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**Medicines Transparency Alliance:  
Options for MeTA Phase II  
Governance and Administration  
Arrangements  
Hosted by the World Bank**

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May 24, 2010

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The DFID Human Development Resource Centre (HRC) provides technical assistance and information to the British Government's Department for International Development (DFID) and its partners in support of pro-poor health policies, financing and services. The HRC is based at HLSP's London office and managed by an international consortium of five organisations: HLSP Ltd, UK; Ifakara Health Research and Development Centre, Tanzania (IHRDC); ICDDR,B - Centre for Health and Population Research, Bangladesh; Sharan, India; Swiss Centre for International Health (SCIH) of the Swiss Tropical Institute, Switzerland.

This report was produced by the Human Development Resource Centre, on behalf of the Department for International Development, based on input from and consultation with the World Bank, WHO, the Chair of the MeTA International Advisory Group and the MeTA evaluation team, does not necessarily represent the views or the policy of DFID, the World Bank or the other organizations and persons consulted.

MEDICINES TRANSPARENCY ALLIANCE:  
POST-PHASE I OPTIONS

Loraine Hawkins

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## 1. Introduction

The initial terms of reference for this report (attached as Annex 2) asked for consideration of options for the structure and governance of a post-Phase I MeTA based on:

- A Financial Intermediary Fund held at the World Bank, with the pharmaceutical policy team in the Bank's Health Anchor (HDNHE) as the sponsoring department;
- An external MeTA Secretariat that will manage the programme and provide TA and support to countries. The Secretariat is to be selected by a competitive tender managed by the World Bank;
- Options for how funds will flow to countries (e.g. direct from the World Bank or via the secretariat); and
- A multi-stakeholder (donors, countries and participating constituencies) governance structure.

The Evaluation of MeTA Phase I<sup>1</sup>, received subsequent to this initial brief, points to a need to modify the design in a post-pilot phase. Current thinking is to develop a proposal for a more streamlined, flexible design, for a facility of modest scale<sup>2</sup>, with a higher share of resources going to country-led and implemented activities. The **objectives of MeTA in any Phase II** would be unchanged – continuing to focus on promoting transparency to drive mutual accountability of pharmaceutical sector stakeholders, using a total market approach (i.e. covering public and private sectors, all stages of the supply chain, and the demand side) with the ultimate goal of improving access to essential medicines, especially for the poor. MeTA would continue to focus on increasing the production and appropriate sharing of robust information about medicine prices, availability, quality, affordability, and promotion. It

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<sup>1</sup> *Evaluation of the Medicines Transparency Alliance Phase 1 2008-2010: Main Report*, E. Ollier, N. Gittins, T. Collins, P. Mubangizi, C. Waddington and D. Whitaker, April 2010, DFID Human Development Resource Centre.

<sup>2</sup> Although the potential funding level for a Phase II of MeTA is uncertain, it is assumed that the amount involved would be substantially below the US\$20 million threshold that is relevant for the purposes of World Bank policies on trust fund administration.. Smaller trust funds below this amount are subject to a standard administrative fee of five percent, while larger trust funds above this amount can have customized administrative fees, often below five percent.

would seek to build accountability in the sector along both the “long route” of political and institutional accountability of the public sector to citizens, and the “short route” of accountability of public and private service delivery agencies to their customers and other stakeholders (in the terminology and concepts of the World Development Report, 2004). Civil society engagement would be fostered as a catalyst and support along both routes of accountability.

The ***functional components and activities of MeTA in Phase II*** would be:

- ***at central/global level -***
  - a. technical support for development and use of tools and methods for producing and sharing relevant medicines information, and for multi-stakeholder working; this would build on the tools used and developed during Phase I of MeTA and under predecessor projects;
  - b. limited central “offers” of technical support and training (such as the Flagship training course which received positive evaluation during Phase I), which could be drawn down by countries;
  - c. promotion of MeTA to additional country participants, and assistance to countries to initiate MeTA and apply for support;
  - d. management and supervision of a channel for grant funding to participating countries for country-led and executed activities, with capacity for monitoring and evaluation of country activities.
  
