



# PharmAccess Foundation

## Annual Accounts 2022

22 January 2024

PharmAccess  
FOUNDATION



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Amsterdam, the Netherlands



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# MANAGEMENT BOARD'S REPORT

## 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, 2022 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 2022, 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 stakeholders 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** (supply side) – 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 around demand-side financing are designed to increase the use of healthcare services and give patients the purchasing power to access the healthcare system. We aim to optimize prepayment and insurance models with public and private partners.

### The importance of demand-side financing

Demand-side financing is critical to increasing the stability of a healthcare system driven by trust. Important means to do this are insurance and prepayments.

### Nigeria: broader enrollment encourages participation

In Lagos, more than 760,000 people have enrolled in the state health scheme, up from 300,000 in 2021. Extending the uptake of the scheme to civil servants in Lagos has improved the risk pool and the availability of funds to cover medical expenses for all income groups.

In Kwara, enrolment in the state health scheme increased, from over 8,000 to more than 41,000. Kwara's Basic Health Provision Fund and the additional financing from the State Government have been instrumental in onboarding about 80-90% of those enrolled.

#### **Tanzania and Zanzibar: making crucial health financing decisions**

In collaboration with WHO, UNICEF, and USAID and its Public Sector Systems Strengthening Plus (PS3) project, PharmAccess successfully supported the Zanzibar government to develop the first-ever Zanzibar Health Financing Strategy. The strategy will lead to health financing reforms in Zanzibar, towards the introduction of contributory financing, moving away from 'free' healthcare services.

The reforms include:

- Introduction of social health insurance and a health equity fund to finance low-income groups.
- Unique identification numbers (Matibabu ID).
- 85% of the Zanzibar population in all 11 districts already received a medical ID number.
- The collection of data through OpenIMS on how care is administered and utilized.

In Mainland Tanzania, a Universal Healthcare Bill proposes a mandatory enrolment for all people working in the formal and informal sector.

#### **Kenya: advocating for continued investments**

In 2022, 144,000 people from 42,500 low-income households enrolled in Kisumu health insurance scheme in Marwa – about half of the 90,000 low-income households identified. PharmAccess co-paid for health insurance for these 42,500 households, with the agreement that Kisumu County would support the remaining households.

PharmAccess worked in partnership with Amref Flying Doctors on i-PUSH – a Universal Health Coverage (UHC) initiative in Nairobi and Kakamega. Through i-PUSH, we connected 77,000 women of reproductive age and their families (230,000 people) to healthcare financing, quality and knowledge, and enabled facilities to improve the quality of care through SafeCare. State and non-state actors contributed to i-push.

#### **Ghana: standing strong, enrollment through the economic crisis**

The economic crisis in Ghana was challenging for demand-side financing in 2022. Despite this, the National Health Insurance Authority (NHIA) maintained the number of enrollees in the National Health Insurance Scheme. To sustain the scheme, PharmAccess has been working with NHIA to analyze membership data and digitalize claims processing.

#### **Building toward UHC: our work in 2023 and beyond**

In 2022 we saw delays in financing and implementation due to economic crises and elections. Because of this, we are supporting a greater focus on efficient spending. Digitalization is key here, and we will continue to work with health authorities to build their digital capacity.

## **Objective 2: Strengthen the quality of healthcare services (supply side)**

SafeCare (PharmAccess' quality program) helps to embed a culture of quality at all levels of the ecosystem, starting with a standard-based stepwise approach. By the end of 2022, SafeCare has worked with 7,000 facilities, 32 public and private partners in 21 countries.



### **A standards-based approach that fits**

The first step of the process is assessing and benchmarking. For this, SafeCare provides data insights that help facilities in making decisions supporting improvement in quality of care. It also enables healthcare stakeholders to prioritize and allocate funds to key improvements, and helps governments develop policies and regulatory frameworks for country-wide quality improvement. So far, 75% of all facilities involved have improved their quality using SafeCare.

### **Changing behavior to improve quality**

The Quality Platform is designed to motivate all staff members and it is already changing the way its 4,500 users approach quality. Facilities can carry out self-assessments through the platform, helping providers in remote rural and fragile areas improve quality. In 2022, we researched how to further stimulate the peer-to-peer learning that the Platform provides through communication between users. Our learnings will be tested and implemented in 2023.

### **Growing our impact**

SafeCare is increasing its focus on a specific set of criteria that are expected to have the most impact on health outcomes, and the data show that progress was significant in 2022. For example, having a pre-operative checklist in place increased positive health outcomes from 49% to 66%.

### **Scaling through institutionalization via sustainable global partnerships**

We are institutionalizing SafeCare with a sustainable partnership model. This involves working with multi-country partners that can extend the reach of SafeCare faster and more efficiently. We also extended the impact of SafeCare through partners, CRS and Aga Khan Health services, resulting in a SafeCare team in India. By the end of 2022, we had 32 partners reaching almost 15,000 providers using SafeCare quality stepwise approach cumulatively.

### **A roadmap towards sustainability**

In 2022, we saw a transition towards sustainability, with 10 paying public/private partnerships, and noted that health facilities were more willing to (co-)pay. In 2023, we will focus on strengthening the business model for our license partners based on (co-)payments of health facilities.

### **The business of quality: do health investments pay off?**

Our research shows that, under most conditions, better quality care seems to lead to more and better businesses. There are significant links between higher SafeCare scores and increased patient visits and staff numbers in facilities in Africa.



### **Objective 3: Increase investments into healthcare sector**

To invest in working capital, equipment, staff, and to enable improvements in quality of care, facilities need access to finance, PharmAccess' sister organization Medical Credit Fund (MCF) provides this. MCF has disbursed more than 8,000 loans worth over EUR-150 million to more than 2,000 clients. In 2022, MCF focussed on empowering female entrepreneurs with access to finance, particularly through digital loans.

#### **Supporting healthcare SME's**

Medical Credit Fund (MCF) is the only fund dedicated to financing healthcare SMEs in Africa. So far, MCF has disbursed more than 8,000 loans worth over EUR 150 million to more than 2,000 clients. MCF has a success rate of 96%.

#### **Empowering female health entrepreneurs with access to finance**

In 2022, 84 of the 318 clients MCF reached were women. MCF II, our blended finance model focused on direct lending through digital loans, was fully operational throughout 2022. These digital loans are beneficial for women because they do not require traditional collateral. MCF was awarded SILVER winner in the Responsible Digital Innovator Category at The Global SME Finance Awards.

#### **Tackling challenges to realize the potential of digital loans**

Despite macroeconomic challenges MCF remained active with the use of digital loans. Digital loans can be disbursed and paid back faster, allowing MCF to mitigate risks in uncertain environments. MCF will continue to make launching digital loans a priority in 2023. To realize the full potential of digital loans, governments need to ensure favorable policies and regulations.

### Enhancing the value of quality and technical training

MCF and PharmAccess work in partnership to offer technical assistance (TA) to healthcare SMEs to reduce risks and enhance business performance. In 2022, our goal was to include 80% of MCF II clients in a TA or training program; we exceeded this for clients with a term loan. 89% of them followed a TA or training program.



## Objective 4: Matching supply & demand

### Unlocking the value of data through innovative care models

Our goal is to optimize healthcare outcomes for patients in African communities, delivered through the most efficient digital solutions that respond to their needs.

