Governance Review of the Fund Board and Fund Management of the Three Millennium Development Goal Fund (3MDG) – Final Note

Yangon July 2016
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1. INTRODUCTION

1.1 Fund overview
The Three Millennium Development Goal Fund (3MDG) is supported by a consortium of seven bilateral donor agencies – Australia, Denmark, EU, Sweden, Switzerland, UK and US. The Fund works in partnership with the Ministry of Health and other implementing partners to improve health outcomes for the population of Myanmar. Over $271 million in resources have been committed from July 2012 to December 2017 in support of the strategic priorities of the Ministry of Health (MoH), including the government’s objective to achieve universal health coverage by 2030 and progress towards the health-related sustainable development goals.

1.2 Governance structures
The core structures to oversee and implement the 3MDG Fund are the Fund Board and Fund Manager. The governance structures were designed and built on the lessons learned from the Three Diseases Fund (3DF) as well as international best practice and focus primarily on the operating policy and implementation of the Fund. The Fund Board is constituted of donor representatives, independent experts (IEs), and since February 2015, representatives of the MoH. The Board’s principal role is to set the strategic direction of the Fund and provide oversight of the Fund Manager. UNOPS, as the Fund Manager of 3MDG, holds delegated authority for the transparent and efficient management of the Fund in accordance with the policy and priorities established by the Fund Board.

1.3 Review objective
An internal review was commissioned by the Fund Board and facilitated by one of the Board’s IEs in late 2015 with the aim of determining if the Fund’s governance structures and arrangements remain fit for purpose in the evolving context of Myanmar’s health sector reform and governance landscape. The review was conducted through a half-day workshop with representation from the Fund Board and Fund Management Office (FMO). Please refer to the annexed terms of reference for more information.

2. REVIEW FINDINGS

2.1 Current governance arrangements

2.1.1 Independent Experts
The discussion focused on the important role of the IEs in complementing the expertise and skills found in the constituent members of the Board. IEs were recruited to provide technical support and deeper understanding of the political and operational context in Myanmar in the following areas of expertise: i) political expertise and knowledge in working in conflict affected areas; ii) technical expertise in reproductive maternal, newborn and child health, health system strengthening and global health partnerships; and iii) technical expertise in health sector reforms in middle income transition economies. With the imminent departure of one of the IEs, a new IE will be recruited after the transition of the government in April 2016 to respond to any requirements of the Board in the changing country context.
2.1.2 MoH/Senior Consultation Group
The diminished relevance of the Senior Consultation Group (SCG) in light of the inclusion of the MoH on the Board was discussed. The SCG was intended as a formal advisory group, who met before each regular Fund Board meeting to provide high level recommendations to members of the Board, review programme implementation of the Fund, and feedback to stakeholders as part of an accountability mechanism. Members included senior reps from the MoH, United Nations (UN), Civil Society Organisations (CSOs) and local/international Non-Government Organisations (NGOs) as elected by the existing coordinating structures for the respective groups. As an integral member of the 3MDG Fund Board, the MoH has been actively involved and collaborating with the Board in making strategic decisions since early 2015.

2.2. Effective decision making

2.2.1 Consensus decision-making
With the aim of strengthening joint decision-making with the government at various levels, it was established that that decision-making by consensus remained the most relevant and effective approach for the Board. Further, unanimous agreement was reached that the MoH was to have an equal voice as any other individual donor representative or IE member of the Board in the decision-making process.

2.2.2 Subcommittees
Emphasis was made on the value of subcommittees as a modality for engagement between the Board and FMO. Subcommittees have enabled the Board to address specific issues and formulate recommendations to the wider Board in a timely manner. The challenge, however, was in ensuring that the Board’s role and meetings remain strategic whilst upholding equitable access to information for those who cannot attend subcommittee meetings. It was agreed to apply the following key principles in the convening of future subcommittees: i) the delegation of representatives on the subcommittee is advisory; ii) decision-making authority ultimately remains with the Fund Board; iii) subcommittee members may include donor representatives, IEs, the Fund Director and/or delegated FMO Representatives; and iv) Board representation is to be voluntary and inclusive of all Board representatives present in Yangon rather than on a semi-permanent, nomination basis.

2.3 Information flow and exchanges

2.3.1 IPs forum
The importance of feedback from beneficiaries and better accountability mechanisms was recognized. To this end, the Implementing Partners (IPs) Forum would be rejuvenated. Invitations were open specifically to the NGO partners as other partner groups have an opportunity for engagement in alternative platforms. The IPs forum aims to provide a mechanism for exchange of experience, review of progress and promotion of understanding on the operations of the Fund between the IPs and the Fund Board.

