

The Bhutan Health Trust Fund Review of the Norwegian contribution

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**The Bhutan Health Trust Fund
Review of the Norwegian contribution**

Final report

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Contents

- 1. Summary of findings3
- 2. Recommendations5
- 3. Background.....6
- 4. Purpose, scope and methodology of the Review6
- 5. Policy and health context7
- 6. Objectives of BHTF8
- 7. Structure and organisation of BHTF9
- 8. Financial status of BHTF10
- 9. Utilization of funds.....11
- 10. Beneficiaries of the fund12
- 11. Financial management and reporting13
- Annex 1 Terms of Reference.....15
- Annex 2 List of informants.....18

1. Summary of findings

Bhutan Health Trust Fund (BHTF) was launched at WHO Headquarters in Geneva on 12 May 1998 with the vision to promote quality of life to the people through provision of PHC services. The returns from the trust fund investments were to sustain Primary health care services through the provision of continued and uninterrupted supply of core primary health care supplies of vaccines, essential drugs, needles, syringes, cold chain equipment, and other related drugs/equipment. A target was set at US\$ 24 million for BHTF.

According to the agreement and as one of the main contributors to BHTF Norway had planned to carry out one review in 2003, another in 2010, and a final one in 2013. This review is the one planned in 2010, but postponed for a number of reasons. The *purpose* of the Review was:

- To review the Bhutan Health Trust Fund to assess whether its objectives are achieved, or are about to be achieved.
- To assess and determine Norway's subsequent information/reporting requirements with regard to the fund.

The total contribution to the Bhutan Health Trust Fund from Norway is approximately US\$ 1.3 million, with US\$ 1 million (US\$ 988,392) disbursed in 2000 and NOK 1,800,000 (US\$ 312,193) in 2009.

Assessment of the programme design

BHTF is established as a separate unit in the Ministry of Health directly under the Chairman of Health with a *Board* consisting of seven members representing different government constituencies. Honourable Minister of Health serves as Chairman. The Board has also established an Advisory Committee. The day to day management is carried out by the BHMT *Executive Director* (Leki Dorji) and a secretariat of two supporting staff. He reports directly to the Chairman and has held this position since the establishment of the TF.

- The TF is well integrated in the overall RGOB system, organisationally as well as financially.
- No Investment Manager has been appointed. The management of the Fund by 1838 Investment Advisors Inc., Investment Guideline and services of the First Union National Bank as the custodian of the Fund was approved in 2001. However, BHTF could not make use of these services due to change in the management of 1838 Investment Advisors Inc. In view of this, it was decided not to invest fund with the new management of 1838 Investment Advisors Inc. As a result, the fund are mainly invested within the country according to Board decision.

Assessment of the impact of the programme, and to what extent the BHTF makes or has the potential of affecting the health status for the people of Bhutan.

The target of US\$ 24 million has been reached.

- BHTF started utilizing investment income in FY 2003-04 when it had reached US\$ 5 million in principal amount (in line with the Royal Charter)
- Total amount used to date is Nu 5,546,862, (US\$ 0.11 million), approx. 0.5 % of current value of BHTF, mainly to provide essential vaccines to children under one year (numbers provided in table 6)

- Planned utilisation in 2011-12 and 2012-13 Essential drugs to 10 districts and pentavalent vaccines (DTP Hep B-Hib) totalling at Nu 4,000,000 per year
- BHTF may be claimed to have had an impact on the health status for the people of Bhutan through higher and sustained vaccination coverage
- To have an even higher and sustained impact on the health status, it is likely that the fund will need to be increased substantially (e.g. to cover essential drugs for the country).

Clarify the reasons for the delay in making the Fund operational. Could this have been foreseen or avoided, and if so how?

The *target* for the *principal amount* was set at US\$ 24 million. The TF was to become operational when the principal amount reached US\$ 5 million, and investment income could be utilized already from that level.

- According to the Charter there was no fixed date set for when the principal amount should reach its target, implying this *cannot be defined as delayed*.
- Funds from the investment income have been used since 2003-04

Assessment of whether the Fund is a sustainable means to financing essential health products.

Around 92 % of total is invested within country (mainly fixed deposits, bonds, Drukair, etc.), whereas the remaining is invested outside the country. The rate of return within country has been 4.5 – 7.5 %, whereas outside only 1.8 %. The total investment income is calculated in Ngultrum, totalling Nu 369,583,379.14, or about US\$ 7.746 million at current exchange rate. This implies a *net* increase in total TF due to investments of 45 %. The reason it is net is that investment income has also been spent throughout the years.