- ***at country level –***
  - e. bringing together stakeholders and identifying country “champions” and leadership
  - f. baseline data collection and analysis using a package of harmonized analytical tools;
  - g. developing a workplan directed at the objectives of MeTA, based on consultation and discussion of the baseline analysis, with multi-stakeholder participation;
  - h. implementation of the workplans, which is likely to include additional data collection and analysis, CSO support, information sharing, multi-stakeholder processes of policy dialogue, followed by policy advocacy and communication;
  - i. monitoring of progress from baseline and feedback into policy, advocacy and pharmaceutical sector practices.

To address issues raised in the Evaluation regarding relatively high “overheads”, lack of focus on cost-effectiveness and aid fragmentation, it is assumed that the revised design would avoid having an expensive international advisory group and international secretariat. Phase II would also seek ways to adopt the principles of the Paris Declaration on Aid Effectiveness, including “working through others” and using shared platforms for delivering aid for health sector and governance at country level, where these exist.

Compared to MeTA Phase I, the design of country-level MeTA structures is envisaged to be more flexible. In particular, MeTA may no longer mandate formal national multi-stakeholder institutions at country level – to allow for greater cost-effectiveness, alignment with existing institutional arrangements for working on these issues in a given country, and to allow MeTA objectives to be pursued in countries where not all stakeholders may be ready to participate at the outset.

Global MeTA structures would be “lighter touch” and more focused on clear objectives. It is assumed that the revised design would continue to involve a partnership of MeTA donors with WHO and World Bank at global level, and that DFID would seek to expand the number of donor agencies and technical development partners involved, and find more streamlined mechanisms for participation of MeTA stakeholders and constituency representatives in global functions.

DFID is exploring options for hosting the **central** functions of MeTA in either the World Bank or WHO or a combination of both, with the possibility for outsourcing some of central functions. This means it will be necessary to consider how to achieve separation between the WHO and/or World Bank roles in governance or oversight function for MeTA and their management/implementation role. The aim of the design of management/implementation would be to provide assurance of openness to working through and with a variety of development and technical partners at global and country level, based on comparative advantage and cost effectiveness – avoiding bias towards working through the host agency or in support of the host agency’s own programs and projects.

This note describes and discusses World Bank-hosted options. It discusses options for (A) *de novo* governance and administration arrangements for a multi-donor trust fund (MDTF) for MeTA, and (B) options for embedding MeTA as a distinct “window” within an existing or proposed governance and administrative set-up for an MDTF

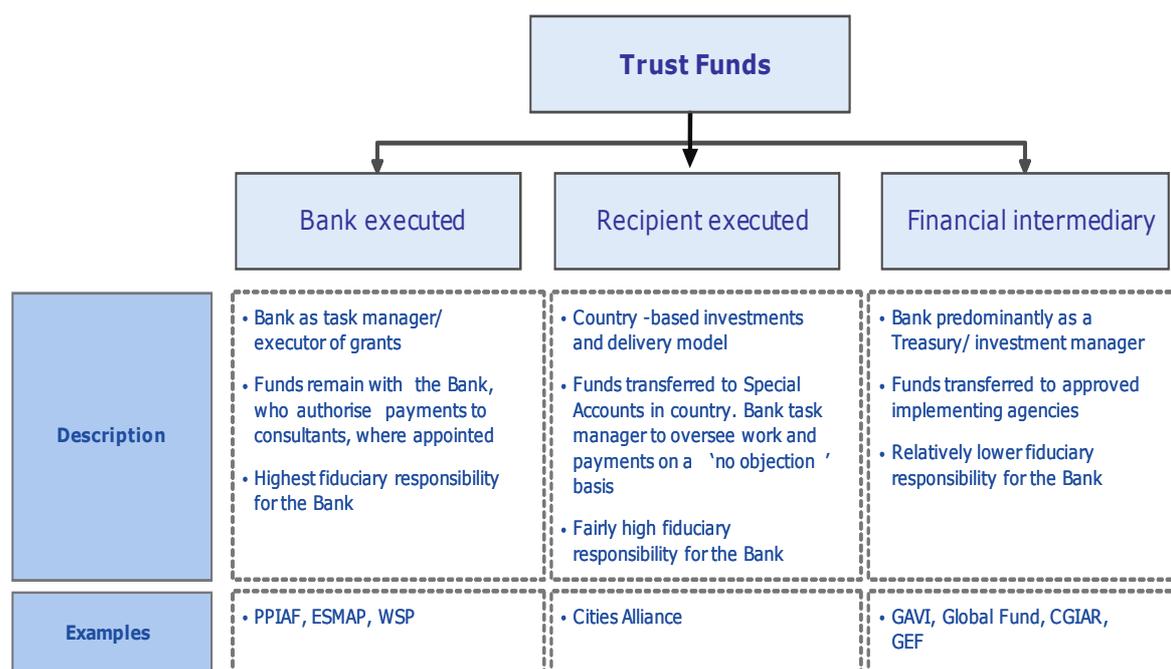
with similar, compatible objectives to MeTA. The latter type of options may afford synergies and economies, consistent with DFID's desire to reduce the number of separate World Bank-hosted partnership arrangements and Trust Funds.