### Putting empowered patients at the center of their care journey

The biggest hurdle to incorporating value-based care principles in our models is the implementation of new payment mechanisms that are 100% based on outcomes delivered. In 2022, we focused on exploring new variations and payment mechanisms of the models we had already demonstrated to be effective.

Our results with tens of thousands of patients demonstrate that following value-based principles is also a better way to organize long-term care, such as pregnancy and non-communicable diseases (NCDs). Patients trust health care providers and their health system better by knowing upfront what services they are entitled to.

### The care bundle approach: innovating with MomCare

MomCare has helped make pregnancy and birth safer for over 50,000 patients in sub-Saharan Africa. With only limited additional cost, MomCare leads to better value and increased utilization of care.



### **Implementing new variants of innovative care models and payment variants**

Our focus in 2022 has been on building on our work towards value-based care by raising awareness and supporting others to design and implement similar models. We have been testing various innovative care models that take a value-based care approach.

In Kisumu, Kenya we work with MomCare facilities based on bundled fees topped up by bonus payments. Bonus payments are linked to the number of antenatal visits and/or ultrasounds given at the right time in the pregnancy journey. With this, we encourage healthcare providers to give mothers the appropriate care throughout their pregnancy journey and give the health facilities the agency to deliver the quality of care they are aiming for. We partner with CarePay to ensure reliable and fast payments.

We also started exploring a 'ValuePoints system'. If clinics meet certain criteria, they earn value points that are equivalent to a certain cash sum. This is scalable and proven to be effective in improving quality.

Through our long-term collaboration with several clinics across the region, we were able to test additional innovations in the clinic setting. In Kisumu, we successfully trialed a group-based mental health engagement during the pregnancy journey. In Tanzania, we invested in clinics using 'Light Wallets'- Patients receive a digital wallet with additional resources on top of what they receive from the government, which they can exchange for care at clinics. As a result of this testing, Hanang district in Tanzania asked us to roll out MomCare, which now covers the entire district. The government is interested in integrating MomCare into the national health policy.

### **Addressing the biggest disease burden: NCD care bundles**

In Ghana and Kenya, we are working on innovative care models for hypertension and diabetes, showing how they can increase efficiency, improve quality, and expand care for the same cost to the providers. Our NCD care models put the patient in control of their healthcare journey. Moreover, the digital approach of these models can lower the threshold for seeking care.

- In Ghana, we are testing a remote patient management model in partnership with the Luscii platform. PharmAccess funds the license fee to demonstrate to clinics that it can be a sustainable business model. Patients can send details like blood pressure and glucose levels via the app less costly and easier. Almost 70% of patients are now using the platform.
- In Kenya, we have focused on group treatment to increase efficiency and unlock buying power. In monthly patient support groups held in clinics, providers offer patients education on their condition, measurement devices and checkups at a lower cost. By purchasing medication in bulk, they also pass cost saving onto patients.

### **Data as a public good**

In 2023, we continue to create stronger business models that show the power of small investments in patient-centered healthcare journeys, supported with data. Our models put the patient in control, raising questions around privacy and access, and the broader topic of who owns data. To ensure systems are interoperable and form a solid foundation we promote standardization using FAIR data principles.

## Objective 5: Advocacy, Research and learning

### Providing a strong evidence base

In 2022, we published 11 research papers, cooperated with national and local research institutes, and received six global awards.

Our work centers around four advocacy points:

#### 1. Increasing local financing for health

We encourage the public sector to increase its funding for healthcare and develop a sustainable approach to financing care, for example through health insurance schemes or taxation.

In 2022, we saw some success with our lobbying for innovative approaches to taxation:

- In Nigeria, we organized a session with the World Bank on the sugar in beverage tax, which could be an additional source of income for healthcare.
- In Zanzibar, we proposed a tourist levy to finance healthcare insurance.
- In Ghana, our evidence fed into a policy to use part of the tax from goods and services (2.5%) to finance care for vulnerable populations.
- At the Tanzania Health Summit, which PharmAccess helped to organize, our advocacy on maternal health led to discussions with the Ministry of Health about shifting funding towards maternal care.

#### 2. Driving public-private engagements in the healthcare sector

PharmAccess strongly advocates for enhancing the capacity of the private sector. In the Access to Finance program, the Nigerian government partnered with the private sector to take over malfunctioning and abandoned healthcare facilities and expand quality service delivery to rural communities to serve the Delta State health insurance scheme. The study we conducted in 2022 showed that this could be a scalable model to improve access to care.

#### 3. Using digitalization to drive transformation in healthcare systems

We facilitate countries in driving and adopting digital innovation and equally sharing and scaling examples of impactful digitalization. There is an increased focus on creating value from personal health data, ensuring that it is used for the public good rather than benefiting large private technology companies. Digitalization is also instrumental in addressing the fragmentation in funding, by placing the patient at the center of their care and providing opportunities to finance care that meets all their health needs.

Achievements in 2022:

- PharmAccess and the Norwegian government advocated for NCD models in Ghana, which finance and deliver care through digitalized care models that bring down the costs of treatment of chronic diseases.
- We worked with donors to encourage moving away from disease-specific funding to funding to strengthen health systems overall.
- We held discussions with the Global Fund on defragmenting funding and plan to continue working together.
- Ghana's country director joined the Health Data Collaborative, aiming to align technical, advocacy, and financial resources with government priorities for data and digital development.

In 2022, H.M. Queen Máxima of the Netherlands Tanzania came to witness first-hand the impact of MomCare on both staff and mothers at Charlotte Hospital in Kilimanjaro.

#### **4. Institutionalizing quality healthcare**

We have increased our focus on leading quality improvement through license partners and capacity building of public institutes. We advocate for institutionalizing quality healthcare, encourage governments to embrace constant quality improvement, and offer the SafeCare methodology as a methodology to make their own.

In Nigeria, the Lagos State health Management Agency (LASHMA) signed an agreement with PharmAccess to adopt SafeCare standards for quality improvement in public as well as private health facilities under the Lagos State Health Scheme.

## **Financial**

The total income in 2022 amounts to EUR 24.3 million (2021: 23.1 million) and the operating result is EUR 195,219 (2021: EUR 79,260). Together with the financial result, PharmAccess Foundation's records show a surplus of EUR 874,660 for the year 2022 (2021: EUR 437,887).

As the maximum amount of the special purpose reserve has been reached in previous years, the total surplus has been added to the continuity reserve. After appropriation of the result the total equity amounts to EUR 4,568,607 (2021: EUR 3,693,947). To secure the continuity of PharmAccess Foundation, management continuously is looking for additional funding possibilities and is seeking to further improve the capital structure.