- The annual expenditure for Essential Drugs and Vaccines in Bhutan is calculated to be Nu. 120.00 million (2010-2011)
- This would either require 6 % real return of investments (i.e. adjusted for drug price increases), or that the TF target is increased to approx. Nu 1.3 billion (US\$ 29 million). To cover 100 % of the total essential drugs and vaccine costs the BHTF would need to be around Nu 2.6 billion/US\$ 58 million.
- Assuming the average rate of inflation reflects price increases for drugs, the real rate of return of the BHTF is around zero.
- The US\$/Nu as well as the Indian Rupees/Nu exchange rates have been relatively stable. This may be an indication that the real rate of return (adjusted for price changes) still is positive.

Assessment of risk factors identified in the programme documents, one of them the risk of fraud and corruption. Have there been efficient means in place to mitigate identified risk factors?

The RGOB has identified corruption cases in procurement and distribution of essential drugs. This has led to the involvement of the Anti-Corruption Commission, which has put in place a number of measures to mitigate this, as well as reduce the risk for future instances of corruption.

- As the TF has been utilized for procurement of vaccines and related vaccines items (syringes etc.), and not for essential drugs, this is not expected not expected to have affected the TF.
- In the coming years funds will also be spent on essential drugs to some of the Dzongkhags (districts), depending on the availability of the annual proceeds. Although RGOB appears to be as concerned about this as possible, it may also be asking for advice from the outside.

Assessment of reporting routines and content, recommendations regarding the need for continued follow up from the Norwegian Embassy.

Annual progress reports are generally submitted to the donors as well as to the 20 dzongkags. The exceptions have been where biannual reports have replaced the annual (2001-03, 2006-09). The reports are considered relevant and sufficiently comprehensive covering both a narrative and specific fiscal data. The first audit report covering the period for inception June 2005 was not submitted to the donors till May 2007, since this they have been submitted regularly.

- The Norwegian Government may continue to receive the Annual Reports as well as audited accounts in the coming years
- Additional reporting should not be required at this stage

Assessment of the impact of the activities under the fund

The TF has supported the RGOB in ensuring it can sustain vaccination coverage, including traditional vaccines as well as the pentavalent vaccines. GAVI has asked recipient countries to co-finance these vaccines and the funds have been utilized for this purpose. Results have had a direct impact on:

- 2003-05: the TF ensured *nationwide distribution of Hep B vaccines*;
- 2004-05: it *prevented further spread of rabies* outbreak through vaccination;
- 2005-06: it resulted in a *nationwide vaccination campaign against measles and rubella*;
- 2006-08: *2,275 children were vaccinated (DTP Hep B)*; and
- 2010-11: another *1,350 children were vaccinated (DTP Hep B Hib)*

2. Recommendations

1. Government of Norway, as well as other relevant stakeholders, should acknowledge the progress of the TF in terms of reaching its target of US\$ 24 million, its performance in relation to increased and sustained routine vaccination coverage, as well as preventing further spread of disease after breakout of rabies and measles.
2. In order to further limit the requirement for future reporting as well as separate reviews, the RGOB/Board should consider including the BHTF in the Joint Annual Health Sector Reviews.
3. Accordingly, after FY 2012 Norway should limit its requirement regarding reporting from the TF.
4. The Board has decided to co-finance essential drugs and vaccines for the fiscal years 2011-12 and 2012-13. The Board should explore potential for expanding the BHTF in order to cover a higher proportion of essential drugs, vaccines and vaccine equipment. The total capital needed to cover 50 % of the Essential drugs and vaccines costs in Bhutan at 5 % interest is Nu 1.3 billion (US\$ 29 million). To cover 100 % of the total essential drugs and vaccine costs the BHTF would need to be around Nu 2.6 billion/US\$ 58 million. One potential may be the revised cash support window through GAVI, which is performance based, but this has not been further explored.
5. The Board should also explore potential for more active investment policy and analyse potential benefits of an Investment Manager or support from experienced entities in this.