The note also discusses more briefly how the central channel of funds to countries could be designed in such a way as to increase efficiency and alignment of MeTA support at country level.

## 2. Types of World Bank Trust Fund Administration

There are three broad models for trust fund administration in the World Bank, illustrated in Figure 1.

**Figure 1: Types of World Bank Trust Funds**



From: CEPA, Consultation Paper for "Harnessing Non-State Actors for Better Health for the Poor (HANSHIP)", 4 March 2010

The World Bank Board generally follows the policy that grant funds it administers for country-level activities should be recipient-executed. This is seen as a means of ensuring country ownership of the activities. Most grant programs in the World Bank have a presumption of recipient execution for the bulk of funds, with limited exceptions (e.g. contexts where there is no functioning government). World Bank-executed trust funds and EFOs are usually used only for activities that the World Bank's own staff undertakes (e.g. technical assistance or research conducted or commissioned by Bank staff, supervision activities). As a result of these policies, the Bank does not have institution-wide standard operating procedures for country counterpart participation in Bank-executed funds. By contrast WHO and other development agencies that normally administer funds they manage on behalf of

country counterparts have SOPs that build in counterpart approval of planned work, participation in procurement of TA, etc.

In Financial Intermediary Funds (FIFs), the World Bank acts as a financial or fiscal agent in receiving and pooling donor funds, and as a trustee in managing balances on the Trust Fund, disbursing to recipient organizations in an arms-length relationship, accounting and reporting on disbursement to the recipients, according to the administration agreement. For example, the World Bank disburses funds for GFATM and GAVI on the instructions of the secretariats of these global partnerships. The global partnerships have their own formal governance structures to make policy and carry out oversight of their independent secretariats and programs: the World Bank is not accountable for these functions. There are cases in which the secretariat is housed within the World Bank (e.g. the GEF) but it is functionally independent of the World Bank.

Any new FIFs require approval from the World Bank Board of Executive Directors, based on assessment by World Bank trust fund and co-financing staff, health sector specialists, fiduciary and safeguards specialists and legal advice, and clearance from line management of the departments involved. The main criteria the World Bank management would use before recommending approval of a new FIF arrangement, are:

- whether the World Bank involvement would add value;
- whether reputational risk to the World Bank (both in terms of fiduciary risk and technical risk) is manageable;
- whether there is a consensus in global development forums on the establishment of the new global partnership the FIF would support.

## **2. WHO Role in All Options**

The Evaluation of MeTA Phase I identifies that WHO, together with its Collaborating Center for Pharmaceutical Policy, has a comparative advantage as the lead agency in the central technical advisory functions of MeTA (functions a and b in listed Section 1 above). The Evaluation Report noted synergies between MeTA and WHO's Good Governance in Medicines Program and at country level, WHO's mandate and capacity (through NPOs) have made it a key facilitator and supporter of MeTA in most of the Phase I countries. WHO's convening role and National Pharmaceutical Officers (NPOs) were also identified as important at country level in a number of Phase I MeTA countries. The TORs for this assignment asked for

exploration of whether, an MDTF administered by the World Bank for MeTA could be used as a channel to fund WHO global, regional and country activities in support of MeTA.

