

**Three Diseases Fund Board Meeting  
28-29 August 2008  
Chatrium Hotel, Yangon**

Chair: Mark Canning  
Minutes: Mikko Lainejoki, Fund Management Office

Board Members:  
EC – Anne Harmer  
Sida – Britta Nordström  
DfiD – Julia Kemp  
Martin Smith  
Mike Toole  
Nwe Nwe Aye

Observers:  
AusAID - Bernard Pearce

**28 August 2008**

AGENDA ITEM	INFORMATION/DISCUSSION	DECISION/ACTION
<b>1. AGENDA OF THE MEETING</b>	The Chair called the meeting to order at 09.00hrs, and welcomed DFID's new representative, Dr. Julia Kemp, to the meeting and Fund Board.	The proposed agenda was adopted with the following changes: <i>M&amp;E Framework</i> was deferred <i>Mechanism for handing over the chair in next meeting</i> was added.
<b>2. MINUTES OF THE PREVIOUS MEETING – REVIEW OF FOLLOW-UP POINTS</b>	The tasks assigned to the Fund Management Office in the March board meeting were followed up with the following comments and observations: <ul style="list-style-type: none"><li>• Due to our partners' focus on Nargis response in May-July the broader systems review had not been initiated until August 2008 with one INGO partner.</li></ul>	The minutes of the March 2008 meeting were approved without amendments.  The FM to proceed with review work in September/October. Report will be presented in Dec 2008 meeting.

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	<ul style="list-style-type: none"> <li>• The contributions scheduled for April-August had been received. The Dutch Government has already confirmed the transfer of their second contribution of EUR 1 million.</li> <li>• Preliminary information on Yr2 contract extensions was presented, more comprehensive package will follow shortly.</li> <li>• The FM has not recruited the first staff members to the field support team pending the final decision on the Round II.</li> <li>• The revised 3DF budget had been circulated to all 3DF donors who had expressed their agreement to the presented changes.</li> <li>• The commodity tracking scheduled for May-June had to be postponed due to Nargis response.</li> <li>• 2007 FM Audit report available to FB members in June.</li> <li>• The 2<sup>nd</sup> Progress Report had been shared with the FB members 03 July.</li> </ul>	<p>The FM to follow-up DFID and EC contributions by ensuring that all required documents are provided to respective donor offices.</p> <p>FM will provide summary information on all Yr2 contract extensions to FB members.</p> <p>Ref. Agenda Point 4. Status of Round II .</p> <p>The revised 3DF budget as presented in the March meeting was approved.</p> <p>Ref. Agenda Point 17. Procurement and commodity tracking .</p> <p>The audit exercises were completed in April-June but all IP reports are not yet available. Ref. Agenda Point 18. Audits.</p> <p>Ref. Agenda Point 8. 2<sup>nd</sup> Progress report – final approval</p>
<p><b>3. RISK MANAGEMENT</b></p>	<p>The Board noted that the overall operating environment at community and township level in Burma/Myanmar is likely to get more restrictive in the future, possibly limiting also 3DF project implementation. Although the Delta area follows more flexible set of procedures, the situation is variable or unchanged outside of Nargis area.</p> <p>The Board noted the importance of being flexible where and when</p>	<p>The Chair of the Board to send a letter to Pr. Kyaw Myint addressing issues raised by the Minister in his meeting with Board Chair in July 2008. The expired MOUs of IPs to be addressed in the same letter.</p>

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	<p>possible within 3DF priorities, without compromising the Fund's governing principles. The issues and concerns raised by the MoH should be addressed promptly and preferably directly with the Minister. The need to revitalize the communication lines and information sharing with the MoH and the CB was seen as one of the immediate operational priorities. There is no single route but many levels where clarity has to be built up. One of the keys is to involve TSGs in 3DF processes.</p> <p>3DF could play an advocacy role in supporting MoH's application to the Global Fund by encouraging the Ministry to ensure that appropriate structures are in place. Again the key is to involve TSGs in 3DF.</p> <p>There is a need to also emphasise the essential role UN agencies should be playing within the TSGs and to assist MOH to understand TSG function and role.</p> <p>The risk management task force identified an increasing risk in the following areas:</p> <p><b>1. Operating environment</b></p> <ul style="list-style-type: none"> <li>- Visas</li> <li>- Communication with MOH</li> </ul> <p>How to mitigate the risk:</p> <ul style="list-style-type: none"> <li>- Use the positive climate created by the tri-partite TCG model in coordination and working</li> <li>- Keep MoH regularly updated of progress of NGO activities in the field</li> <li>- Revitalize the concept of CB meetings, and bilateral dialogue between MOH and 3DF</li> </ul> <p><b>2. CBO involvement</b></p> <ul style="list-style-type: none"> <li>- Mandatory registration of organizations receiving funds from 3DF</li> </ul>	<p>The FM office was requested to arrange a meeting between relevant UN agencies and FB members</p> <p>FM office to regularize bi-monthly meetings in NPT with the relevant National Programme staff.</p> <p>FM was requested to consult TSGs for reconfirmation of strategic direction in each of the three disease areas and for update of costed workplans.</p>