3. Background

Bhutan Health Trust Fund (BHTF) was initiated in 1997 and formally launched at WHO Headquarters in Geneva on 12 May 1998. According to a Royal Charter signed by His Royal Highness King Jigme Singye Wangchuck in 2000, a target was set of US\$ 24 million for BHTF. It was specified that it should be used for selected areas, particularly procure priority needs to the health sector like vaccines and essential drugs. Various partners (Bill and Melinda Gates Foundation, The Summit Foundation, Govt. of New Zealand, Govt. of Australia, Govt. of Norway as well as private individuals and organizations from Bhutan have contributed to the Trust Fund (TF). The Government of Bhutan contributes on a one to one basis, and has received a soft loan from Asian Development Bank which is used for this purpose. However, still in 2009 the BHTF had not met the target. At that time the TF had reached a level of US\$ 23.7 million, thus being only US\$ 300 000 off target. Norway decided to contribute the needed amount and through signing an Addendum to the Agreement an additional amount of US\$ 300 000 was disbursed, thereby making it possible for Bhutan to start using from the TF. According to estimates made by Bhutanese Ministry of Health (MoH) it was expected that the TF would generate sufficient funds to cover all expenditure on vaccines and essential drugs. The TF is managed by the Royal Government of Bhutan (RGOB), with a Secretariat with a Project Director and Management Board of seven members, all from RGOB.

The total contribution to the Bhutan Health Trust Fund from Norway is approximately US\$ 1.3 million, with US\$ 1 million (US\$ 988,392) disbursed in 2000 and NOK 1,800,000 (US\$ 312,193) in 2009.

According to the initial Agreement (BTN-2562 00/191) for Norwegian support to the Health Trust Fund it was agreed that one review of the TF should be carried out in 2003 and another in 2010. For various reasons the 2003 review was not carried out. This present review is the one that was planned for 2010, but has also been postponed till 2012. Also according to the Addendum to the Agreement (Dec 2009), a review shall be carried out every four years after signing, implying a review should be carried out late 2013.

No evaluations, reviews or other supporting documents as such covering the BHTF from other donors were identified, not any specific plans to carry out similar work. The Review was carried out by Norad (Oslo) on the request of the Norwegian Embassy in Delhi, responsible for managing the Agreement. The Review was carried out in close collaboration with and very good support of the BHTF Secretariat, as well as other representatives of RGOB, and consisted of a document review (primary as well as secondary data) as well as a one week visit to Thimpu Bhutan to undertake meetings with key stakeholders within and outside Government.

Although the Review Report addresses the Norwegian Government requirements and needs, it is also intended used by the Bhutan Ministry of Health/the Board, other donors/development partners, as well as other interested parties.

4. Purpose, scope and methodology of the Review

According to the Terms of Reference (Annex 3) the *purpose* of the Review was:

- To review the Bhutan Health Trust Fund to assess whether its objectives are achieved, or are about to be achieved.
- To assess and determine Norway's subsequent information/reporting requirements with regard to the fund.

The Review should summarize the results of the programme (intended as well as unintended) and identify lessons learned. It should also highlight challenges and problems related to the Trust Fund and its administration structures. Finally it should give recommendations (to the Norwegian Embassy) regarding future reporting requirements. The *scope* of the Review as described in the Terms of Reference (ToR) was:

- Assess the programme design.
- Assess the impact of the programme, and to what extent the Fund makes or has the potential of affecting the health status for the people of Bhutan.
- Clarify the reasons for the delay in making the Fund operational. Could this have been foreseen or avoided and how?
- Assess whether the Fund is a sustainable means to financing essential health products.
- Some risk factors were identified in the programme documents, one of them the risk of fraud and corruption. Have there been efficient means in place to mitigate identified risk factors?
- Assess reporting routines and content. Give recommendations regarding the need for continued follow up from the Norwegian Embassy. Report on findings of impact of the programme.
- To the extent possible, assess the impact of the activities under the fund.

The Review was carried out by Mr Ingvar Theo Olsen (Health Economist, Norad) in March 2012. The methodology consisted of document review of available documents kept in the Norwegian Embassy in Delhi, which is responsible for the management of the Programme from the Norwegian side, a country visit to Bhutan in the period 22 – 27 March for further document review as well as meetings and interviews with key officials, including RGOB (MOH, MOF, etc.) and development partners (WB, UNDP, UNFPA, UNICEF, WHO and Danida).

A draft Report was submitted to MOH for comments and quality assurance and the final Report submitted to the BHMT Board for further distribution to interested parties.