There is a framework agreement between the World Bank and WHO that make it straightforward for the World Bank to transfer funds to WHO for specified purposes and activities. Under the framework agreement, WHO's own internal rules for financial management, procurement and audit can be used for funds it receives via the World Bank.

However, channeling funds via the World Bank would lead to a doubling of administrative fees (normally 5 percent for the World Bank – though negotiable to a lower amount for larger MDTFs – and 13 percent for WHO).

Additionally, WHO has concerns about conflict of interest if the MeTA partnership is designed in a way in which WHO is both a member of a governance board overseeing the partnership and one of the recipients and implementing agencies of the partnership. (The same issue arises in relation to the World Bank.) Some form of “firewall” would need to be designed in to WHO's (and World Bank's) participation if MeTA Phase II is established as a formal partnership with this kind of governance structure. A simpler alternative that would avoid the potential conflict of interest would be for a separate single-donor MOU to finance WHO inputs to the MeTA partnership, in parallel to and coordination with the governance arrangement for a MeTA MDTF hosted by the World Bank.

### **3. World Bank Health, Nutrition and Population Hub (HDNHE) Role in All Options**

The Evaluation of MeTA Phase I noted that there was considerable commitment from the central level of the World Bank (by HDNHE) to the central governance structures of MeTA, though at country level the extent of engagement of the Bank in MeTA varied significantly and was not substantial (except in Jordan, where the Bank had a pre-existing project focusing on pharmaceuticals).

There are some synergies between World Bank activities and partnerships and the central technical functions of MeTA which could be developed further in a Phase II. There is scope for HDNHE to build pharmaceuticals issues into the World Bank's tools in the fields of governance, public sector management and poverty measurement. There are also other relevant partnerships and MDTFs for health hosted or led by HDNHE that have potential synergies with MeTA. These range from regional, health-system wide initiatives (e.g. IHP, and its Health System Strengthening hubs in Africa), and initiatives focused on a sub-set of the pharmaceutical sector issues MeTA seeks to engage with (e.g. regional harmonization of pharmaceutical regulation; use of ICT to enhance supply chain management).

Under any of the options discussed below, a defined portion or share of funds in the MDTF could be allocated to a World Bank-executed "child trust fund" to finance HDNHE's role in promoting MeTA and administering MDTF support for country level activities (functions c and d listed in Section 1 above).

The World Bank -executed portion of the MDTF could also be used to support any technical activities carried out by HDNHE to support central MeTA technical functions (functions a and b listed in Section 1 above). However, the MeTA Phase I Evaluation Report points to a need to coordinate better these central technical support activities of MeTA. This might be done best by consolidating management and giving a single agency leadership of this function of MeTA , and commission or sub-contract the other agencies involved. Based on the Evaluation Report's findings, WHO would appear to be the natural choice for leading and coordinating these activities. There is a precedent for WHO-led partnerships to on-grant donor funds it administers to HDNHE for specified purposes.

## 4. Country Grant Mechanism Under All Options

The natural mechanism for ensuring that MeTA is country-led in Phase II would be to establish a new grant window that existing and new MeTA countries could apply to for support. There may be a need for two different types of grant:

- (i) seed funding grants for scoping, baseline, and initiation of MeTA (functions e, f and g listed in Section 2 above); and
- (ii) implementation grants, based on a proposed work plan (functions h and i listed in Section 2 above).

For the seed funding grants for the “initiation phase” of MeTA country activities, the experience of MeTA Phase I suggests that the most efficient recipients would be a development partner or NGO already active in pharmaceuticals sector policy and/or health sector governance in the country. While HDNHE’s own staff or World Bank health task managers could be asked to carry out MeTA initiation activities, the Evaluation Report indicates that this would not be effective in all countries. An alternative would be to open up a seed grant funding facility to a wider range of organizations, in addition to World Bank country health task managers. This could include WHO country offices, bilateral aid programs’ implementing agencies, or governance/transparency-focused NGOs, among others. One of the objectives of seed funding grants would be to support preparation of a workplan and application for a MeTA implementation grant.