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	<p>(directly or indirectly)</p> <p>How to mitigate the risk:</p> <ul style="list-style-type: none"> <li>- Find a way to involve TSGs in Round II and all subsequent rounds without compromising decision-making authority</li> <li>- Consult MoHA through MoH of the possibility to work with the short-listed unregistered NGOs.</li> </ul> <p><b>3. WHO - fund management, commodity tracking</b></p> <ul style="list-style-type: none"> <li>- Recognise challenges in timely implementation of Fund Flow Mechanism tasks</li> </ul> <p>How to mitigate the risk:</p> <ul style="list-style-type: none"> <li>- Revitalize the regular monitoring meetings with WHO.</li> <li>- Pilot the move from WHO coordinated cash flow arrangements to FM managed scheme.</li> </ul>	<p>The FM to write to the MoHA (cc. MoH) requesting for a clearance to work with the shortlisted non-registered organizations. FM to propose to MOH that township level health authorities to be invited to provide inputs in development of full proposals.</p> <p>Revitalize the bi-monthly consultations with WHO.</p>
<p><b>4. STATUS OF EOI FOR ROUND II</b></p>	<p>Round II has progressed to a point where EOIs received have been assessed. The list of recommended partners to submit a detailed proposal were presented to the Board. Of 24 shortlisted organizations 13 claim to be registered with the MoHA.</p> <p>The Fund Management office recommended a two tier way forward:</p> <ul style="list-style-type: none"> <li>i) Shortlisted registered organizations will be invited to submit a formal proposal.</li> <li>ii) In parallel FM will consult MoH requesting assistance in getting the non-registered organizations properly registered.</li> </ul> <p>Township level MoH structures could be consulted to provide inputs on proposed design and content of full proposals.</p>	<p>FB endorsed FM's recommendation and asked FM office to proceed with the Round II accordingly and with due consultation with MoH.</p> <p>FB requested FM to assist short-listed registered organizations to access coaching/help in developing Round II proposals.</p> <p>FB reaffirmed its earlier position that only duly registered organizations are eligible for a grant award from the Fund.</p>

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<b>5. STRATEGIC COMMUNICATIONS PLAN - FINAL APPROVAL</b>	3DF Communication Strategy to be finalised.	FB requested FM to complete the Communication Strategy by first week of October.
<b>6. POLICY DEVELOPMENT AND STUDIES</b>	<p>Financial gap analysis  FM made a short presentation on the follow-up of the financial gap analysis. The findings of the study demonstrated that the investment in the national responses to HIV/AIDS, TB and Malaria continues to fall considerably short of what is required to implement the levels of service necessary to impact the spread of the epidemics.  There is limited planning and budgeting capacity, or systems in place to maintain or update the annual rolling plans and budgets in the three programme areas. There is no clear information available on amounts required for a reasonable response to the three diseases , or how to prioritise the available resources. The responsibility for this should lie with the TSGs with technical support from key stakeholders, such as UN agencies.</p> <p>Gender study and policy paper.  FM gave a brief presentation on 3DF Gender Strategy which aims to address gender equality at each stage in the planning, management and implementation of 3DF programme.  It was felt important to engage TSGs and the existing gender networks and/or working groups to assist in mainstreaming gender.</p> <p>The FM proposed a revision to the <i>3DF Effective Operations Policy</i>, and a new Appendix 7 to the <i>Operational Guidelines</i> addressing gender relations in 3DF, i.e. <i>Gender relations and equity</i>, and <i>Mainstreaming gender in 3DF</i>.</p>	<p>FM to strongly advocate and promote the rolling over of the Operational Plans and subsequent costing exercises by TSGs to allow a better prioritization of resources and resource allocation</p> <p>FM to publish the study findings on the 3DF web site</p> <p>FM requested to complete the strategy document and share it for final comments before posting on 3DF web site.</p> <p>FM was requested to promote the collection of disaggregated data by sex starting from a small number of key indicators.</p> <p>The revision and the new Appendix 7 were approved as proposed and FM was requested to make changes to the existing documents accordingly.</p>