5. Policy and health context

The Royal Government of Bhutan (RGoB) is widely known for what may be described as progressive policies in a number of areas, including the development of the concept of Gross National Happiness, as well as its *development policy*, which includes achieving self-reliance through sustainable development. This is in fact stated in the Constitution, and the aim is to achieve this during the upcoming 11th five-year plan. This policy has already for a long time resulted in RGoB not accepting foreign aid to cover recurrent expenditure, only capital expenditure.

With regards to health, the Constitution states that “The State shall provide free access to basic health services in both modern and traditional medicine”, and health services are provided free of

charge by the Government. Private health services other than a few pharmaceuticals etc. are not permitted.

Social sectors (health, education and water/sanitation) are reported to be highly prioritised by RGoB, receiving 25 % of the total Government budget, and health alone has been receiving 7-12 % of total during the past years.

Bhutan appears to be well on the way to achieve the health related millennium goals (MDG4, 5 and 6). According to the Joint Health Sector Review (Draft March 2012) a number of the targets in the 10th five-year plan have been reached already, including that more than 90 % of the population have less than 3 hours walking distance of a health facility, and two running ambulances available for each *dzongkhag* hospital, whereas there is still some shortage of medical doctors. There is also a growing concern about the increase in non-communicable diseases (NCDs), especially diabetes.

Bhutan's Essential Drugs List (EDL), regulated by the semi-autonomous Drug Regulatory Authority (DRA) consists of 399 medicines. The Drugs Vaccines and Equipment Division (DVED) under the Department of Medical Services at MOH are responsible for procurement as well as distribution to health facilities. A study from 2011¹ shows low degree of stock out and actual availability of over 90 % in all health facilities. There is also high awareness and acceptability of vaccination, showing coverage rates well over 90 %. The annual expenditure for essential drugs and vaccines was Nu 120 million in fiscal year 2010-11.

6. Objectives of BHTF

The *vision* of BHTF is to promote quality of life to the people through provision of PHC services. The overall *objectives* are clearly stated in the Royal Charter signed by His Majesty King Jigme Singye Wangchuck in 2000. Article II states:

The purpose of the Charter is to govern the management of the Trust Fund investments and programme activities for the sustainability of Primary health care services through the provision of continued and uninterrupted supply of core primary health care supplies of vaccines, essential drugs, needles, syringes, cold chain equipment, and other related drugs/equipment.

It is further specified that the proceeds of the Trust Fund shall be used for the following activities:

- a) Procurement of drugs from RGOB Essential Drug List;
- b) Procurement of assured quality vaccines for the National Immunisation Programme;
- c) Procurement of auto destruct syringes and safety disposal boxes and cold chain equipment to ensure safe injections;
- d) Strengthen programme management and human resources development through staff training in storage and management of drugs and vaccines, repairs and maintenance of health equipment, etc;
- e) Develop and implement management plans for drugs and vaccines;

¹ Holloway K.A. Bhutan: pharmaceuticals in health care delivery, Mission Report 8-22 June 2011, WHO Regional Office for South East Asia, New Delhi and MOH Bhutan

- f) Strengthen monitoring capacity on the proper use of drugs and vaccines; and
- g) Other activities related to primary health care that the Board may recommend.

7. Structure and organisation of BHTF

The Trust Fund is established as a separate unit in the Ministry of Health directly under the Chaiman of Health. A *Board* consisting of seven members appointed by the RGOB and representing various government agencies, including MOH, Ministry of Finance, Ministry of Economic Affairs, etc. makes decisions regarding budgets, investments and use of the funds. There are no Board members from outside RGOB, which is in line with the Charter. The Board meets semi-annually or when required, and the Honourable Minister of Health serves as Chairman.

The Board has also established an Advisory Committee consisting of members of relevant government constituencies, such as MOF, MOH, NPPFB (National Pension and Provident Fund Bureau) and RMA.

The day to day management is carried out by the BHTF *Executive Director* (Leki Dorji) and a secretariat consisting of two support staff. He reports directly to the Chaiman and has held this position since the establishment of the TF.

The Board shall according to the Charter select an *Investment Manager(s)* to manage the investments on behalf of the TF and to provide investment guidelines. No Investment Manager has been appointed. The management of the Fund by 1838 Investment Advisors Inc., Investment Guideline and services of the First Union National Bank as the custodian of the Fund was approved in 2001. However, BHTF could not make use of these services due to change in the management of 1838 Investment Advisors Inc. In view of this, it was decided not to invest fund with the new management of 1838 Investment Advisors Inc. As a result, the fund are mainly invested within the country according to Board decision.