In keeping with the country-driven approach MeTA has taken, the choice of agency within the Country to receive and manage the implementation grants, should taken by Country stakeholders, with agreement of the MOH or relevant government authorities.

The Evaluation of Meta Phase I found long delays and absorptive capacity constraints in country work-planning and grant mobilization and recommended that in a Phase II, more use should be made of local support for the MeTA groups in countries. The Evaluation Report also noted a real concern about whether MeTA complies with Paris principles, given that not all work-plans are reflected in MOH planning processes and given that funds have been managed as a small stand-alone project in parallel to existing health sector institutions, not harmonized with existing aid management arrangements.

In order to address these points, a new country grant window for MeTA country implementation grant funds would need to be administered and supervised through existing agencies and funds flow and supervision mechanisms in each country, rather than through new “PCU-type” secretariat structures established only for MeTA. Working through established WHO or World Bank country health program management arrangements would be one way of doing this. But to the extent possible, it would be desirable to design MeTA Phase II with flexibility and openness to working through a wider range of partners and agencies. Given the governance objectives and multi-stakeholder focus of MeTA, it would be desirable to allow non-governmental organizations to be the lead applicant for grant funds and manage them, with the agreement of other MeTA stakeholders. There are long-established precedents within the World Bank for grant programs that offer a window for civil society organizations and other non-governmental organizations (e.g. the Japan Social Development Fund).

The grant application guidelines and assessment criteria for both scoping and implementation grants could be crafted in such a way as to encourage applicants to demonstrate coordination with MOH planning, cost-effectiveness and harmonization of grant implementation arrangements in their grant proposals. There may be a need for the MDTF grant management unit to conduct or commission assessment visits of new MeTA countries at the end of the MeTA scoping/initiation phase (as was done by consultants during Phase I of MeTA) to assess readiness for implementation, and harmonization/ alignment of proposed implementation arrangements.

Under any recipient-executed World Bank-administered grant windows, grant recipients sign a grant agreement with the World Bank which is supervised by a World Bank task manager. Before the grant is signed, the Bank is required to carry out a fiduciary assessment of the recipient and an assessment of capacity to manage the funds. The recipient is required to follow World Bank procurement and financial management guidelines. For a small grant program such as MeTA, unless the recipient agency has previous experience of implementing World Bank grants or loans, they can find the requirements unfamiliar and onerous and will require training and support from World Bank staff. Alignment of MeTA implementation arrangements with existing programs would help to mitigate this risk. However, providing effective support to grant recipients relies on being able to engage World Bank health task managers to give priority to this task.

An alternative mechanism for supporting country grant implementation would be for the grant to be administered by the WHO country office or another UN agency. If the WHO country office were to support the MeTA grant application, the Bank could on-grant the funds to WHO via an MOU under its framework agreement with WHO. (The Bank also has framework agreements with UNICEF and some other UN agencies which could offer alternative mechanisms for supporting grant implementation in country.) The framework agreement allows WHO to use its own financial management, procurement, control and audit arrangements in administering the funds. WHO's rules are comparable with those of the World Bank, but this channel for grant funds tends to be easier to spend in countries with implementation capacity bottlenecks because WHO manages the expenditure itself, with the participation of the counterparts.

Both mechanisms could be offered – MeTA countries could be offered a choice of a recipient-executed grant, supervised by the World Bank, or a WHO-administered grant, implemented in partnership with MeTA country structures.

### **3. Options Considered, but Not Supported**

#### **Option A: Financial Intermediary Fund (FIF) held at the World Bank's Multilateral Trusteeship and Innovative Financing group (CPFMI), with an arms-length international secretariat operating under a formal MeTA governance board**

Because of the costs involved with establishing the new formal governance structures and independent secretariats required under FIF arrangements, this type of arrangement is used for global partnerships with a much higher level of funding – usually for program implementation, not just advisory services – than is envisaged for MeTA.