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<b>7. 2<sup>nd</sup> PROGRESS REPORT - FINAL APPROVAL</b>	The FM presented the 2 <sup>nd</sup> Progress Report for approval.	The 2 <sup>nd</sup> Progress Report was approved, and will be posted on 3DF web site.
<b>8. 3<sup>rd</sup> PROGRESS REPORT – NEW OUTLINE</b>	The current requirement of FM submitting two 6 monthly narrative progress reports per year was discussed. The donors still require a compressed set of mid year results. The second report should be an annual report, max. 30 pages, with a separate glossy four pager on key results for advocacy purposes.	It was agreed to change the 6 months progress report to one report, i.e. an Annual Progress Report with a compressed set of mid year results following the 3DF LogFrame (max. 10 pages).
<b>9. REPORTING TO THE COORDINATION BODY &amp; MOH</b>	<p>FM has an obligation to submit financial and technical reports to the Coordination Body. The formal reporting will consist of the above mentioned annual report and a compressed set of mid year results. The financial part will include summary of grants approved and funds disbursed by implementing partner, contributions received from donors, and summaries according to the main budget headings disaggregated by INGO, LNGO, and UN. The financial utilization rates will be shown only based on reports received for a full financial year.</p> <p>The above formal reporting obligations will be complemented by bi-monthly consultations and information sharing meetings between the National Programmes and 3DF Fund Management Office.</p>	FM will institutionalize the reporting formalities as recommended. The Annual Progress Report will be presented to MoH in a separate meeting.
<b>10. ANNUAL REVIEW MEETING – FOLLOW UP</b>	<p>FM presented a follow-up table for monitoring progress of the recommendations emanating from the Annual Review Meeting.</p> <p>It was suggested that FM should use the Most Significant Change (MSC) approach to monitoring gender and equity results.</p>	<p>FB to continue to seek regular meetings with the Minister of Health.</p> <p>FM to manage the monitoring spreadsheet and keep FB members updated of the status.</p> <p>FM to emphasize IPs’ responsibility to report to township authorities.</p> <p>FM to arrange training on the most</p>

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		significant change approach to M&E for the FM office and IPs.
<b>11. FUNDING STATUS AND BUDGET UPDATE</b>	<p>The cash flow situation as of 31 of August shows a negative balance of US\$2.4 million. However, the funding base is sound and after receipt of the scheduled contributions in September the cash balance will show a surplus of US\$3.3 million at the end of December 2008. The additional funding is mainly due to exchange rate gains (all 3DF contributions are in currencies that made substantial gains against the US dollar in 2007 and 2008) and interest earned in 2007.</p> <p>The timing of some of the contributions need to be synchronized with the disbursement of grants.</p>	FM to renegotiate the timing of some of the key contributions.
<b>12. REVISED STRUCTURE OF THE FM OFFICE</b>	<p>FM proposed changes to the present FM office structure; some of the changes require establishing new posts, some refer to adjusting existing post levels to be more in line with the current responsibilities and accountabilities.</p> <p>As a result of the proposed changes the net increase in number of staff in the Fund Management Office will be 6 (incl. the positions already approved in the March FB meeting).</p> <p>The FM explained that the above arrangement would make the structure more effective and efficient, and would also offer annual savings of up to US\$8,000. The changes would allow the public health specialists (both international and national) to focus exclusively on their priority tasks and leave the contract management to the new contracts specialist.</p> <p>The Admin &amp; Finance will be reshuffled and strengthened due to new additional requirements and accountabilities. The responsibility for all</p>	FB approved the proposed new structure of the FM Office.