Provided the Board decides to further increase the BHTF with the aim to cover a higher proportion of the essential drugs and vaccines in Bhutan, a more active investment profile should be considered. Whether this would imply employing an Investment Manager, utilize existing capacity in investment within other parts of RGOB or other types of technical assistance in this area needs to be decided by the Board, but some additional capacity seems a requirement.

Board	7 members
Hon'ble Minister of Health	Chairman
Hon'ble Chaiman, MoH	Member
Director, DoMS, MoH	Member
Director, DoB, MoF	Member
Director, DSCI, MoEA	Member
Foreign E. Office, RMA	Member
Executive Director, BHTF	Member

8. Financial status of BHTF

According to the Royal Charter the capital of the TF shall be constituted by contribution grants from donors and the RGOB and consist of *principal amount* and *investment income*, and RGOB shall match donor contribution on a one-to-one basis. The RGOB received a soft loan from Asian Development Bank to cover its initial commitment.

The *target* for the principal amount was set at *US\$ 24 million*. However, the TF was to become operational when the *principal amount* reached *US\$ 5 million*. This implies that investment income could be utilized already at this level.

The total contribution defined as principal amount from the different donors (including RGOB) are listed in Table 1 below. This implies the net amount excluding any investment income (or interest) totals to US\$ 17.087 million.

Around 92 % of the total is invested within country (mainly fixed deposits, bonds, Druk Air Bond etc.), whereas the remaining is invested outside the country (State Bank of India, Bahamas). The rate of return within country has been 4.25 – 7.5 %, whereas outside only 1.8 %. The total investment income is calculated in Ngultrum (Nu, fixed to Indian rupees), totalling Nu 369,583,379, or about US\$ 7.746 million at current exchange rate. This implies a *net* increase in total TF due to investments of 45 %. The reason it is net is that investment income has also been spent throughout the years.

The status of the BHTF as of December 2011 was Nu 1,122,423,749 implying it has reached its target of US\$ 24 million (approx. Nu 1 billion), which represents an 112.28% increase .

However, it should be recognized that the rate of return needs to be measured against the price increase on the drugs. Looking at the average changes in the consumer price indexes as a measure of the *rate of inflation* (National Bureau of Statistics, Statistical yearbooks 2003-11), there has been a steady increase in the rate from 4.4 % in 2003/04 to 8.9 % in 2011. Whether this is the best available measure for the actual increase in drug costs is difficult to say. *Assuming the average rate of inflation measured this way reflects that of drugs, it appears that the real rate of return of the BHTF is around zero.*

The drug prices are more internationally determined, for Bhutan particularly related to India, whereas vaccines are related more to US\$. It appears that the US\$/Nu as well as the Indian Rupees/NU exchange rates have been relatively stable. *This may be an indication that the real rate of return (adjusted for price changes) still is positive.*

Table 1 Principal amount by donor

Donor	Million US\$
Royal Government of Bhutan	11.801
Walk Sponsorship 2002	1.560

Royal Norwegian Govt.	1.300 ²
Bill & Melinda Gates Fdn.	1.000
The Summit Foundation	1.000
Dr. Frederick Paulsen Fdn. Inc.	0.099
Govt. of Australia	0.064
Govt. of New Zealand	0.053
Mr. Andrew Evans	0.050
Mr. Madanjeet Singh	0.050
Dr. Franz H Rhomberg	0.039
Private Sector of Bhutan	0.036
Schools	0.035
Total (principal amount)	17.087

Table 2 Investment income by fiscal year (recurrent Nu)

Fiscal year	Investment income (Nu)
Inception to 2005	71,287,273
2005-2006	43,611,872
2006-2007	44,196,222
2007-2008	47,072,081
2008-2009	47,729,433
2009-2010	46,349,666
2010-2011	49,694,477
2011-2012 (6 months)	19,642,351
Total (investment income)	369,583,379
Equivalent US\$*	7.746

Table 3 Progress per 5-year plan

5-year plan	Progress	Progress %	Ann. average %
8 th (1997-2002)	\$ 10.562	44.38	8.88
9 th (2003-2008)	\$ 22.284 (Nu 935,997,455)	48.47	8.08
10 th (2008-2013)	Nu 271,926,009	27.19	5.44

9. Utilization of funds

As already mentioned, the Charter specifies that funds from returns of investment in the BHTF could be done after reaching US\$ 5 million. In line with this the first year funds were utilized was in FY 2003-04 when Nu 123,500 was spent on Hepatitis B vaccines. This was also done the following year, but in addition there was an outbreak of rabies, and funds were also spent to prevent further spreading of this (Nu 1 million). In FY 2005-06 around Nu 3 million was used for a national campaign on measles and rubella vaccination.