There are no precedents for FIF arrangements in which the World Bank also contracts out the management of an independent secretariat competitively to private sector organizations. It is unlikely that this would be viewed by the World Bank's legal department as consistent with an FIF arrangement, because the World Bank would no longer have an arms-length relationship: it would be accountable for the secretariat functions as the principle in the contractual relationship. In practice, CPFMI does not have technical capacity to manage this type of contract, which would require health/pharmaceuticals sector expertise.

In view of the more modest scale and scope of a post-Phase I phase for MeTA, this option no longer seems to be a realistic candidate. The prospects for World Bank approval would in any case be far from certain.

**Option B: MDTF managed by HDNHE as a World Bank-executed trust fund or “External Financing of Outputs” (EFO) agreement** (used in the Phase I phase of MeTA to channel DFID support through the Bank)

The MeTA Phase I Evaluation report identified a number of limitations with this model:

- use of these funds for MeTA at country level relies on World Bank country health task managers being interested and authorized (by the Country Director and their regional Health Sector Manager); in most MeTA Phase I countries, health task managers either did not judge MeTA objectives to be a priority or they had only very limited time available for participation in MeTA;
- it was difficult to track use of funds by country and activity;
- use of funding is tied to the World Bank fiscal year; any carry forward of unspent funds has to be negotiated;
- there is no formal accountability to MeTA governance structures: World Bank can agree to consult and take advice from MeTA governance structures, but final decision-making rests with the Bank.

More generally, as noted in Section 2 above, the World Bank Board usually follows the policy that grant funds it administers for country level activities should be recipient-executed.

**Option C: New MeTA facility in the World Bank, with a formal MeTA governance board of donor and stakeholder constituency representatives, similar to the Public-Private Infrastructure Advisory Facility (PPIAF) or the Consultative Group to Assist the Poor (CGAP).**

Under this option, the MDTF for the facility would be partitioned into a recipient-executed fund (the bulk of funds), and a WB-executed fund to meet the costs of the facility secretariat and any technical assistance and supervision conducted by Bank staff.

These models of advisory facilities have features that address some of the disadvantages identified with Option B:

- the facility has dedicated managers and staff whose sole job it is to pursue the objectives and implementation of the program; this gives the facility greater ability to drive the implementation of the program, and somewhat less reliant on the priorities of individual World Bank country teams and task managers;
- the facility has a formal governance structure – at the very least, a Board of Trustees which includes donors, and can include country representatives, private sector representatives, and other constituency representatives. The Board of Trustees has defined decisions rights that increase the accountability of the World Bank for the functioning of the facility.

For example, CGAP has a Council (with broad participation and representation), an EXECOM of ex officio members and members elected by the Council, and an Investment Committee. CGAP's EXECOM endorses the appointment the CEO of the facility (who is employed as World Bank staff). Its Investment Committee approves operational policies for the facility, and reviews investment plans, priorities and reports. To avoid conflict of interest and ensure separation of oversight and management, the World Bank is represented on the governance structure by a different Bank Vice Presidency from the Vice Presidency that hosts the facility. (The World Bank is the largest financial contributor to CGAP.)

Independent evaluations of CGAP are available<sup>3</sup>, and are generally positive about the fairness and accountability of its governance structure, the efficiency and effectiveness of its management arrangements, and the ability of the facility to attract high quality staff. CGAP has a track record of providing support to a range of different member organizations involved in microfinance and the wider microfinance

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<sup>3</sup> *CGAP Phase III Mid-Term Evaluation (July 2003-June 2006)*, Sarah Forster et al.; 16 March 2007; *Consultative Group to Assist the Poor: Global Program Review Volum 3, Issue 1*, Independent Evaluation Group, World Bank, October 26, 2008.

industry – not only to the World Bank-supported microfinance programs - and is perceived by most stakeholders as “neutral”. However, one of the evaluations notes that there is a risk that if CGAP becomes too involved in World Bank’s internal management of its own microfinance programs there would be a perception of unfairness on the part of other CGAP members.