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	<p>financial management, except affecting payments, has been transferred from Bangkok to Yangon. Monitoring of the Fund Flow Mechanism is time consuming and the planned direct disbursements of funds to township level civilian administrations in one pilot State/Division will further increase routine workload in financial management.</p>	
<p><b>13. CONTRACT AWARDS</b></p>	<p>Year 2 contract extensions were approved (representing the same monetary value as Year 1 agreements). The list of changes as of end of August will be provided to FB members although there will be more amendments due to unutilised Year 1 funds.</p> <p>FM presented the principles for reallocating unutilised Year 1 funds for additional activities by the best Year 1 performers.</p> <p>FM recommended three direct grants for the Board's approval:</p> <ol style="list-style-type: none"> <li>1. US\$500,000 for The International Union against TB and Lung Diseases (The Union) to scale up the provision of ART services to additional 800 clients in 2009 and 2010.</li> </ol> <p>After thorough deliberations FB decided that instead of awarding a direct grant, to encourage The Union to compete for funds in the anticipated Round III.</p> <ol style="list-style-type: none"> <li>2. Partial funding (\$1 million) for first-line TB drugs for the National TB Programme for one year (2010)</li> </ol>	<p>FB approved the Year 2 contract extensions at the same level as Year 1 grants.</p> <p>FM to provide a summary list of changes effected to May batch of contracts (activities, geographical areas).</p> <p>FB approved the proposed principles for reallocating unutilized Year 1 funds for Year 2 activities.</p> <p>FM to submit Nargis-related contract amendments for FB formal approval.</p> <p>FB did not approve the recommended grant but asked the FM to encourage The Union to compete for the funds in the Round III.</p> <p>FM to request the NTP to submit a formal request for the funding of the first-line TB drugs. The request should be supported with costing estimates.</p>

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	<p>The recommendation was supported in principle but FB requested that the annual rolling plans and budgets for the TB national response should first be made available to support the request. Good timing to make this commitment would be the planned donor meeting on sustainable TB drug supply to be held in Myanmar end of Oct '08.</p> <p>3. TB Prevalence survey The National TB Programme in close cooperation with WHO is planning to carry out a TB prevalence survey in 2009. The purpose is to have a more accurate estimation of TB epidemiology and to measure impacts of control efforts. The sample size will be 53,200 people of 15 years of age or older.</p> <p>The recommendation was supported in principle. Board members would like to receive a formal request signed by the Minister. Ideally the request should be initiated by the relevant TSG as part of their responsibility for strategic information on disease burden.</p> <p>In response to the Minister's request for funds for condoms to support targeting programming, FB agreed that this should be supported, provided that the necessary programme elements are satisfactory.</p> <p>Anticipated surplus funds at the end of the year will be approx. \$3.3 million of which \$600k will be reserved for FM's operational expenses until the transfer of the first 2009 contributions. The remaining balance of \$2.7 million is an unallocated amount for the FB to allocate as seen best. The following suggestions were proposed:</p> <ul style="list-style-type: none"> <li>- Future direct grants</li> <li>- Seed money for Round III</li> <li>- Procurement of commodities for National Programmes</li> <li>- Implementation of gender strategy</li> </ul>	<p>FM to request the NTP to submit a formal request signed by the Minister for the funding of the national TB prevalence survey.</p> <p>FB requested FM to facilitate the procurement of 7 million condoms through UNFPA or UNAIDS for the NAP, bearing in mind programmatic prerequisites.</p> <p>FB decided to invest the surplus to Round III, and to cover the operational costs to implement the gender strategy (required budget will be submitted shortly by the FM).</p>