² 29 November 2000 : US\$ 988,371.88,
15 December 2009 : US\$ 312,198.97
Total : US\$ 1,300,570.85

From FY 2008-09 and onwards the Board decided to use the TF to cover the copayment of the tetravalent (later pentavalent) vaccines provided through GAVI support, a requirement GAVI has put on all receiving countries. This is also seen as a condition for countries to be eligible for GAVI support in introducing other and new vaccines, which makes it also a strategically important use of the funds.

By the end of FY 2010-11 the total amount utilized from the TF is Nu 5,584,682 (or equivalent to US\$ 0.11 million), which represents only approximately 0.5 % of the current value of the TF.

For FY 2011-12 the plan is in addition to vaccination to start spending also on essential drugs in 10 of the total 20 dzongkags (districts), which in line with the revised vision of covering 50 % of the country needs for essential drugs. The total amount planned for FY 2011-12 is 4,000,000, with an equal amount planned for FY 2012-13.

The total annual expenditure for Essential Drugs and Vaccines in Bhutan in FY 2010-2011 is about Nu. 120 million. The current overall value of BHTF is about Nu 1 billion, assuming an average return on investment at 5 % per annum will give Nu 50 million per year. This implies that the goal of covering 50 % of essential drug and vaccine costs from BHTF is realistic. However this would either require 6 % return of investments, or that the TF target is increased to approx. Nu 1.3 billion (US\$ 29 million). To cover 100 % of the total essential drugs and vaccine costs the BHTF would need to be around Nu 2.6 billion/US\$ 58 million.

Experience also from other countries clearly shows that there are higher risks involved with drugs procurement/distribution than with vaccines and vaccine supplies. This is particularly illustrated by the recent corruption cases in the area of drugs and medical supplies. However, the RGOB has also proven its strong commitment and policy towards zero tolerance for corruption by involving the Anti Corruption Commission (ACC) and setting in place a number of measures to prevent further cases.

Table 5 Utilization of BHTM by FY and programme

Sl. No.	Financial Year	Programme	Amount in Nu.
1	2003-2004	Hepatitis B Vaccines	123,500
2.	2004-2005	Hepatitis B & Anti Rabies Vaccines	1,050,100
3.	2005-2006	Nationwide M.R. Vaccines/Campaign	3,047,247
4.	2008-2009	DTP Hep B, AD Syringes, etc.	334,035
5.	2009-2010	DTP Hep B, AD Syringes, etc.	250,800
6.	2010-2011	DTP Hep B - Hib, AD Syringes, etc.	741,180
Total			5,546,862

10. Beneficiaries of the fund

As the term itself clearly indicates the beneficiary of a public health intervention not only is the individual, but the public at large. This is particularly true for vaccination programmes, as lower risk

of spread of communicable diseases benefits the society. This is also the prime argument that not only that this needs to be a government responsibility, but also that it should be provided free of costs to the individual (or at a minimum cost). When identifying who has benefited from the use of the BHTF, the general answer is *the general public as such, i.e. the nation*.

However, it may also be broken down on the individual beneficiaries or groups targeted:

- In the period 2003-04 the TF ensured nationwide distribution of Hep B vaccines;
- in 2004-05 it prevented further spread of rabies outbreak through vaccination;
- in 2005-06 it resulted in a nationwide vaccination campaign against measles and rubella;
- in 2006-08 2,275 children were vaccinated (DTP Hep B); and
- in 2010-11 another 1,350 children were vaccinated (DTP Hep B Hib)

Table 6 Beneficiaries of funds

Year	Programme	Distribution
2003-2004	Hep B Vac.	Nationwide
2004-2005	Hep B Vac.	Nationwide
2004-2005	Rabies Vaccination	349 cases in Chuzergang Rest to other Dzongkhag
2005-2006	Nationwide M.R. Campaign	331,730 of 337,727 Vaccinated
2006-2007	none	
2007-2008	none	
2008-2009	DTP Hep B	1925 children immunized
2009-2010	DTP Hep B	350 children immunized
2010-2011	DTP Hep B Hib.	1350 children immunized

11. Financial management and reporting

The Bhutanese financial year (FY) is 1st July – 30th June, and the procedures of BHTF are streamlined as much as possible with general budgetary and reporting procedures. Once the proposed budget is approved by the Board, it is incorporated in RGOB budget, and it is treated as a source of financing. The Treasury provides a letter of credit to MOH (Drugs, Vaccines and Equipment Division, DVED) and may then release funds through a deposit to MOH account, as the implementing agency.

