



ROYAL CHARTER OF BHUTAN HEALTH TRUST FUND 2000



TASHICHHODZONG
THIMPHU, BHUTAN

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2000**



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WHEREAS the Kingdom of Bhutan desiring to promote the quality of life of the people of Bhutan through primary health care services has willed and desired to establish Bhutan Health Trust Fund as a self-sustaining financing facility;

AND WHEREAS the donors, conscious of the importance of promoting universal access to high quality health care services, including reproductive health, through the provision of primary health care services to promote the quality of life of the people of Bhutan and to ensure the sustainability of primary health care, have contributed to the Bhutan Health Trust Fund;

AND WHEREAS for the purpose of governing the overall management of the Health Trust Fund programmes needed for the sustainability of primary health care services including reproductive health through the assurance of continued and uninterrupted supply of critical vaccines, essential drugs, needles, syringes, cold chain equipment and other related drugs/equipment;

NOW, THEREFORE, I, Jigme Singye Wangchuck, King of Bhutan hereby issue this Royal Charter of Bhutan Health Trust Fund, 2000.



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ARTICLE 1 : PRELIMINARY

1.1 Title and Commencement

1.1.1 This Charter shall be called the Royal Charter of the Bhutan Health Trust Fund.

1.1.2 It shall come into force with effect from the date of signature.

1.2 Definitions

1.2.1 "Charter" means the Royal Charter of the Bhutan Health Trust Fund, 2000.

1.2.2 "Trust Fund" means the Bhutan Health Trust Fund.

1.2.3 "Board" means the Management Board of Bhutan Health Trust Fund formed in accordance with Article 5.2 of the Charter.

1.2.4 "Chairperson" means the Chairperson of the Board selected in accordance with Article 5.3 of the Charter.

1.2.5 "Member Secretary" means the Member Secretary of the Board selected in accordance with Article 5.3 of the Charter.

1.2.6 "National Immunization Programme" means the immunization programme pursued by RGOB towards the control of vaccine preventable diseases of mothers and children under five years.



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- 1.2.7 "Director" means the Director of the Bhutan Health Trust Fund.
- 1.2.8 "Investment Manager" means the Investment Manager/Managers of the Trust Fund selected by the Board as per Article 7.2 of the Charter.
- 1.2.9 "RGOB" means the Royal Government of Bhutan.
- 1.2.10 "Donor" means donor countries/organisations of private & public status/financial institutions as well as individuals.
- 1.2.11 "RGOB Essential Drug List" means the list of standard life saving drugs which is prepared, procured and supplied by the RGOB to the health centres of the country and revised by the Essential Drugs Technical Committee from time to time.
- 1.2.12 "Implementing Agency/Agencies" means the Department of Health, Ministry of Health & Education.

ARTICLE II : PURPOSE

- 2.1 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.



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2.2 The proceeds of the Trust Fund shall be used for the following activities:

- a) procurement of drugs from the 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 the storage and management of drugs and vaccines, repairs and maintenance of health equipment, etc.;
- e) develop and implement management plans for drugs and vaccines;
- 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.

2.3 The Board may change or modify the themes of the programme activities as and when required provided that in doing so all funding is used, in order of priority, for the purposes



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enumerated under Article 2.1 of the Charter, for activities under Article 2.2 of the Charter and thereafter for other health care services including reproductive health.

ARTICLE III : CAPITAL

- 3.1 Capital of the Trust Fund shall be constituted by contributions/ grants from various donors and the RGOB and shall consist of the principal amount and investment income.
- 3.2 RGOB shall contribute to the Capital of the Trust Fund to match donor contributions on a one-to-one basis.
- 3.3. The programme activities shall be funded out of the investment income.
- 3.4 In the event the investment income is insufficient to fund the programme activities:
 - (I) RGOB shall provide funds to meet the shortfall;
 - (II) A portion of the principal amount of the Trust Fund may be utilized up to a maximum of US\$ 500,000/- (United States Dollar Five Hundred Thousand) in accordance with Article 6.2 provided that such utilization shall not allow the principal amount of the Trust Fund to fall below US\$ 24 million at any time.



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- 3.5 The Trust Fund shall become operational when the principal amount reaches US\$ 5 million.

ARTICLE IV : TAX EXEMPTION

- 4.1 The Trust Fund as a non-profit organization devoted to the sustainability of primary health care services in Bhutan will be exempted from income tax for income derived from contributions to the Fund and investments of its funds. The Trust Fund shall also be exempted from payment of customs duties on import of vaccines, drugs, needles, syringes, cold chain equipment and other related drugs/equipment purchased for carrying out the programme activities of the Trust Fund in Bhutan approved by the Board.
- 4.2 The Trust Fund shall be organized and operated in a manner that its activities qualify for exemption from federal income tax under Section 501 (C) (4) of the United States Internal Revenue Code and similar tax exemption in any other country/countries in which the Trust Fund principal will be managed/invested.