2.3.2 Other stakeholders’ engagement
The UN partners under the joint HSS programme engage with the Board through the Joint MoH/FB/3MDG/UN Coordination Meeting which are set to occur two to three times
a year to review progress and performance. CSOs are able to engage with and provide feedback to the Fund primarily through the Health for All (HFA) component of the Fund, especially through the Collective Voices grantees who work directly with civil society. Other NGO grantees have developed feedback mechanisms with the support of 3MDG, ensuring that the voices of communities and beneficiaries are heard and addressed for better health services.

3. KEY DECISION/ACTION POINT

3.1 Recruitment of advisors/IEs – The recruitment of the next IE should be made to meet the Fund Board’s needs. The MoH and the Board will need to identify and agree upon the mix of expertise and skills to help the Fund archive its objectives, e.g. enhance further engagement with the government, advise on activities for the transitioning the Fund in 2017, document lessons learnt and evaluation of 3MDG, etc.

3.2 Strengthening links with MoH and 3MDG – With the MoH holding an increased role in the 3MDG Fund decision making, the Fund’s governance documents should be reviewed to assure that there is accurate reflection of the equal footing and voice of the MoH on the Board.

3.3 Joint decision making with the MoH – The transactional load of the communications between the Fund Board, FMO and the MoH should be considered in order to optimize the limits in time and human resources of the MoH. Discussions on how to enhance the role of the MoH in the Board’s decision making will be taken up with relevant MoH representatives in due course.

3.4 Subcommittees – Going forward, the C1 and C3 subcommittee will be combined and meet ad hoc as part technical and part performance review meeting when necessary. The HFA subcommittee will be a platform for sharing updates on progress of the AEI strategy and workplan. The M&E subcommittee will be utilized to manage the Independent Evaluation Group on behalf of the Board in addition to its current function of reviewing M&E issues. Subcommittees pertaining to Risk, Finance Budget & Performance, and Communications can address non-outstanding issues via email and in advance of the regular Board meetings as identified.

3.5 IPs Forum – The Board will seek regular feedback from IPs on its role and performance following each Board meeting.

3.6 Stakeholder engagement – Further consultations will be taken within the FMO and with CSO partners to expand on what would be a more inclusive and effective modality of engagement with CSOs should look like.

[ENDS]
ANNEXES

ANNEX A: GOVERNANCE REVIEW TERMS OF REFERENCE

Review of the Governance Structure of the Three Millennium Development Goal (3MDG) Fund in Myanmar

INTRODUCTION

1. The Three Millennium Development Goal (3MDG) Fund was launched in 2012 in order to support a transformational improvement in the health of the poorest and most vulnerable people in Myanmar, and particularly of women and children.

2. Its goal, over the lifetime of the Fund, is to provide the people of Myanmar with essential services for maternal and child health, as well as to provide critical support to the national programmes for the prevention and control of HIV, tuberculosis and malaria. In addition the Fund will contribute to the development of the institutions and systems which support the delivery of health services. The detailed programme description is outlined under the 3MDG Fund Description of Action (DoA).

3. Working in close partnership with the Ministry of Health (MoH) of Myanmar, the 3MDG Fund combines the resources of seven donors. The 3MDG targets poorer and underserved areas of the country, including those emerging from conflict.

4. The Fund Board for 3MDG comprises Australia, Denmark, the European Union, Sweden, Switzerland, the United Kingdom, the United States and, since February 2015, the Ministry of Health. The Fund is managed through a Fund Management Office established by UNOPS.

5. Current implementing partners include international NGOs, UN agencies, local NGOs, community based organizations and public sector services. Now more than half way through implementation, but with important recent changes in strategic direction, 3MDG donors will review the governance and management of the Fund, in particular the respective roles and functions of the Fund Management Office (FMO), the Fund Board (FB) and the Senior Consultative Group (SCG). These terms of reference are for that review.

REVIEW OBJECTIVES

6. This half-day review workshop, commissioned by the 3MDG Fund Board, aims to determine if the 3MDG Fund’s governance structures and arrangements are “fit for purpose” in the changing context of Myanmar’s health sector reform and governance landscape. Assessing 3MDG’s governance arrangements in terms of effective strategic planning and decision-making in line with the evolving local context will be a particular focus.

7. The main findings of the Governance Review will be documented and include a proposed new terms of reference if recommended for the constituent parts of the governance structure, such as the FB, and, sub-committees, FMO, SCG. The final results of the review will be shared with all stakeholders.