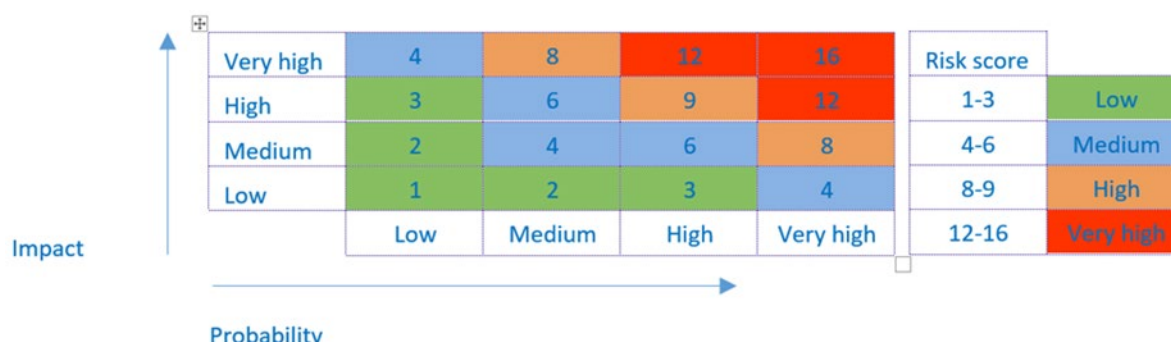
The financial statements reflect all the activities of the PharmAccess Foundation. All activities are supervised by 'head office' based in Amsterdam. Apart from general management, resource mobilization, financial management, HR, ICT and communications the 'head office' is staffed with Demand-, SafeCare-, data- and tech-, research- and advocacy-teams managing and/or supervising the respective programs. The actual implementation of the programs takes place in the African countries for which PharmAccess has offices in Tanzania, Kenya, Nigeria and Ghana. These offices are established according to local regulations and governed and managed by (staff from) 'head office' in Amsterdam. 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 PharmAccess holds cash on dedicated bank accounts. PharmAccess 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, the activities are funded by multi-year grants.

Inherent in working in development cooperation are risks of negative political, legal, economic or security developments that may disturb the course set out in local programs or potentially affect the overall strategy. In the context of PharmAccess Foundation, the strength of its systems approach and close collaboration with government and within national policy frameworks, its leveraging of additional funding, forging of strategic public private partnerships and strong local embedding are all elements that limit exposure to risks and facilitate a stable deployment of the proposed activities. Moreover, PharmAccess Foundation has a defined Risk Management Framework which recognizes that risk cannot be eliminated but must be taken responsibly. Risk management therefore is not an isolated activity but an inherent part of good corporate governance including the use of a comprehensive system of internal controls and processes. The Risk Register identifies risks, assesses significance and probability, including mitigating actions or contingency plans and monitoring of the status thereof and who is responsible.



In the Risk Management Framework risks have been identified in different fields (e.g. from Strategy, Governance, Finance to Political). In this framework each risk is scored based on probability and impact (see figure below).



The most significant risks which have been identified are:

- **Financial risks - continuity of funding**

Our financial risk tolerance is low; significant changes could not only significantly affect the continuity of our local programs but also the organization as a whole. Discontinuity or insufficient funding would lead to (impact) discontinuity of the foundation, so this is not a risk management wants to take and therefor successfully mitigated by setting up a 'Resource Mobilization Department' in 2015 and through this department submitting proposals and closing contracts for new funding. We are putting a lot of effort to maintain good relationships with the private sector, institutional partners and government to secure funding.

- **Personnel risks - health and safety of staff especially when traveling;**

PharmAccess Foundation is highly dependent on its personnel to achieve its goals and objectives and consequently our organizational risk tolerance is low. We are committed to responsible human resources management and have enacted policies to safeguard our employees 'health and safety'. Realizing that working in the countries PharmAccess Foundation work in to a certain extent some risks '*come with the job*', PharmAccess Foundation strives to mitigate these risks as much as possible by establishing a travel policy, offering its personnel a safe travel course and when applicable special customization around certain health risks (such as the Corona pandemic) and, if all else false (impact) by providing PharmAccess Foundation employees with a solid healthcare insurance which also activity stimulates employees to stay healthy with an incentive program financed by the organization.

- **Ethical risks - fraud;**

A key element of our work is to enhance trust in the health system. Consequently, it is important not to betray trust or harm people. Even though PharmAccess works in challenging environments, we apply a zero-tolerance policy in this context (appetite). Violations can have serious financial and/or reputational consequences (impact). PharmAccess 'Code of Conduct' (CoC) clearly defines inappropriate behavior (including sexual misconduct). PharmAccess Foundation takes reports of violations of this Code of Conduct very seriously, whether these reports are coming from internal or external parties. The organization strives to handle these reports with the highest duty of care and take appropriate measures. PharmAccess Foundation supports and encourages the right of every employee who, in good faith, would like to report a suspected or confirmed breach of the Code of Conduct. All reports of breach of the Code of Conduct are dealt with in a timely and confidential manner. Managers will do their utmost to action these reports objectively, discreetly and promptly. In case an employee is not comfortable reporting or discussing a particular (delicate) issue with the employee's immediate manager he or she may then decide to report to a Confidential Advisor instead, or to the Country Director, the HR manager

and/or a member of Management. If an employee prefers to submit a report without personally identifying himself or herself, (anonymous) reports may be submitted to the HR manager through e-mail or by leaving a message in a closed envelope addressed to the HR manager in the mailbox of our front office. Such reports will be reviewed by the HR manager and handled in the manner discussed in the procedures above. PharmAccess Foundation is working on the continuous improvement of its Code of Conduct to ensure the prevention of fraud and corruption. Apart from the code of conduct, to mitigate the risk of potential corruption and fraud, sound financial management is applied (controlling, segregation of duties, dual level authorization).

- **Legal / Privacy**

PharmAccess works with data derived from the healthcare sector. A field where privacy is of utmost importance. Risks in this field are mitigated by implementing a data policy and involving privacy specialists at the start of programs but also during the programs by monitoring these programs. This to avoid any breaches (appetite).

- **IT related risks – security breaches and loss of data;**

Data is an important factor in our work and protecting these is a high priority. The risks are mitigated by assigning responsibilities and implementing procedures such as:

- The appointment of the head of IT appointed as security officer and an (external) Data Protection Officer.
- The adherence to the ICT and Data Policy is continuously monitored.
- Solid IT environment to prevent unwanted access (fire walls, ongoing monitoring, strict user management procedure and password policy, double password identification).
- User actions when data/datasets are accessed and/or altered are audited. Include privacy impact assessment for new projects in kick off meeting.
- Daily backups with 28 day retention and procedure to monitor proper functioning of the backup system. Yearly backups stored in safe. Synchronization software updates local data to the cloud, allowing recovery of data from lost/broken hardware.
- All computers have been configured with Bitlocker which encrypts the local drives. This makes it impossible to get unauthorized access to the data on the computer.

## Outlook 2023 and beyond

The COVID-19 crisis in 2021 and 2022 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, attention has risen 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.

With the ongoing support of the Dutch Ministry of Foreign Affairs and other funders we continue to 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.

## **Institutional development**

The statutory responsibility for PharmAccess Foundation 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 January 1<sup>st</sup>, 2022 Els Boerhof strengthened the Supervisory Board. On September 21<sup>st</sup>, 2022 Pauline Meurs stepped down as Chair (a.i.) succeeded as Chair by Prof. Khama Rogo. The other Supervisory Board members (Willem van Duin, Ben Christiaan, Peter van Rooijen, Lidwin van Velden Christiaan Reberger and Mirjam van Reisen) stayed in their position.



Nicole Spieker (CEO), together with Jan Willem Marees (CFO), still form the Executive Board of PGF.

In 2022, the number of staff decreased to a total of 190.3 FTE per year-end (2021: 195.5 FTE per year-end). Out of the 190.3 FTE, 127.0 FTE are employed in Africa. The average number of full-time equivalents during the financial year 2022 was 191.3 (2021: 194.9).