The PPIAF advisory facility operates similarly, but it is somewhat less flexible and has not achieved the same perceptions of openness to working with other partners and neutrality in its advisory work. It works with World Bank task managers, and its advice has not been applied to investments by other development banks and development investors.

However, while the CGAP model demonstrates the potential to create an open, neutral facility, both it and PPIAF manage large funds (in the range US\$100-200 million over a 5-6 year period), which enable the costs of their formal governance structures and full time secretariat to be spread over a large program. The MeTA Phase I Evaluation Report findings, together with the likely small scale of any post-Phase I phase of MeTA suggest that these models would not be cost effective.

## 5. Options for Consideration

### 5.1. Option 1: MDTF managed by HDNHE

For the reasons discussed above, the MDTF would be partitioned into a recipient-executed fund (the bulk of funds, including country grant funds and funds for functions carried out by other partners), and a World Bank -executed fund to meet HDNHE's costs of management, supervision and technical assistance.

There is considerable flexibility in establishing a new MDTF to devise purpose-built governance and technical advisory structures. There is flexibility to define how the Board of Trustees is composed, and flexibility to put in place technical coordination and advisory structures for the MDTF. So a MeTA Board of Trustees and Technical Advisory Board could be put in place to advise the World Bank on the policies that MeTA should adopt (for example the guidelines and criteria for MeTA country grants; the strategy for selection of countries...) and to carry out technical review of country grant proposals. There is considerable flexibility to negotiate aspects of the Administrative Agreement between the donors and the World Bank over objectives, strategies, policies, component activities, allocation of funds and monitoring and reporting. All donors to the MDTF are bound by the same Administrative Agreement – there is pooling of funds and common reporting to all. It is possible to specify the structure of reporting information for the MDTF – for example to ask for accounting of use of funds by country, and by type of central activity. The World Bank's accounting system has the capacity to capture and report along these lines. In negotiating governance and reporting arrangements, the World Bank is usually concerned to ensure monitoring and reporting arrangements are not unduly costly and onerous – but for example, there are precedents for MDTFs to have a six monthly reporting arrangement and biannual or annual Board of Trustee meetings.

An inescapable feature of an MDTF administered by the World Bank is that the Bank acts as a trustee, not as a contractor to or agent of the MeTA governance structure. A typical Trust Fund agreement of this sort might specify a framework for consultation and cooperation – requiring the World Bank to discuss and seek advice from a Board of Trustees or technical advisory structure, share information, meet, report.... But the final decision-making responsibility for the Trust Fund rests with the World Bank, and the World Bank staff involved are accountable to their own management and ultimately the World Bank's Board of Executive Directors for their

performance in administering the grant. This means that the success of this option from the point of view of donors depends on having shared objectives and a common understanding about strategy between donors and the World Bank.

HDNHE's existing lead pharmaceutical adviser would be able to oversee the MDTF but the Unit would need to engage additional staff to support MDTF administration, and may also need to contract out/in some additional administrative and technical support.

In order to overcome the problems of variable engagement of World Bank health task managers in MeTa countries, several strategies could be adopted:

- (i) active promotion of the MeTA grants to a range of organizations in potential MeTA countries, so these agencies would drive the grant application process through their country World Bank task manager;
- (ii) designing the country grant window so that WHO country offices could also act as a channel for submission of country grant proposals, and as a channel for managing and supervising approved grants;
- (iii) designating and funding a World Bank staff member in each region to work on promotion and support for the MeTA MDTF (for example, pharmaceutical advisers in the World Bank's two Health Systems Strengthening hubs in Nairobi and Ghana could play this role);
- (iv) allocating an agreed percentage of MDTF funds to health task managers for the costs of supporting and supervising MeTA country grant implementation.

## **5.2. Option 2: MeTA window in the existing Governance Partnership Facility (GPF)**

The GPF is a MDTF, established in 2008 and financed by DFID and the governments of Netherlands and Norway, with matching counterpart contributions by the World Bank (which can be "in-kind"). It is hosted in the World Bank's Poverty Reduction and Economic Management (PREM) Hub - the sector department of the Bank responsible for work on governance and public sector management, and poverty monitoring and analysis. The MeTA window could not be managed by PREM alone: there would be a need to establish a joint HDNHE-PREM secretariat function for management and supervision of the MeTA window.