3MDG GOVERNANCE FRAMEWORK

8. The overall governance structure for 3MDG is set out in the Joint Collaboration Agreement (JCA) made between the donors contributing to the Fund. The figure below summarises the roles and responsibilities of the different stakeholder bodies and levels of accountability.
Figure 1. Governance Arrangements of the Fund

- Opportunity for Fund Board to consult with technical experts in the FMO on specific elements of programme functioning, and plans.

**Open Forum (FB + FMO staff)**

**Fund Board (MoH, 7 donors + 3 independent experts)**

- Approving the Fund's overall policy, strategy and design
- Funding commitments and fund replenishment
- Commissioning mid-term and final external and independent evaluations
- Establishing strategy
- Monitoring the Fund Manager and Fund performance
- Approving partner selection
- Oversight of Independent Evaluation Group

**Senior Consultation Group (MoH, UN, NGO, INGOs + Fund Board)**

- Consultation on 3MDG overall strategic direction
- Input and recommendations for specific areas of programme work

**Fund Management Office (UNOPS)**

- Selecting partners and approving grants
- Effective distribution of funds to partners in line with decisions of the FB
- Day-to-day operational decisions and working with partners
- Measuring results using an approved M&E system
- Documenting and sharing lessons learned
- Reporting to the FB on all aspects of Fund implementation.

**Implementing Partners**

- Implementing contracts in line with agreed terms of reference and performance measures.
9. In addition to the broad fund oversight structures outlined above, a specific steering committee is being established to oversee work under the contract with four UN agencies (UNFPA, UNICEF, WHO, UNAIDS) for health systems strengthening under the fund. This steering body will involve UN agencies, the Fund Board and the Ministry of Health. It is yet to be established.

3MDG AND THE CHANGING CONTEXT

10. Both the internal and external context has changed significantly since 3MDG was established and its governance structure was designed. The most relevant changes are summarized below.

a. Increases in government budget and new government programmes. At the time of design of the 3MDG fund the per capita government health expenditure was less than $1-2/year, against a requirement for an essential package of health services of between $12 and $34 per year. However, government budgets have shown a steep increase, continued into 2014. In the last five years overall government expenditure has risen 9-fold. Initial work by the World Bank has indicated that much of the additional resources have been allocated to capital expenditure (infrastructure and equipment) but there have also been significant increases in budgets for pharmaceuticals, under a policy of free services for mothers and children. Resources for frontline delivery of services have grown at a much lower rate.

b. Accession to the International Health Partnership: In 2014 Myanmar officially joined the International Health Partnership which aims to achieve health results by mobilizing national governments, development agencies, civil society and others to support a single, country-led national health strategy. Partners also aim to hold each other to account. To date, there has been no formal agreement or compact setting out the responsibilities for partners working in Myanmar as a result of IHP membership.

c. Developments in government coordination and strategy. The DoA sets out the policy environment at the time of the design of the 3MDG fund. Since initiation, the architecture for health sector coordination through the Myanmar Health Sector Coordinating Committee and its related technical and strategy groups (TSGs) has been further developed, although not all elements (particularly the TSGs) are fully operational. The government has also set out a strategic directions paper for reaching Universal Health Coverage, which includes nine priority areas for health reforms, beginning with the elaboration of an essential package of care for different levels of the health service.

d. New development partners: There have been new additions to the landscape of external funding to health in Myanmar. In particular the World Bank president announced in January 2014 that the WB would provide a loan of US $200 million for the health sector. A $100 million loan was agreed in late 2014 which will provide funding for front line services to improve maternal and child health particularly. There are significant opportunities for development partners to align channels for external financing to the health sector, especially as the Global Fund looks to transitioning its principle recipient arrangement from an external partner (UNOPS) to government over the next phase of its support.

e. Finally, in 2014 the 3MDG Fund commissioned a Strategic Review of the maternal, newborn and child health component of the Fund. The strategic review report identified a number of key priorities for action to improve programme implementation. Key among these were to develop a shared strategic vision for the Fund with the MoH and to strengthen linkages with the MoH, including by reformulating the Fund Board to include an MoH representative.

11. The Consultant will explore how the 3MDG governance structure should best adapt to the above contextual factors and how it is functioning in general as a steering mechanism of 3MDG. In particular, the Consultant will explore how 3MDG can: a) maximize its role as a collective donor
platform for engagement in policy issues related to the health sector; and b) strengthen the role of the Fund in harmonizing and aligning external support to the health sector in Myanmar.