According to the Charter, the Director should prepare financial statement and work progress reports annually within six months of the end of the FY, and submit this to the Board for approval. The Board also appoints the auditors. Audits are carried out by the National Auditors

A total of 20 progress and status reports have been produced (see Table 7). Annual progress reports are generally submitted to the donors as well as to the 20 dzongkags. The exceptions have been where biannual reports have replaced the annual (2001-03, 2006-09). The reports are considered relevant and sufficiently comprehensive covering both a narrative and specific fiscal data.

The first audit report covering the period for inception June 2005 was not submitted to the donors till May 2007. The reason given is that the BHTF did not have an accountant prior to this. Initial

contributions were accounted for through timely deposits in the respective accounts. Recruitment was not possible due to budget constraints. The audit was carried out in September 2006, issued in October, approved by the Board in 2007 and distributed in May 2007. No earlier request for audit reports from donors have been identified prior to this. However, the audited accounts for the period after this appear to have been submitted according to the terms.

Table 7 Reports and audits

Reports	Annual progress reports registered by Norway	Audit period	Audit submitted to donors
24 August 2000 19 December 2000 04 April 2001			
12 December 2001 10 April 2002	Biannual report 2001-03		
26 December 2003 14 May 2004	Third annual report 2003-04		
28 January 2005		Inception - 30 June 2005	3 May 2007
30 August 2005 27 December 2005	Fourth annual report 2005-06	July 2005 - June 2006	19 Feb 2009
15 August 2006 03 January 2007 03 May 2007	Fifth annual report 2006-07	July 2006 - June 2007	19 Feb 2009
25 February 2008		July 2007 - June 2008	22 April 2010
04 February 2009	Sixth progress report 2007-09	July 2008 - June 2009	22 April 2010
19 August 2009 25 December 2009 22 April 2010		July 2009 - June 2010	01 June 2011
24 December 2010	Submission of status status report		
27 December 2011		July 2011 - June 2012	Aug/Sep 2012

Terms of Reference

Review of the Norwegian contribution to the Bhutan Health Trust Fund

BTN2562 00/191 Bhutan Health Trust Contribution BTN-2562 08/004 Bhutan Health Trust Fund Additional Contribution

1 Background

The Bhutan Authorities will make a presentation of the Fund for the Review team and with all concerned officials present.

Bhutan Health Trust Fund was initiated in 1997 and formally launched at WHO Headquarters in Geneva on 12 May 1998. According to the statutes for the Trust Fund a target of 24 million US\$ were to be reached before the revenue could be used for the purpose, namely to procure priority needs to the health sector like vaccines and essential drugs. Various partners (Bill and Melinda Gates Foundation, The Summit Foundation, UNICEF/, New Zealand, ADB (loan), Norway and the Government of Bhutan) contributed to the Fund, but still in 2009 the Fund had not met the target. At that time the Fund had reached a level of 23.7 million US\$, thus being only 300 000 US\$ off target. Norway then decided to contribute the needed amount and through signing an addendum to the agreement an additional amount of 300 000 US\$ was disbursed, thereby making it possible for Bhutan to start using the interest from the Fund. According to estimates made by Bhutanese Ministry of Health (MoH) it was expected that the Fund would generate sufficient funds to cover all expenditure on vaccines and essential drugs. This was later revised to cover 50 % of the costs to procure the priority health items. The Fund is managed by the Bhutan Government, with a Secretariat with a Project Director and Management Board of seven members, all from Govt. of Bhutan. The total contribution to the Bhutan Health Trust Fund from Norway is approximately US\$ 1.3 million, with US\$ 1 million (US\$ 988,391.88) disbursed in 2000 and NOK 1,800,000 (US\$ 312,198.97) in 2009.

In the first agreement (BTN-2562 00/191) for Norwegian support to the Health Trust Fund it was agreed that one review of the Fund should be carried out in 2003 and another in 2010. Due to the delays in making the fund operational, the first review was not carried out. The present review is the one that was planned for 2010. As the funds have been utilized since the financial year 2003-04 the Norwegian Embassy in Delhi would like to carry out a review of the Fund and the Norwegian support given.