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

Amsterdam, 22 January 2024

J.W. Marees

Director

**Stichting PharmAccess Group Foundation**

Represented by:

N. Spieker

J.W. Marees



# CONSOLIDATED FINANCIAL STATEMENTS

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



## Consolidated balance sheet as at 31 December 2022

(After appropriation of the result)

Assets					Equity and liabilities				
Note	31.12.2022		31.12.2021		Note	31.12.2022		31.12.2021	
	EUR		EUR			EUR		EUR	
<b>Assets</b>					<b>Equity</b>				
<b>Fixed assets</b>					<b>Equity</b>				
Intangible fixed assets	1	-	-		Continuity reserve	6	4,080,706	3,265,892	
Tangible fixed assets	2	<u>261,695</u>	<u>261,695</u>	<u>290,665</u>	Special purpose reserves	7	<u>487,901</u>	<u>428,055</u>	<u>3,693,947</u>
<b>Current assets</b>					<b>Current liabilities</b>				
Deferred income - Grants to be received	10	806,911	832,823		Creditors	8	1,110,618	960,603	
Debtors	3	404,040	651,836		Taxes and social security contributions	9	314,492	195,510	
Other receivables	4	<u>645,310</u>	<u>1,856,261</u>	<u>669,521</u>	Deferred income - Liabilities on grants	10	4,308,043	11,273,082	
Cash	5	9,845,372	15,369,879		Other liabilities and accrued expenses	11	1,661,568	<u>7,394,721</u>	<u>14,120,777</u>
		<u><b>11,963,328</b></u>	<u><b>17,814,724</b></u>				<u><b>11,963,328</b></u>	<u><b>17,814,724</b></u>	

## Consolidated statement of income and expenditure for the year 2022

	Note	2022		2021	
		EUR		EUR	
Income	12	24,252,640		23,073,136	
<b>Operating expenses:</b>					
Direct project costs	13	11,223,343		10,980,126	
Personnel expenses	14	11,073,794		10,385,702	
Amortization and depreciation		116,957		118,949	
Other operating expenses		1,643,327	24,057,421	1,509,099	22,993,876
<b>Operating result</b>			<b>195,219</b>		<b>79,260</b>
Financial income and expenses:					
Financial expenses	15	(50,661)		(22,322)	
Financial income	16	730,102	679,441	380,949	358,627
<b>Result</b>			<b>874,660</b>		<b>437,887</b>
Appropriation of the result:					
Continuity reserve			814,814		317,749
Special purpose reserves - SafeCare			59,846		120,138
			<b>874,660</b>		<b>437,887</b>

## Consolidated cash flow statement for the year 2022

(Based on the indirect method)

	2022	2021
	EUR	EUR
<b>Operating result</b>	<b>195,219</b>	<b>79,260</b>
Adjustments for:		
Depreciation (and other changes in value)	116,958	118,949
Changes in working capital:		
• movements operating accounts receivable	272,007	960,786
• movement deferred income	(6,939,127)	4,416,712
• movements other current liabilities	238,982	(6,418,138)
Cash flow from business activities	(6,115,960)	5,833,733
Interest received/paid	(40,046)	(10,874)
Cash flow from operating activities	(6,156,006)	5,822,859
Investments in (in)tangible fixed assets	(92,013)	(62,966)
Disposals of (in)tangible fixed assets	4,025	1,390
Cash flow from investment activities	(87,988)	(61,576)
<b>Net cash flow</b>	<b>(6,243,994)</b>	<b>5,761,283</b>
Exchange gains/(losses) on cash at banks and in hand	719,487	369,501
<b>Movements in cash</b>	<b>5,524,507</b>	<b>6,130,784</b>
The movement in cash at banks and in hand can be broken down as follows:		
Cash as at 1 January	15,369,879	9,239,095
Movements in cash	(5,524,507)	6,130,784
Cash as per 31 December	<b>9,845,372</b>	<b>15,369,879</b>

# Notes to the consolidated financial statements

## General

### Foundation

“Stichting PharmAccess International”, hereinafter “PharmAccess Foundation”, was founded on 19 January 2001 in accordance with Dutch law. PharmAccess Foundation’s head office is based in Amsterdam, the Netherlands and has branch offices in Tanzania, Kenya, Nigeria and Ghana. PharmAccess Foundation is registered with the Trade Register at the Chamber of Commerce under number 34151082.

The financial statements have been prepared in euro’s.

### Objectives

Stichting PharmAccess International (PharmAccess Foundation) is a Dutch not-for-profit organization, founded in 2001, aiming to improve access to better basic healthcare including HIV/AIDS treatment and care in low income countries by stimulating public private partnerships (PPPs). Its vision is that in the absence of a fully functional state one has to revert to local private sector capacity and stimulate PPPs as a bridge to the establishment of regional and national programs. These programs are aimed at enlarging the available amount of money in the healthcare system, at increasing trust in institutions and at lowering risk for investments and prepayments and so stimulating the demand side of the healthcare sector and strengthening the supply side. PharmAccess Foundation works mainly in sub-Saharan Africa and has offices in the Netherlands, Nigeria, Tanzania, Kenya and Ghana.

### Group structure

Stichting PharmAccess International in Amsterdam is the head of a group of legal entities.

A summary of the information required under articles 2:379 and 2:414 of the Netherlands Civil Code is given below:

Consolidated entities:	Registered office
- Stichting PharmAccess International	Netherlands
- Stichting PharmAccess International	Tanzania
- PharmAccess Foundation	Kenya
- PharmAccess Foundation	Nigeria
- P.A.I. Ghana	Ghana

Moreover, the foundation forms part of a group, headed by PharmAccess Group Foundation in Amsterdam.

### Consolidation principles

Financial information relating to group companies and other legal entities controlled by Stichting PharmAccess International or where central management is conducted, has been consolidated in the financial statements of Stichting PharmAccess International. The consolidated financial statements have been prepared in accordance with the Dutch-Generally Accepted Accounting Principles (NL-GAAP).



The financial information relating to Stichting PharmAccess International is presented in the consolidated financial statements.

In accordance with article 2:10 of the Netherlands Civil Code, the foundation-only financial statements have been prepared separately and are not separately presented in these consolidated annual accounts.

Financial information relating to the group entities and the other legal entities included in the consolidation is fully included in the consolidated financial statements, eliminating the intercompany relationships and transactions.

## Accounting principles

### General

The consolidated 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’).

These consolidated financial statements represent the activities of PharmAccess Netherlands and the branch offices in Tanzania, Kenya, Nigeria, and Ghana.

The consolidated 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.

For better understanding, the classification of some items presented have been adjusted. As a result, the comparative figures have been adjusted accordingly.

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

### Prior period corrections

During 2022, the following prior period errors were identified and corrected in the comparative figures.

- The SafeCare activity, which was previously administrated as an internal project as part of the ‘work in progress position’ (of previous financial years), should have been recognized as ‘other income’ and added to the ‘special purpose reserve’ based on NL-GAAP.
- Within the ‘work in progress’ position an amount was recorded as a provision for uncertainties regarding tax exemptions. Based on newly obtained third party advice, management concluded that this provision was recorded erroneously and should have been expensed. The surplus has been added to the ‘Continuity reserve’.

Additionally, the prior period includes the following reclassification.

- Due to changes in accounting regulations the debit balance of the 'work in progress' position on active contracts / projects has been reclassified to the assets on the balance sheet.