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<b>14. FUND FLOW MECHANISM</b>	<p>FM made a presentation on the Fund Flow Mechanism high lighting observations and findings emanating from two monitoring trips carried out to the field. Main achievements were described, as well as challenges and recommendations on the way forward.</p> <p>FM will have initial discussions with MoH on 16 September in NPT on the direct disbursement to township level civilian administrations, as agreed at the ARM.</p>	<p>FM was requested to explore how other UN agencies manage the disbursement of their cash component to support the Government Ministries.</p> <p>FB approved the recommendation to pilot the direct disbursement scheme in one of the States or Divisions.</p>
<b>15. EXCHANGE RATES</b>	<p>FM briefed the Board on possible impact that the FEC exchange rate fluctuations may have on the Fund.</p> <p>FM has not received any concerns or complaints from the partners' side stating that they have serious problems or that the FEC issue severely hampers their project implementation.</p>	<p>FM office to follow closely any developments in the FEC issue and to keep FB informed.</p>
<b>15. PROCUREMENT AND COMMODITY TRACKING</b>	<p>Since 3DF establishment, FB has expressed the need for a good understanding of in-country logistics issues and commodity flows. One of the priority functions of the FM procurement team is to help and support the implementing partners in strengthening their commodity tracking systems.</p> <p>In May the commodity tracking was put on hold due to IPs' focus on Nargis relief operation. The exercise is now back in FM's workplan for August-October. FM office has contracted a local company, SGS Myanmar, to conduct the studies which will start second week of September and will be completed by mid October. The purpose is to study commodity flows from the moment supplies arrive in Myanmar to the point they are handed over to the intended beneficiaries. Inventory management at various levels is included in the study. Some sample commodities will be followed throughout the supply chain. The purpose is not to audit existing systems but to work together with IPs to document best practices and to share these with the whole IP community in Myanmar.</p>	<p>FM to present a report on the commodity tracking exercise in the next FB meeting in December.</p>

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	<p>Eight implementing partners will participate in the exercise and the total costs of the investment to the Fund will be approx. US\$11,000.</p>	
<p><b>17. AUDITS</b></p>	<p><u>FM audit</u>  FM briefed the board of the 2007 audit exercises conducted during the first half of 2008. The financial audit of FM office was completed by an external auditing company in May and the final report was submitted to UNOPS HQ in Copenhagen early July. The preliminary summary of the audit recommendations was shared with FB and a copy of the report will be submitted to all Donors Consortium members shortly. The cost of the audit was US\$26,550.</p> <p><u>IP audits</u>  All Implementing Partners of 3DF were required to submit audited financial statement as per provisions in the signed Memorandum of Agreement (MoA). All 19 INGOs and LNGOs have submitted an audit report.</p>	<p>FM to follow up the release of 2007 FM audit report and disseminate copies to DC members.</p> <p>FM office will develop monitoring tables of the audit recommendations (both FM and IP audits) and will keep FB informed of the progress of closing the issues.</p> <p>FM will explore possibilities of arranging an international audit firm to conduct all IP audits in 2009 or sample number of them on rotating basis.</p>
<p><b>18. FUTURE PLANS</b></p>	<p>Mid term evaluation  FB will commission a mid term evaluation on the Fund's performance in terms of institutional arrangements and programmes. FM will consult relevant parties and will draft a TOR for FB approval and issue a tender for suitable service provider(s). The evaluation itself will be conducted in June 2009.</p> <p>2009 Annual programme review  Following the success of the 1<sup>st</sup> Annual Review Meeting the second one will be arranged in Yangon 02 June. The review will be a one-day event.</p>	<p>FM to draft TOR for the evaluation and share with FB for comments and final approval before next Board meeting so recruitment of consultants can start shortly. The FM will float a tender for the required services and recommend a best qualified service provider.</p> <p>FB decided to hold one and two days annual review meetings in alternate years.</p>

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<b>19. HAND OVER CHAIR OF THE FB</b>	Sida, the Swedish International Development Cooperation Agency, has agreed to take on the responsibilities of the chair of the FB for a 12 month period from the December 2008 FB meeting.	The current Chair will jointly run the next 11 December board meeting with the incoming chairperson from SIDA.
<b>19. AOB</b>	<p>The Chair and the members of the board thanked Rurik Marsden, donor representative from DfiD, for his outstanding services in setting up the Fund and nurturing it during its early life.</p> <p>Next Fund Board meetings:            FB confirmed the following preliminary dates for the next board meetings and related key activities during the next 12 months:            Board meeting 11 December 2008 (later changed to 12 December)            Board meeting 09 March 2009 (in a field location)            Visits to selected project sites 10-14 March 2009            Board meeting 01 June 2009            Annual programme review 02 June 2009            Kick off meeting of the mid-term evaluation 04 June 2009            Second part of the board meeting to approve the FB conclusions and recommendations from the annual review 05 June 2009            Board meeting 15 October 2009</p>	FB requested FM to make appropriate arrangements for the March 2009 FB meeting to be held outside of Yangon in connection with visits to 3DF project implementation sites.
	The meeting was adjourned at 12.45hrs.	