ARTICLE V : THE BOARD

- 5.1 All powers of the management of the Trust Fund shall be vested in the Board.
- 5.2 The Board shall consist of seven members who shall be appointed for an initial period of three years by the RGOB.



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However, two-thirds of the members shall continue to serve in the Board for a maximum period of four years including the initial period. The three year period will begin from the date the Charter comes into force.

- 5.3 The Board shall have a Chairperson and a Member Secretary. The Chairperson shall be selected by consensus. The Director shall be the ex-officio Member Secretary of the Board.

ARTICLE VI : DECISION MAKING AND QUORUM

- 6.1 For the purpose of the meetings of the Board, two-thirds of the full membership shall constitute the quorum.
- 6.2 Agreement of at least five Board Members will be required for decisions relating to utilization of the Trust Fund principal.
- 6.3 On all other matters, decision of the Board shall be taken by a simple majority of the Board Members present at the meeting.
- 6.4 Members of the Board may participate in a meeting and arrive at a unanimous or majority decision through the use of conference telephone or similar communications equipment, so long as all members participating in such meeting can communicate effectively. Such participation shall constitute personal presence at the meeting.



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ARTICLE VII : POWERS AND DUTIES OF THE BOARD

- 7.1 The Board shall be fully responsible for the management of the Trust Fund. The Board may, however, delegate authority to the Director for the day-to-day management of the Trust Fund.
- 7.2 The Board shall select Investment Manager/Managers and custodian to manage the investments on behalf of the Trust Fund and provide investment guidelines.
- 7.3 The Board may, by unanimous agreement, recommend amendments to the Charter whenever necessary.
- 7.4 The Board shall appoint the Director, and establish the powers and duties of the Director.
- 7.5 The Board shall establish a Secretariat to assist in the day-to-day administration of the Trust Fund.
- 7.6 Project activities, including the budget covering the estimated expenditures for their implementation, shall be approved by the Board on an annual basis at a regularly scheduled annual Board meeting.
- 7.7 The Board may establish appropriate Sub-committees as it may deem fit including, but not limited to, its members for the purposes of the Charter.



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- 7.8 The Board shall frame appropriate rules and regulations relating to the day-to-day administration of the Trust Fund, powers and duties of the Director, Secretariat and Sub-committees.

ARTICLE VIII : PROGRAMME AND INVESTMENT MANAGEMENT

- 8.1 The day-to-day management of the Trust Fund shall be carried out by the Director in accordance with the powers and duties established by the Board as per Article 7.4 of the Charter.
- 8.2 The Trust Fund shall enter into agreement with the selected reputable Investment Manager/Managers and custodian on the investment of the Trust Fund's assets and the agreement shall clarify investment guidelines, authorised relationships and reporting modalities.
- 8.3 The Department of Health shall be responsible for submitting the fund requirement to the Trust Fund for approval of the Board. They are also responsible for effective implementation and periodical reporting for the implementation of the programme activities to the Trust Fund.

**ARTICLE IX : FINANCIAL YEAR, DISBURSEMENT, AUDIT,
ACCOUNTS AND PROGRESS REPORTING**

- 9.1 The financial year of the Trust Fund shall begin on the first of July and end on the thirtieth of June of the following year.



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- 9.2 The Director, based on the work plan and budget approved by the Board, shall withdraw the funds from the Investment Manager/Managers and disburse it to the implementing agency/agencies through the Ministry of Finance.
- 9.3 In accordance with the powers and duties delegated by the Board, the Director shall ensure that timely and correct records of the income and expenditure of the Trust Fund are maintained in keeping with sound and established financial norms and practices of the RGOB.
- 9.4 The Director shall prepare financial statement and work progress reports of the Trust Fund every year within six months of the end of the financial year and submit to the Board and distribute publicly upon review and approval by the Board.
- 9.5 The audit of the Trust Fund accounts shall be conducted by auditors appointed by the Board.
- 9.6 The Board shall co-ordinate with the Investment Manager/Managers of the Trust Fund to file all necessary documents required pursuant to such laws of any country where the investment of the Trust Fund will be made.
- 9.7 The implementing agency/agencies shall submit quarterly progress reports, both financial and technical, to the Director.



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- 9.8 At the end of each financial year implementing agency/agencies shall submit audited financial statement to the Director.

ARTICLE X : MEETING

- 10.1 The Board shall meet at least twice a year on a regularly scheduled date and place to be determined by the members of the Board.
- 10.2 Special meetings of the Board may be called by the Chairperson or any Board Member through the Chairperson.

ARTICLE XI : DISSOLUTION

- 11.1 Should the Trust Fund be terminated or dissolved, the Donors of the Trust Fund and RGOB shall be consulted to decide on the use of the remaining assets of the Trust Fund for health programmes in Bhutan, provided that the programme activities of the Trust Fund under Article 2 of the Charter shall be given priority on the application and use of the remaining assets.

ISSUED ON THE Fourth Day of the Sixth Month of the Iron Male Dragon Year of the Bhutanese calendar corresponding to 3rd August, 2000.

Jigme Singye Wangchuck
King of Bhutan