	Audited 31.12.2021	Correction < 2021	Correction 2021	Reclassification	Restated 31.12.2021
	EUR	EUR		EUR	EUR
Deferred income - Liabilities on grants	(11,174,438)	570,889	163,290	(832,823)	(11,273,082)
Continuity reserve	(2,759,768)	(462,972)	(43,152)	-	(3,265,892)
Special purpose reserve	(200,000)	(107,917)	(120,138)		(428,055)
Deferred income - Grants to be received	-	-	-	832,823	832,823
		-	-		

With respect to the correction of errors of the 'Special purpose reserve', there is a positive impact of EUR 228,055 which can be disclosed as presented below:

	EUR
Special purpose reserve – SafeCare as at 31 December 2020 (reported)	-
Correction of errors 31 December 2020	107,917
Special purpose reserve – SafeCare as at 1 January 2021 (adjusted)	107,917
Result 2021 (adjusted)	120,138
Special purpose reserve – SafeCare as at 31-12-2021 (adjusted)	228,055
Special purpose reserve – SafeCare as at 31-12-2021 (reported)	-
<b>Cumulative correction of errors</b>	<b>228,055</b>

With respect to the correction of errors of the 'Continuity reserve', there is a positive impact of EUR 506,124 which can be disclosed as presented below:

	EUR
Continuity reserve as at 31 December 2020 (reported)	2,485,171
Correction of errors 31 December 2020	462,972
Continuity reserve as at 1 January 2021 (adjusted)	2,948,143
Result 2021 (adjusted)	317,749
Continuity reserve as at 31-12-2021 (adjusted)	3,265,892
Continuity reserve as at 31-12-2021 (reported)	2,759,768
<b>Cumulative correction of errors</b>	<b>506,124</b>

## **Consolidated Balance sheet**

### **Intangible fixed assets**

Intangible fixed assets are presented at cost less accumulated amortization and, if applicable, less impairments. Amortization is charged as a fixed percentage of 20% of cost. The useful life and the amortization method are reassessed at the end of each financial year.

### **Tangible fixed assets**

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments. Depreciation is based on the expected future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Costs for periodical major maintenance are charged to the result at the moment they arise.

### **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.

### **Provisions**

#### **Provisions for employee benefits**

The PharmAccess Foundation pension scheme for staff based in the Netherlands concerns a defined contribution scheme which is accommodated at the insurance company Nationale Nederlanden. The contribution to be paid is recognized in the 'Statement of income and expenditure'.

In countries where local branch offices are operational, pension contributions for local staff are recognized in the 'Statement income and expenditure' based on local legislation.

#### **(Other) provisions**

Unless stated otherwise, the other provisions are valued at the face value of the expenditures that are expected to be necessary for settling the related obligations.

### **Current liabilities**

#### **Deferred income**

Deferred income consists of payments from donors related to projects to be carried out decreased by the realized revenue of these projects, taking into account foreseeable losses on projects.

Work in progress on contracts that shows a debit balance is presented under the current assets. Work in progress on contracts that shows a credit balance is presented under the current liabilities.

#### **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**

### **Consolidated Statement of income and expenditure**

Income and expenditure are recognized as they are earned or incurred and are recorded in the consolidated financial statements of the period to which they relate.

### **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 group does not use derivatives and there are also no embedded derivatives.

The group does not apply hedge accounting.

### **Principles for preparation of the consolidated cash flow statement**

The consolidated cash flow statement is prepared according to the indirect method. The funds in the consolidated 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. Comparative figures have been adjusted for this cause.



## Notes to the specific items of the consolidated balance sheet

### 1. Intangible fixed assets

	2022	2021
	EUR	EUR
Book value as at 1 January	-	-
Amortization during the year	-	-
<b>Book value as at 31 December</b>	<b>-</b>	<b>-</b>
Purchase value as at 31 December	-	167,361
Accumulated amortization	-	(167,361)
<b>Book value as at 31 December</b>	<b>-</b>	<b>-</b>

Intangible fixed assets concern software licenses of Microsoft and Exact. The amortization percentage of the intangible fixed assets is 20%. The intangible fixed assets have been fully disposed in 2022.

### 2. Tangible fixed assets

	2022	2021
	EUR	EUR
Book value as at 1 January	290,665	348,038
Additions during the year	92,013	62,966
Depreciation during the year	(116,958)	(118,949)
Disposal of assets	(4,025)	(1,389)
<b>Book value as at 31 December</b>	<b>261,695</b>	<b>290,665</b>
Purchase value as at 31 December	1,036,413	1,006,662
Accumulated depreciation	(774,718)	(715,996)
<b>Book value as at 31 December</b>	<b>261,695</b>	<b>290,665</b>

The depreciation of the tangible fixed assets is calculated according to the straight-line method. The depreciation percentages are based on the economic life span. For computer equipment a depreciation of 33.3%, for refurbishment a depreciation of 10% and for office furniture and other assets a depreciation of 20% is used.

## 2022

	Computer equipment	Refurbish- ment	Office Furniture	Other	Total
	EUR	EUR	EUR	EUR	EUR
Book value as at 1 January	103,877	177,755	5,158	3,875	290,665
Additions during the year	62,716	-	3,875	25,422	92,013
Depreciation during the year	(66,142)	(37,229)	(4,987)	(8,600)	(116,958)
Disposal of assets	(4,025)	-	-	-	(4,025)
<b>Book value as at 31 December</b>	<b>96,426</b>	<b>140,526</b>	<b>4,046</b>	<b>20,697</b>	<b>261,695</b>
Purchase value as at 31 December	511,774	348,388	97,916	78,335	1,036,413
Accumulated amortization	(415,348)	(207,862)	(93,870)	(57,638)	(774,718)
<b>Book value as at 31 December</b>	<b>96,426</b>	<b>140,526</b>	<b>4,046</b>	<b>20,697</b>	<b>261,695</b>

## 2021

	Computer equipment	Refurbish- ment	Office Furniture	Other	Total
	EUR	EUR	EUR	EUR	EUR
Book value as at 1 January	108,168	214,984	16,342	8,544	348,038
Additions during the year	62,966	-	-	-	62,966
Depreciation during the year	(65,867)	(37,229)	(11,184)	(4,669)	(118,949)
Disposal of assets	(1,390)	-	-	-	(1,390)
<b>Book value as at 31 December</b>	<b>103,877</b>	<b>177,755</b>	<b>5,158</b>	<b>3,875</b>	<b>290,665</b>
Purchase value as at 31 December	511,320	348,388	94,041	52,913	1,006,662
Accumulated amortization	(407,443)	(170,633)	(88,883)	(49,038)	(715,997)
<b>Book value as at 31 December</b>	<b>103,877</b>	<b>177,755</b>	<b>5,158</b>	<b>3,875</b>	<b>290,665</b>

### 3. Debtors

	31.12.2022	31.12.2021
	EUR	EUR
Debtors	402,606	633,543
Related foundation: Medical Credit Fund (MCF) – accounts receivable	1,434	15,106
Related foundation: SafeCare Foundation (SC) – accounts receivable	-	3,187
Provision for doubtful debts	-	-
<b>Balance as at 31 December</b>	<b>404,040</b>	<b>651,836</b>

#### 4. Other receivables

	31.12.2022	31.12.2021
	EUR	EUR
Prepayments	314,713	232,404
Advances partners related to projects	118,104	167,623
Deposits	82,654	82,621
Accrued income	60,303	73,643
Pension and other personnel insurances	7,084	9,118
Other	62,452	104,112
<b>Balance as at 31 December</b>	<b>645,310</b>	<b>669,521</b>

For better understanding, the classification of the items presented has been adjusted. As a result, the comparative figures have been adjusted accordingly.

