER LIABILITIES AND ACCRUED EXPENSES

	2021	2020
	EUR	EUR
Other liabilities	-	4,900,000
Accrued expenses	309,514	246,472
Accrued interest	-	10,745
Balance as at 31 December	309,514	5,157,217

Contingent assets and liabilities

Regarding the current project portfolio Stichting Health Insurance Fund received from donors' commitments for grants for an amount over EUR 108 million (2020: EUR 103.1 million). Of this amount approximately EUR 108 million (2020: EUR 87.9 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.

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

12. INCOME

	2021	2020
	EUR	EUR
Realized income related to projects	8,882,937	9,196,327
Other income	38,675	40,830
	8,921,611	9,237,157

The 'Realized income related to projects' consists of:

	2021	2020
	EUR	EUR
Dutch Ministry of Foreign Affairs: 2016 - 2022	8,882,937	9,196,327
	8,882,937	9,196,327

The 'Other income' consists of:

	2021	2020
	EUR	EUR
Global Health Membership	38,675	40,830
	38,675	40,830

13. DIRECT PROJECT COSTS

	2021	2020
	EUR	EUR
Ministry of Foreign Affairs 2016 - 2022	8,822,787	9,137,880
Global Health Membership	38,675	40,830
	8,861,462	9,178,710

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

	2021	2020
	EUR	EUR
Health Insurance Fund	13,661	18,880
PharmAccess	8,841,644	9,153,890
Global Health Membership *	(32,518)	(34,890)
	8,822,787	9,137,880

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

14. PERSONNEL EXPENSES

	2021	2020
	EUR	EUR
Contracted services related to Facility Agreement	24,300	25,932
Other personnel expenses	513	513
	24,813	26,445

15. OTHER OPERATING EXPENSES

	2021	2020
	EUR	EUR
Auditing fees	20,495	18,864
Representation/marketing/communication	-	514
Other	14,841	12,624
	35,336	32,002

Other notes

NUMBER OF EMPLOYEES

The average number of employees during the financial year was nil (2020: 0).

REMUNERATION OF MEMBERS OF THE BOARD

Throughout 2021, 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 N. Spieker and J.W. Marees. With reference to the WNT, two natural persons are recognized as board member.

2021

	M.D. Dolfig-Vogelenzang CEO	N. Spieker CEO	J.W. Marees CFO	Total
	EUR	EUR	EUR	EUR
Total remuneration WNT	0	0	0	0
Period of engagement:				
Engaged from	01.01.2021	01.11.2021	01.01.2021	
Engaged to	31.10.2021	31.12.2021	31.12.2021	
Scope of services	N/A, no actual employment	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.

2020

	M.D. Dolfig-Vogelenzang CEO	J.W. Marees CFO	Total
	EUR	EUR	EUR
Total remuneration WNT	0	0	0
Period of engagement:			
Engaged from	01.01.2020	01.01.2020	
Engaged to	31.12.2020	31.12.2020	
Scope of services	N/A, no actual employment	N/A, no actual employment	

SUBSEQUENT EVENTS

The Health Insurance Fund and three other parties signed a convertible loan agreement with CarePay International B.V. dated May 13th, 2022. In line with the agreement Health Insurance Fund transferred EUR 4,900,000 to CarePay International B.V. on May 20th, 2022.

The Ministry of Foreign Affairs decided on 30 June 2022 to issue a grant decision for the grant application '*Making Inclusive Health Markets Work 2023-2029*' to a maximum eligible amount of EUR 89 million for the period 2023-2029.

Signing of the financial statements

Amsterdam, 23 September 2022

J.W. Marees
Director

Stichting PharmAccess Group Foundation
Represented by:

N. Spieker

J.W. Marees



Evermartiano
11Z-K395
FFP2NR CE 2163
EN 149:2001 + A1:2009



Other information

Independent auditor's report

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

Independent auditor's report



Deloitte Accountants B.V.
Gustav Mahlerlaan 2970
1081 LA Amsterdam
P.O.Box 58110
1040 HC Amsterdam
Netherlands

Tel: +31 (0)88 288 2888
Fax: +31 (0)88 288 9737
www.deloitte.nl

Independent auditor's report

To the Management Board of Stichting Health Insurance Fund

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2021 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 31 December 2021, and of its result for 2021 in accordance with Dutch Accounting Standard 640 'Not-for-profit-organizations'.

The financial statements comprise:

1. The balance sheet as at 31 December 2021.
2. The statement of income and expenditure for 2021.
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 2021 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 and the audit protocol WNT. 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.

22098BA1B9.03/TMO/1

Emphasis on the valuation of fixed assets

We draw attention to note 1 (Loans), note 2 (Participating interests) note 8 (Deferred income concerning solvency support) and note 10 (Deferred income), as presented in the financial statements, where additional information is included on the valuation of loans and participating interests. Our opinion is not modified in respect of this matter.

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'. 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.

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, 23 September 2022

Deloitte Accountants B.V.

Signed on the original: S. Kramer



Health Insurance Fund

AHTC, Tower C4

Paasheuvelweg 25

1105 BP Amsterdam

+31 (0)20 2103920

www.hifund.org

**Health
Insurance
Fund**