Specific questions

12. Throughout the assignment the consultant(s) should seek to assess the following specific questions:

13. **Fulfilling roles and responsibilities:**
   
   a. How could the Fund Board structure and composition be enhanced to better support the governance of the Fund? Giving consideration to all FB roles and members including donors, MoH, independent FB members and FMO as an ex-officio member.
   
   b. How do the 3MDG sub-committees enhance and/or hinder the governance of the Fund, as well as affect the responsibilities and actions of the FB and FMO?

14. **Coordination & decision making**
   
   a. What documents and strategies guide decision-making? To what extent is the FB coordinating decision-making? Is a consensus decision making (consensus amongst all members) still workable?
   
   b. Given the recent reconfiguration of the FB, is the SCG still required as a mechanism? Does it work to include non-Fund Board members? How can non Fund Board members input into FB decisions?
   
   c. Would decision-making be improved with a more streamlined Fund Board?

15. **Engagement with the Government of Myanmar**
   
   a. What changes to 3MDG governance documentation are needed to reflect MoH joining the Fund Board?
   
   b. What else could be done to strengthen joint decision making with the Government of Myanmar (GoM) at its various levels and sectors?

**METHODOLOGY**

16. The review will be undertaken through a half-day workshop with representation from the Fund Board and Fund Management Office. One of the Fund Board’s Independent Experts facilitated the discussion. Please see the following agenda.

**DELIVERABLES**

17. A brief final note capturing the key points of discussion in the half-day workshop will be provided to the FB for approval.

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1 The description of action can be found on: [http://www.3dfund.org/images/stories/News-events/3MDG/FINAL_DRAFT_Description_of_Action_3MDG_Fund.pdf](http://www.3dfund.org/images/stories/News-events/3MDG/FINAL_DRAFT_Description_of_Action_3MDG_Fund.pdf)
## Agenda: Governance Review Workshop
### Three Millennium Development Goals Fund (3MDG)

**Monday, 23rd November 2015**
**09:00-13:00, 3MDG Offices, Inle Room**

<table>
<thead>
<tr>
<th>Time</th>
<th>Lead</th>
<th>Objective</th>
<th>Agenda item</th>
<th>Doc #</th>
<th>Question(s) considered</th>
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<tbody>
<tr>
<td>09:00-09:15</td>
<td>Chair</td>
<td>Introduction</td>
<td>Introduction to work shop and objectives</td>
<td>1</td>
<td>Agenda</td>
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<tr>
<td>09:15-09:45</td>
<td>Facilitator</td>
<td>Setting the tone for ensuing discussions</td>
<td>3MDG Strategic Objectives</td>
<td>2</td>
<td>Review Strategic Objectives previously agreed upon by the Fund Board and confirm that they remain the Fund Board’s priorities.</td>
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| 09:45-10:45| Facilitator   | Point 4 in the ToR: Are the 3MDG Fund’s governance structures and arrangements "fit for purpose" in the changing context of Myanmar’s health sector reform and governance landscape? | Consideration of external engagement | 3     | ▪ How could the Fund Board structure and composition be enhanced to better support the governance of the Fund?  
▪ Is the SCG still required as a mechanism? Does it work to include non-Fund Board members? How can non Fund Board members input into FB decisions?  
▪ What else could be done to strengthen joint decision making with the Government of Myanmar (GoM) at its various levels and sectors?  
▪ What changes to 3MDG governance documentation are needed to reflect MoH joining the Fund Board? |
| 11:00-12:00| Facilitator   | Point 4 in ToR: Are 3MDG’s governance arrangements in terms of effective strategic planning and decision-making in line with the evolving local context will be a particular focus. | Determination of the Fund Board’s general approach | 3     | ▪ How do the 3MDG sub-committees enhance and/or hinder the governance of the Fund, as well as affect the responsibilities and actions of the FB and FMO?  
▪ What documents and strategies guide decision-making? To what extent is the FB coordinating decision-making? Is a consensus decision making (consensus amongst all members) still workable?  
▪ Would decision-making be improved with a more streamlined Fund Board? |
| 12:00-13:00| Facilitator   | Discussion                              | Work plan development                                          | -     | Work plan outlining key processes, milestones and focal points responsible for reaching agreed upon goals of the 3MDG Fund by the end of its lifetime. |
| 13:00-13:15| Chair/FB      | -                                      | -                                                               | -     | Closing remarks                                                                       |
Terms of references for the Component 1/Component 3 Subcommittee

Scope: in line with actions/decision already agreed at earlier Fund Board meetings and

1. C1/C3: to receive reports of C1 and C3 strategy and plan implementation

2. C1: in relation to the Component 1 Transition/Sustainability Strategy (approved at the November 2015 Fund Board meeting), to ensure optimal, coordinated and strategic oversight of plan implementation (including early review of the updated plan to be submitted to the Fund Board by the end of January 2015) and at subsequent stages as agreed and so defined.