#### 5. Cash

	31.12.2022	31.12.2021
	EUR	EUR
ABN-AMRO-AMRO accounts Netherlands - EUR	6,593,806	10,278,435
ABN-AMRO-AMRO accounts Netherlands - USD	1,966,769	3,272,421
ABN-AMRO-AMRO accounts Netherlands - GBP	268,771	235,783
Bank accounts Tanzania - TZS	21,418	67,518
Bank accounts Tanzania - EUR	15,245	30,677
Bank accounts Tanzania - USD	14,449	101,187
Bank accounts Tanzania - GBP	-	-
Bank accounts Kenya - KES	230,041	387,637
Bank accounts Kenya - EUR	52,703	112,299
Bank accounts Kenya - USD	13,976	190,979
Bank accounts Nigeria - NGN	386,048	355,382
Bank accounts Nigeria - EUR	801	151
Bank accounts Nigeria - USD	165,825	1,008
Bank accounts Nigeria - GBP	9,699	9,955
Bank accounts Ghana - GHC	68,716	47,515
Bank accounts Ghana - EUR	3,986	268,829
Bank accounts Ghana - USD	25,880	3,767
Cash in hand	7,239	6,336
<b>Balance as at 31 December</b>	<b>9,845,372</b>	<b>15,369,879</b>

Funds are available in line with the different program and foundation objectives.

## 6. Continuity reserve

	2022	2021
	EUR	EUR
Balance as at 1 January	3,265,892	2,948,143
Result current year	814,814	317,749
<b>Balance as at 31 December</b>	<b>4,080,706</b>	<b>3,265,892</b>

### Correction of errors

Within the 'work in progress' position an amount was recorded as accrued expense to cover for uncertainties regarding tax exemptions. Based on newly obtained third party advice, management concluded that this should have been recognized as negative personnel expenses. The surplus ad. EUR 506,124 has been added to the 'Continuity reserve'.

	EUR
Continuity reserve as at 31 December 2020 (reported)	2,485,171
Correction of errors 31 December 2020	462,972
Continuity reserve as at 1 January 2021 (adjusted)	2,948,143
Result 2021 (adjusted)	317,749
Continuity reserve as at 31-12-2021 (adjusted)	3,265,892
Continuity reserve as at 31-12-2021 (reported)	2,759,768
<b>Cumulative correction of errors</b>	<b>506,124</b>
Continuity reserve as at 31-12-2021 (adjusted)	3,265,892
Result 2022	814,814
Continuity reserve as at 31-12-2022	<b>4,080,706</b>

### Result appropriation for the year

Due to the appropriation of the result, an amount of EUR 814,814 has been added to the continuity reserve. The aim of the continuity reserve is to cover for at least six months of running costs and therefore to use in line with the described objectives of the foundation as stated in article 2 of the Articles of Association.

## 7. Special purpose reserves

	2022	2021
	EUR	EUR
Balance as at 1 January	428,055	200,000
Cumulative correction of errors	-	228,055
Result current year	59,846	-
<b>Balance as at 31 December</b>	<b>487,901</b>	<b>428,055</b>



2022

	2022		
	Catastrophic events employees	SafeCare	Total
	EUR	EUR	EUR
Balance as at 1 January	200,000	228,055	428,055
Result current year	-	59,846	59,846
<b>Balance as at 31 December</b>	<b>200,000</b>	<b>287,901</b>	<b>487,901</b>

2021

	2021		
	Catastrophic events employees	SafeCare	Total
	EUR	EUR	EUR
Balance as at 1 January	200,000	107,917	307,917
Cumulative correction of errors	-	120,138	120,138
Result current year	-	-	-
<b>Balance as at 31 December</b>	<b>200,000</b>	<b>228,055</b>	<b>428,055</b>

### Correction of errors

The SafeCare activity, which was previously administrated as an internal project as part of the 'work in progress position' (of previous financial years), should have been recognized as 'other income' and added to the 'special purpose reserve' based on NL-GAAP.

With respect to the correction of error of the 'Special purpose reserve', there is a positive impact of EUR 228,055 which can be disclosed as presented below:

	EUR
Special purpose reserve - SafeCare as at 31 December 2020 (reported)	-
Correction of errors 31 December 2020	107,917
Special purpose reserve - SafeCare as at 1 January 2021 (adjusted)	107,917
Result 2021 (adjusted)	120,138
Special purpose reserve - SafeCare as at 31-12-2021 (adjusted)	228,055
Special purpose reserve - SafeCare as at 31-12-2021 (reported)	-
<b>Cumulative correction of errors</b>	<b>228,055</b>
Special purpose reserve - SafeCare as at 31-12-2021 (adjusted)	228,055
Result 2022	59,846
Special purpose reserve - SafeCare as at 31-12-2022	<b>287,901</b>

### *Catastrophic events employees*

Based on a board decision the result can be appropriated to the special purpose reserve concerning catastrophic events employees. The size of the reserve is determined with the following computation guidelines:

- Until a maximum of 10% of the total equity;
- Until a maximum of EUR 200,000.

The reserve can be used for employees who, in person, are confronted with a catastrophic event and insuperable cost.

### *SafeCare*

Based on a board decision the result can be appropriated to the special purpose reserve concerning SafeCare. The movement of the reserve in a financial year will be determined by recognizing the total license fee incurred minus the realized expenditure. Currently there is no maximum defined.

### *Result appropriation for the year*

For the catastrophic events, there has been no movement on the special purpose reserve as the maximum has been reached and no use was made during 2022. For SafeCare, due to the appropriation of the result, an amount of EUR 59,846 has been added to the special purpose reserve concerning SafeCare.

## **8. Creditors**

	2022	2021
	EUR	EUR
Creditors	1,110,618	787,371
Related foundation: Health Insurance Fund (HIF) - accounts payable	-	118,490
Related foundation: Medical Credit Fund (MCF) - accounts payable	-	54,742
<b>Balance as at 31 December</b>	<b>1,110,619</b>	<b>960,603</b>

## **9. Taxes and social security contributions**

	31.12.2022	31.12.2021
	EUR	EUR
Value added tax	83,502	15,076
Wage tax	229,976	181,476
Social security contributions	1,014	(1,042)
<b>Balance as at 31 December</b>	<b>314,492</b>	<b>195,510</b>

## 10. Deferred income

	31.12.2022	31.12.2021
	EUR	EUR
Received from donors related to projects	107,088,608	113,860,083
Realized income on projects	(103,587,476)	(103,419,824)
<b>Balance as at 31 December</b>	<b>3,501,132</b>	<b>10,440,259</b>

The deferred income reflects the balance of the 'work in progress' per year-end. The 'work in progress' (contract portfolio) contains an amount of EUR 4,308,043 (2021: EUR 11,273,082) for by donors pre-financed projects (credit) and an amount of EUR 806,911 (2021: EUR 832,823) for reimbursement projects (debit). Due to changes in accounting regulations this debit and credit balance of the 'work in progress' position on active contracts / projects has been disclosed separately on the balance sheet.

