A trust fund is a mechanism that governments can use to ring-fence, or protect, funding for specific purposes. Trust funds may receive funds from multiple revenue streams, and they may be legally incorporated with policies and tax regulations that vary by country; a governing board may oversee the strategy, business plan, management, and operations. Trust funds may also have asset managers that seek to ensure the right rate of return, level of risk, and rate of capital depletion. Revenue sources can include domestic taxes, donor funds, and private contributions. (See Brief 7.)

The government of Bhutan has the world’s longest-running national trust fund dedicated to health, including immunization. In 2000, the government established the Bhutan Health Trust Fund (BHTF) to “help sustain and achieve self-reliance in the primary health care sector by eliminating financing uncertainties through income generated out of capital investments.” The fund plays an increasingly important role in financing essential medicines, vaccines, syringes and needles, and cold chain equipment for the country’s population, which stood at 775,000 in 2015. This brief explores Bhutan’s use of this innovative and evolving immunization financing model, which offers other countries interesting lessons about governance, balanced expenditure, and the role of political champions.

**Establishing the Fund**

The concept for the BHTF was first discussed in 1997 as a means of ensuring sustainable financing of key elements of primary health care in Bhutan. Bhutan has had success with trust funds for other sectors and considers the BHTF a key mechanism to help ensure the constitutional right to access basic health services free of cost for the entire population. Political champions at the highest level of government played important roles in launching, publicizing, and capitalizing the fund. The fourth king of Bhutan, His Majesty Druk Gyalpo, issued a royal charter that legally established the fund in 2000. To publicize the fund and encourage public donations, Bhutan’s then prime minister, Sangay Ngedup, joined the first Move for Health Walk, which spanned more than 560 kilometers from the country’s eastern border to the capital city. This has been an annual fundraising event for the fund since 2013. (See the photo on the next page.)

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**Key Points**

- The Bhutan Health Trust Fund (BHTF) is a flexible financial tool established by the government to protect income for particular health priorities. The BHTF is the world’s longest-running national immunization financing trust fund.
- The BHTF is committed to fully financing all vaccines once donor support phases out.
- Factors contributing to the trust fund’s success include a small population, political champions, a supportive monarchy, flexible funding to meet emerging priorities, and good governance and accountability structures that can adapt to meet changing needs.
- The BHTF experience can provide lessons for other countries with similar national contexts.
In its first year, the Move for Health Walk raised about US$1.6 million. In 2015, it raised about US$300,000 from voluntary individual donors alone. While this amount translates to only US$0.38 per capita, it is more than three times the country’s vaccine expenditure for 2015. Since 2000, the government has matched each donation to the BHTF. The walk also generates public solidarity and provides a way for the government to spread key health messages. Each district coordinates and promotes its own annual walk.

The initial target capitalization of US$24 million was achieved in 2010, but increases in expenditure on some of the core components of primary health care have led to BHTF revising the fund capitalization target to US$45 million to help ensure the long-term sustainability of the fund. The prime minister, in his address on the annual Move for Health day in 2016, pledged to raise the additional capital over the next two years.

**Role of the Fund in Immunization Financing**

Along with a small population, Bhutan has a shrinking birth cohort—about 13,500 in 2015, according to UN population projections. Bhutan has slightly below replacement-level fertility. Its vaccine requirements are therefore smaller than those of larger low- and middle-income countries, many of which also have rapidly growing birth cohorts. These are relevant factors in considering the size of the fund and expenditures needed for immunization.

In terms of vaccine expenditures, the BHTF initially covered only Bhutan’s Gavi co-financing requirement for pentavalent vaccine. It now covers the full cost of this vaccine because Bhutan has transitioned...
out of Gavi support. Some other vaccines are not currently financed by the BHTF because donor assistance is available. For example, the Australian Cervical Cancer Foundation has extended funding for the human papillomavirus (HPV) vaccine in Bhutan to 2020, while the Japan Committee, Vaccines for the World’s Children, has been covering the cost to Bhutan of traditional vaccines. Vaccines are procured through UNICEF Supply Division. The government is committed to fully financing all vaccines in its national schedule from the BHTF as donor support is phased out, along with associated injection supplies and cold chain equipment.

Beginning in the 2014–2015 fiscal year, the BHTF also began funding the cost of other essential drugs. As a result, vaccines now make up a small proportion of its spending. In 2015, the fund spent US$87,000 on vaccines and US$2.5 million on essential drugs; projections for 2016 spending are US$89,000 on vaccines and US$3.37 million on essential drugs. For 2016, this puts total spending on vaccines and essential drugs at about US$4 per capita. In July 2016, the director of the BHTF and the health minister (who chairs the BHTF) signed an annual performance agreement for 2016–2017 pledging to finance 100% of the essential drugs and pentavalent vaccine for the country.

Funding Sources and Investment Strategy

In 2015, the BHTF’s total capital and reserves stood at US$20.9 million—including US$1.5 million of interest income—of which 6% was spent on vaccines. The fund’s longstanding investment approach has been to invest a large portion of assets in short-term deposits, fixed deposits, savings deposits, bonds, and other vehicles. In 2013, the portfolio breakdown included 75% investment in fixed deposits and 19% investment in a government loan mechanism. In the same year, the fund had more than US$1 million in interest income generated through these mechanisms, but it used a conservative 5% on vaccines. A 2013 review team found that interest income appeared to have been underused.

In October 2015, the Ministry of Finance began contributing about US$2.1 million annually to the BHTF for the expansion to include essential drugs, which will be managed according to the fund’s investment strategy. This new source of income, called the "health contribution," is collected through a 1% salary deduction from corporate private-sector employees and civil servants, with contributions from the informal private sector also being explored. If this contribution continues as planned, it could significantly change the scope of what can be funded from the BHTF and change the funding mix of the fund.
**THE BHTF AS A MODEL**

The BHTF is well placed to continue financing essential drugs and move beyond financing only pentavalent vaccine costs as donor support phases out. But as other countries think through whether to establish their own trust funds, they should consider some important nuances and differences in country characteristics.

Bhutan is a stable monarchy and has a strong commitment to the health and well-being of the population. Political champions in Bhutan were essential to establishing the fund and maintaining support through nationwide activities such as the annual health walk. In addition, Bhutan has introduced few new vaccines and has a small population, which helps keep overall costs down.

The country also has other successful trust funds, all governed by clear rules, which provide a model for the BHTF. Robust and transparent governance will be a continued priority as the fund transitions to becoming an autonomous entity. Replicating the BHTF’s success in other countries without this particular confluence of factors could be challenging, but the BHTF’s experience does indicate that this financing model could be viable for smaller countries if pursued with a similar level of political will and support from the international donor community.

**FURTHER READING**

Bhutan Health Trust Fund [Internet]. Archived at: [https://perma.cc/W5YV-QQVW](https://perma.cc/W5YV-QQVW)