3. C3/C1: to advise Fund Board members in regard to FMO discussions with other in-country financing instruments and in particular with the GF PR in regard to PR transition and the WB in regard to roll-out of the EHSAP, in order to ensure that the 3MDG is supporting wherever possible a harmonized approach to current and future system strengthening work. And FB members to advise the FMO on relevant discussions among donors and with other stakeholders that may influence the 3MDG portfolio.

Purpose: The principal focus is to receive reports and to share regular updates in regards to implementation of C1 and C3 work, specifically

4. Implementation of agreed Component 1 and Component 3 strategies/plans, with focus upon the C1 sustainability/transition strategy

5. Tracking of expenditures against budgets, analysis of budget expenditure patterns and results against logframe targets.

6. Where reported delivery is off-track, to identify risks, challenges and bottlenecks in regard to the programme portfolio, to recommend possible remedial actions and ensure relevant risks, challenges and bottlenecks are communicated to the Fund Board for relevant action

7. To identify under-financed areas of C1/C3 work through to 2017, including where this arises as a consequence of budget cuts instituted in August 2015 – also programmatic areas/project work where additional financial resourcing will contribute towards the Fund’s goals – in preparation for the Fund Board consideration of this issue in Q1 2016 and at subsequent meetings.

8. In relation to reported success in regard to Component 1 and/or Component 3 project work, to discuss and recommend approaches for scale-up of successful work, dissemination of learning and advocacy efforts to be directed at different stakeholders

9. On an ongoing basis, to highlight synergies across the Component 1/Component 3 portfolios and to promote integration/complementarity of work streams across the portfolios wherever possible in order to strengthen 3MDG’s coordinated support to the health sector

Remit: the Sub-Committee is a non-decision making body, tasked to recommend proposed courses of action to the Fund Board.

Participants: by invitation and extended to all Fund Board members, also Fund Board members’ delegated or instructed staff (with the agreement of other Fund Board members participating in the Sub-Committee).

Secretarial support: Fund Director, FMO Component 1 and Component 3 leads and to include FMO staff relevant to agenda items to be discussed. Fund Board Liaison Officer to send invite with agenda and proposed date/time of meeting.
**Frequency:** to be convened at a minimum of bi-monthly by the Fund Director/Fund Board Liaison Officer.

**Documentation:** written minutes to be distributed to Fund Board.

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**ANNEX C: HEALTH FOR ALL SUBCOMMITTEE TERMS OF REFERENCES**

**Terms of references for the Health for All Subcommittee**

**Scope:**

1. Information sharing between the 3MDG Fund Management Office (FMO) and representatives of the Fund’s seven donor agencies on the Health for All portfolio (including community engagement, gender equality, accountability, social inclusion, conflict sensitivity, and the Collective Voices initiative).

2. To receive reports on the Health for All strategy and plan implementation.

3. To advise Fund Board members based on information shared, key issues discussed, and agreements reached at the subcommittee meetings.

**Purpose:** The principal focus is to receive reports and to share regular updates in regards to implementation of Health for All work, specifically:

1. Implementation of agreed Health for All strategies/plans.

2. To identify under-financed areas of Health for All work through to 2017, also potential programmatic areas/project work where additional financial resourcing will contribute to the Fund’s goals.

3. To discuss and recommend scale-up of successful work, dissemination of learning and advocacy efforts to be directed at different stakeholders.

4. To highlight synergies across the Component 1, Component 2, Component 3 (and Health for All) portfolios to promote integration/complementarity of work steams across the portfolios wherever possible in order to strengthen 3MDG’s coordinated support to the health sector.

**Remit:** The subcommittee is a non-decision making body, tasked to recommend proposed courses of action to the Fund Board.

**Participants:** by invitation and extended to all Fund Board members, also Fund Board members’ delegated or instructed staff. Secretariat support provided by the 3MDG Fund Management Office and the Fund Board Liaison Officer to send invitation with agenda and date/time of meeting.

**Frequency:** to be convened a minimum of three times annually by the Fund Director/Fund Board Liaison Officer.

**Documentation:** written minutes to be distributed to the Fund Board.