	Grants to be received Debit	Liabilities on grants Credit	2022
	EUR	EUR	EUR
Received from donors related to projects	13,774,090	93,314,518	107,088,608
Realized income on projects	(14,581,001)	(89,006,475)	(103,587,476)
<b>Balance as at 31 December</b>	<b>(806,911)</b>	<b>4,308,043</b>	<b>3,501,132</b>

### Correction of errors

Two items, which were incorporated in the deferred income position, are corrected to the 'Continuity reserve' and the 'Special purpose reserve'. Additionally, a reclassification is made for the debit balance of the 'work in progress' position.

	Audited 31.12.2021	Correction < 2021	Correction 2021	Reclassification	Restated 31.12.2021
	EUR	EUR		EUR	EUR
Deferred income - Liabilities on grants	(11,174,438)	570,889	163,290	(832,823)	(11,273,082)
Continuity reserve	(2,759,768)	(462,972)	(43,152)	-	(3,265,892)
Special purpose reserve	(200,000)	(107,917)	(120,138)		(428,055)
Deferred income - Grants to be received	-	-	-	832,823	832,823
		-	-	-	

In this respect, reference is made to the accounting principles (correction of errors), the disclosure of the continuity reserve (note 6.) and special purpose reserve (note 7.) for a more detailed disclosure.

The comparative figures have been adjusted accordingly:

	Grants to be received Debit	Liabilities on grants Credit	2021
	EUR	EUR	EUR
Received from donors related to projects	3,858,060	110,002,023	113,860,083
Realized income on projects	(4,690,883)	(98,728,941)	(103,419,824)
<b>Balance as at 31 December</b>	<b>(832,823)</b>	<b>11,273,082</b>	<b>10,440,259</b>

Below an alternative disclosure of the movement in the deferred income throughout the financial year:

	2022	2021
	EUR	EUR
Balance as at 1 January	10,440,259	6,023,546
Movement on 'Received from donors related to <i>active</i> projects'	(6,771,475)	21,457,704
Movement on 'Realized income on <i>active</i> projects'	(167,652)	(17,040,991)
<b>Balance as at 31 December</b>	<b>3,501,132</b>	<b>10,440,259</b>

## 11. Other liabilities and accrued expenses

	31.12.2022	31.12.2021
	EUR	EUR
Accrued expenses	1,093,427	1,076,521
Holiday allowance	207,525	206,773
Salaries	55,874	11,765
Liabilities projects	3,933	18,295
Other liabilities	300,809	378,228
<b>Balance as at 31 December</b>	<b>1,661,568</b>	<b>1,691,582</b>

## Contingent assets and liabilities

Regarding the current project portfolio PharmAccess Foundation received from donors' commitments for grants for an amount of about EUR 121 million (2021: EUR 129 million). Of this amount EUR 107 million (2021: EUR 114 million) has been received. PharmAccess Foundation has the obligation to use these funds in accordance with the contractual donor requirements.

## 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 the work in progress portfolio and closely monitor and steer the deferred income position per contract.

### Credit risk

The credit risk is limited as most of PharmAccess' programs are prefunded. For the local branch offices, the credit risk is mitigated by providing only two months rolling advances.

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

The exact yearly budgets are to be determined during the yearly activity planning and budgeting process within the PharmAccess Group, and finalized before November 1st, prior to the budget year.

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 amounts to EUR 188,685. For the duration of this lease agreement the accumulated amounts involved are: < 1 year EUR 188,685 and  $\geq 1$  year - < 5 years EUR 440,265.



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

### 12. Income

	2022	2021
	EUR	EUR
Realized income related to projects	24,162,800	22,935,758
Other income	89,840	137,378
	<b>24,252,640</b>	<b>23,073,136</b>

The main 'Realized income related to projects' consist of:

Ministry of Foreign Affairs - HIF	11,890,994	8,841,644
Merck Sharp & Dohme Corp. - Merck for Mothers	1,778,888	1,336,593
The Norwegian Agency for Development Cooperation (Norad)	1,198,166	-
Nationale Postcode Loterij - Amref: I-Push	1,105,927	2,278,258
Medical Credit Fund	1,041,755	935,946
Nationale Postcode Loterij	900,000	900,000
Helmsley Charitable Trust	885,910	968,795
Children's Investment Fund Foundation	865,701	1,946,733
Pfizer	733,462	433,208
John C. Martin Foundation	555,471	836,516
The Henry M. Jackson Foundation	480,764	213,099
Palladium International LLC	431,932	256,269
Achmea Foundation	279,886	643,075
Sint Antonius Stichting	345,251	249,935
Amref Health Africa	204,389	-
USAID - John Snow Health Zambia	175,130	67,059
Gilead Sciences, Inc.	163,132	364,281
FSD Africa	149,003	-
Global Fund - ICI-Santé	146,570	184,379
Global Fund	110,468	-
HealthConnect Foundation	99,970	-
Foundation Botnar - JLI	56,449	6,926
FDOV- Healthy Business	47,016	24,200
Pathfinder International	43,013	72,784
Pfizer Foundation	33,270	50,382
BII	27,116	450,946
Swiss Federal Department of Foreign Affairs	26,955	-
Marie Stopes, Kenya	23,322	10,041
Heineken	22,248	15,845
Islamic Development Bank	17,164	61,560

Stichting CarePay Foundation	17,067	-
Africa Health Holdings Limited	12,162	17,887
Safaricom Foundation	8,975	145,127
John Snow Health Zambia Limited (JSH)	8,931	-
Boehringer Ingelheim	6,530	8,798
Financial Sector Deepening Trust	6,299	40,244
USAID - Management Sciences for Health Inc. - Afghanistan NHTAP	1,327	239,551
Palladium International Ltd. - UK	-	138,993
Embassy of the Kingdom of the Netherlands - Accra Ghana	-	106,247
Enabel	-	163,334
Joep Lange Institute: HCV Treatment	-	252
Grand Challenges Canada	-	127,296
FMO	-	85,313
National Hospital Insurance Fund (NHIF), Kenya	-	38,167
M-PESA Foundation	-	11,369
The ELMA Relief Foundation	-	86,674
Society for Family Health	-	134,594
Other	262,187	443,438
	<b>24,162,800</b>	<b>22,935,758</b>

\*) The 'Ministry of Foreign Affairs' funding has been received via the Health Insurance Fund.

PAI attracts external funding for specific activities/programs in order to reach its strategic objectives. These activities are carried out within the timetable as set in the different funding contracts. The duration of those funding contracts differs from several months to several years. At the end of a subsidy period, depending on the (financial) progress of the program, PAI could request for a budget neutral extension to complete the planned activities within the available budget.

### 13. Direct project costs

	2022	2021
	EUR	EUR
PAI - Netherlands	5,416,880	4,477,496
PAI - Kenya	2,082,020	3,892,164
PAI - Tanzania	1,529,900	1,302,147
PAI - Nigeria	655,243	392,700
PAI - Ghana	1,539,300	915,619
	<b>11,223,343</b>	<b>10,980,126</b>

## 14. Personnel expenses

	2022	2021
	EUR	EUR
Salaries	8,573,069	8,214,327
Social security contributions	1,126,307	1,116,027
Pension costs	606,368	574,619
Other personnel expenses	768,050	480,729
	<b>11,073,794</b>	<b>10,385,702</b>

### Indirect cost calculation

*Ratio: 'Fringe benefits' as a percentage of 'salaries'*

Based on the 2022 figures, on average the 'fringe benefits' expressed as a percentage of 'salaries' is 29.2% (2021: is 26.4%) resulting in an average of 27.0% over the last three years (2021-2019: 26.7%).