The review will be conducted by one health adviser from Norad/external consultant, one senior adviser in health from the Norwegian Embassy, and a member appointed by the Government of Bhutan. Planned time for the review is end February/early March 2012.

2. Purpose and intended use

The main purpose of this review is twofold:

- a) To review the Bhutan Health Trust Fund to assess whether its objectives are achieved or are about to be achieved.
- b) To assess and determine Norway's subsequent information/reporting requirements with regard to the fund.

The review Report shall summarize results of the program (intended and unintended) as well as lessons learned. It shall also highlight challenges and problems related to the Fund and its administration structures. The Report should give recommendations to the Norwegian Embassy regarding future reporting requirements. The Review Report will be submitted to the Board for review of the content and approval before any distribution to other donors to the fund.

3 Scope of work

- Assess the program design.
- Assess the impact of the program, and to what extent the Fund makes or has the potential of affecting the health status for the people of Bhutan.
- Clarify the reasons for the delay in making the Fund operational. Could this have been foreseen or avoided and how?
- Assess whether the Fund is a sustainable means to financing essential health products.
- Some risk factors were identified in the program documents, one of them the risk of fraud and corruption. Have there been efficient means in place to mitigate identified risk factors?
- Assess reporting routines and content. Give recommendations regarding the need for continued follow up from the Norwegian Embassy. Report on findings of impact of the program
- To the extent possible, assess the impact of the activities under the fund

4 Implementation of the review

The review shall be carried out as a combination of desk study and field work. The Review Team shall review all relevant documents in the Embassy archive in Delhi, and if necessary interview (telephone interview) the staff involved when the agreements were signed. A field visit to Bhutan shall be undertaken. The team will interview MoH staff, the concerned officials of the implementing agencies i.e. Department of Public Health (Vaccine Preventable Disease Program) and Department of Medical Services, as well as other key stakeholders in the health sector, i.e. WHO, UNICEF and ADB if necessary.

The team will consist of the Team Leader, Norad Health Adviser Ingvar Olsen, and the Senior Adviser Dr. Ashfaq Bhat, the Royal Norwegian Embassy in New Delhi and a person appointed by the Government of Bhutan. The Embassy in Delhi shall be responsible for making all relevant documents available and for making the necessary arrangements for the field visit to Bhutan in cooperation with the Bhutanese Ministry of Health.

The desk study and field visit to Bhutan shall be carried out in 2012 (February/March). The Review Team will work 2 days at the Norwegian Embassy, reviewing documents and talking to relevant people. The field visit to Bhutan should be limited to maximum 4 working days.

5 Reporting

A Draft Report, maximum 15 pages, including a 1-2 page summary, (excluding annexes) should be submitted to the Embassy in Delhi no later than 3 weeks after the start of the Review. The Report should include an assessment section as outlined in the Scope of Work and on lessons learned and recommendations.

Two weeks will be given for comments. The Final Report to Norway should be submitted no later than 5 weeks after the start of the Review. The Team Leader will have the main responsibility for the Report, but both the team members should contribute to the writing process. As the owner of the Report Norway makes the final approval.

The Report will then be submitted to the Board for information. After Norway's approval The Board is free to distribute the Report.

Annex 2 List of informants

Royal Government of Bhutan

Nima Wangdi, Secreatry, Ministry of Health

Dr Eugen Sophu, Director, Department of Medical Services, Ministry of Health

Dr Dorji Wangchuk, Director, Department of Public Health, Ministry of Health

Leki Dorji, Executive Director, BHTF, Ministry of Health

Uguyen Wangchuk, Planning Officer, Ministry of Health

Choiten Wangchuk, Director Department of National Budget, Ministry of Finance

Tandin Wangchuk, Senior Planning Officer, Gross National Happiness Commission

Development partners:

Claire Van der Vaeren, Resident Coordinator, UNCT (UNDP)

Somil Nagpal, South Asia Sector for Health, Nutrition and Population, World Bank (New Delhi)

Thinlay Dorji, Officer in Charge, WHO Representative and RC, WHO

Dr. Gepke Hingst, Representative, UNICEF

Dr. Shukhrat Rkhimdjanov, UNICEF

Yeshey Dorji, Assistant Representative UNFPA

Tek Bahadur Chhetri, Deputy Head, Danida

Ann Ollestad, Ambassador, Norwegian Embassy in Delhi

Inger Sangnes, Norwegian Embassy in Delhi