Personnel expenses	2022	2021
	EUR	EUR
<i>Salaries</i>	<i>8,573,069</i>	<i>8,214,327</i>
Social security contributions	1,126,307	1,116,027
Pension costs	606,368	574,619
Other personnel expenses	768,050	480,729
<i>Subtotal fringe benefits</i>	<i>2,500,725</i>	<i>2,171,375</i>
Total personnel expenses	11,073,794	10,385,702

### Ratio

	2022	2021
	%	%
'Fringe benefits' as a percentage of 'salaries'	29.2	26.4
Average last two years	27.8	25.9
Average last three years	27.0	26.7
Average last five years	28.0	28.4

*Ratio: 'Indirect costs' as a percentage of 'personnel expenses'*

Based on the 2022 figures, on average the indirect costs expressed as a percentage of total personnel cost (gross salaries plus fringe benefits) is 15.9% (2021: 15.7%) resulting in an average of 15.2% over the last three years (2021-2019: 14.5%).

## Operating expenses

	2022	2021
	EUR	EUR
Direct project cost	11,223,343	10,980,126
<i>Personnel expenses</i>	<i>11,073,794</i>	<i>10,385,702</i>
Amortization and depreciation	116,957	118,949
Other operating expenses	1,643,327	1,509,099
<i>Subtotal indirect costs</i>	<i>1,760,284</i>	<i>1,628,048</i>
Total operating expenses	24,057,421	22,993,876

## Ratio

	2022	2021
	%	%
Average 'indirect costs' as a percentage of 'personnel expenses'	15.9	15.7
Average last two years	15.8	14.9
Average last three years	15.2	14.5
Average last five years	14.1	14.0

## 15. Financial expenses

	2022	2021
	EUR	EUR
Bank interest and charges	50,142	22,322
Exchange rate differences	519	-
	<b>50,661</b>	<b>22,322</b>

## 16. Financial income

	2022	2021
	EUR	EUR
Exchange rate differences	720,006	369,501
Bank interest	9,209	11,448
Other	887	-
	<b>730,102</b>	<b>380,949</b>

## Other notes

### Number of employees

The average number of full-time equivalents during the financial year 2022 was 191.3 (2021: 194.9).

### Remuneration Board of Directors and Supervisory Board

The total remuneration of executives during the financial year 2022 amounts to EUR 357,270 (2021: EUR 346,719). This remuneration consists of gross salary and a defined pension contribution:

	2022	2021
	EUR	EUR
Gross salary	324,623	313,249
Pension contribution	32,647	33,470
	<b>357,270</b>	<b>346,719</b>

The average number of full-time equivalents for the Board of Directors in 2022 was 2.0 (2021: 2.0).

### 2022 (WNT-format)

Name Role	N. Spieker CEO	J.W. Marees CFO
Term of employment	1/1 - 31/12	1/1 - 31/12
Employment in FTE	1.0	1.0
Formal employed	Yes	Yes
Individual WNT maximum	216,000	216,000
Remuneration	EUR	EUR
Remuneration plus taxable expense allowances	160,659	163,964
Remunerations payable in future	14,949	17,698
Total remuneration	<b>175,608</b>	<b>181,662</b>

The 2022 maximum individual executive remuneration according to the WNT is EUR 216,000 (2021: EUR 209,000). The remuneration costs for individual Directors meet the WNT-norm set by the Ministry of Foreign Affairs. The norm sets an upper boundary for remuneration. The Supervisory Board does not receive any remuneration.



**2021 (WNT-format)**

Name	M.D. Dolfing- Vogelenzang	N. Spieker	J.W. Marees
Role	CEO	CEO	CFO
Term of employment	1/1 - 31/10	1/11 - 31/12	1/1 - 31/12
Employment in FTE	1.0	1.0	1.0
Formal employed	Yes	Yes	Yes
Individual WNT maximum	174,167	34,833	209,000
Remuneration	EUR	EUR	EUR
Remuneration plus taxable expense allowances	132,889	25,230	155,130
Pension contribution	14,281	2,110	17,079
Total remuneration	147,170	27,340	172,209

**Subsequent events**

There are no events to report.

## **Signing of the consolidated financial statements**

Amsterdam, 22 January 2024

J.W. Marees

Director

**Stichting PharmAccess Group Foundation**

Represented by:

N. Spieker

J.W. Marees



# OTHER INFORMATION

## **Independent auditor's report**

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

## **Result appropriation for the year**

The result for the year is added to the balance of income and expenditure EUR 896,509. The balance between income and expenditure is available to use in line with the described objectives of the foundation as stated in article 2 of the Articles of Association.

# Independent auditor's report



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## Independent auditor's report

To the Management Board of Stichting PharmAccess International

### **Report on the audit of the financial statements for the year ended 31 December 2022 included in the annual report**

#### **Our opinion**

We have audited the financial statements for the year ended 31 December 2022 of Stichting PharmAccess International based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting PharmAccess International as at 31 December 2022 and of its result for the period ending 31 December 2022 in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the consolidated balance sheet as at 31 December 2022;
2. the consolidated statement of income and expenses for the period ending 31 December 2022; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards of 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 PharmAccess International in accordance with 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).

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

Mazars N.V. with its registered office in Rotterdam (Trade register Rotterdam nr. 24389296)

#### **Audit protocol WNT 2022 not applicable**

For the WNT statement, as presented in the consolidated financial statements, Stichting PharmAccess International has utilized the WNT group statement as specified in Article 5c, paragraph 3 of the Implementation Regulation WNT 2022. In accordance with the letter from the Ministry of the Interior and Kingdom Relations to the Royal Netherlands Institute of Chartered Accountants dated February 14, 2023, with reference number 2023-0000083914, we have not performed the procedures outlined in the Audit Protocol WNT 2022. Consequently, we do not provide an opinion on the extent to which the consolidated WNT disclosures in the 2022 financial statements comply with the provisions of and pursuant to the Standards for Remuneration Top Executives Act (Wet Normering Topinkomens).

Our opinion on the financial statements has not been modified as a result of this matter.”

#### **Report on the other information included in the annual report**

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

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 Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

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.

The management board is responsible for the preparation of the other information, including the Management Board report in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.



## Description of responsibilities regarding the financial statements

### Responsibilities of the management board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. Furthermore, the management board is responsible for such internal control as the management board 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, the management board is responsible for assessing the organisation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting, unless the management board either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

The management board should disclose events and circumstances that may cast significant doubt on the organisation'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 engagement 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 scepticism throughout the audit, in accordance with the Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 organisation's internal control;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board;
- concluding on the appropriateness of the management board'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 organisation'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 an organisation to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- 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 audit of the financial information of organisations or operations to be included in the financial statements. In this respect we have determined the nature and extent of the audit procedures to be carried out for these organisations or operations. Decisive where the size and/or the risk profile of the organisations or operations. On this basis, we selected organisations or operations 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 identify during our audit.

Amsterdam, 22 January 2024

Mazars N.V.

Original was signed by drs. M van Dijk RA



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**PharmAccess**  
 FOUNDATION