The GPF has a Board of Trustees representing the three donors, a Standing Review Committee on which the donors are represented, a panel of independent peer reviewers, and a four person secretariat of World Bank staff who work on this Facility full time. The GPF operates as a competitive grant facility. It has annual calls for grant proposals under three windows, each with different grant size limits. The Standing Review Committee and independent peer reviewers review applicants and make recommendations to the World Bank on selection of grants:

- comprehensive governance assessments and strategies (up to \$2 million per project)
- innovative proposals to improve governance (up to \$750,000 per project)
- knowledge and learning (up to \$350,000 per project).

So far 86 projects have been selected, from hundreds of proposals. Each round of applications takes around three months for review, prioritization and award. Project proposals are all channeled through World Bank staff, though the GPF has encouraged civil society organizations to develop proposals that are routed through a World Bank task manager. Grants can be either World Bank-executed or recipient executed. Grants can be recipient executed by civil society organizations, NGOs or non-executive parts of government, though not government ministries and can include a wide range of organizations involved in development (e.g. British Council in Albania). Grants could be on-granted to UN agencies and WHO, which are able to implement the grant using their own internal rules and procedures where the agency has a framework agreement with the World Bank.

The GPF also finances some eight governance advisor positions across all regions, who can provide both technical input and promote applications for the grant program among potential recipient organizations.

The GPF's administration costs are approximately 5 percent of the MDTF funds. However, where a World Bank task manager at country level supervises and supports an external grant recipient, an additional 5-10% of the value of the grant is usually approved for allocation to the task manager to fund supervision and support.

MeTA's objectives of governance and transparency have some affinity with the GPF.<sup>4</sup> There are potential technical and administrative synergies with it. The existing group of donors has also been supportive of pharmaceuticals governance and access to medicines in other initiatives, and may well be open to adding a MeTA window. However, the focus of the GPF until now has been on the World Bank's own portfolio, though the planned second phase of the GPF will have a greater focus on implementation activities by countries.

As currently designed, the GPF does not build in the kind of openness to working with and through other partners, and neutrality vis-à-vis the host agency's own programs that DFID desires for MeTA. If a MeTA window were to be added to the GPF, there would be a need to modify the focus of this window, open grant applications to a wider range of organizations, and add a communication and promotion strategy for promoting the initiative to a wider range of potential partners and recipients. A MeTA window in the GPF would require a specialist Standing Review Committee to advise on criteria for MeTA grants, and to review grant applications.

Consultation between the World Bank donors about a potential second phase of the GPF is planned for the September annual meetings. If donors agree to support a second phase, there would be a round of revisions to the Administrative Agreements for the GPF. This would provide a natural opportunity to consult over any MeTA window and to capture requirements in the new Administrative Agreements.

### **5.3. Option 3: MeTA window in planned “Harnessing Non-State Health Actors for the Poor” (HANSHEP) advisory facility**

HANSHEP is a group of donors, including DFID<sup>5</sup>, committed to the common objective of improving the impact of the private health sector on public policy goals for health, including reducing prices and improving quality of medicines, and better informing poor people about options for prevention and treatment and appropriate prices for

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<sup>4</sup> In fact, during the design phase of MeTA there was consideration of whether to manage Phase I of MeTA as a grant window within the GPF. However, the lead time for establishing the GPF was longer than required for MeTA Phase I.

<sup>5</sup> Other HANSHEP partners are: USAID, AusAID, GTZ, Netherlands, Rwanda, World Bank, IFC, Rockefeller Foundation and the Gates Foundation. WHO has observer status.

services. Some of the strategies HANSHEP envisages for achieving its objectives are very consonant with MeTA (such as increasing medicines price transparency, reducing supply chain leakage, and providing a forum for low income countries, non-state actors and civil society to come together).

The HANSHEP group is a “virtual organization” – an informal group bound together by an MOU. It does not intend to establish a new formal governance structure for a global health partnership because of the imperative to avoid further fragmentation of global health aid architecture. It is committed to working with and through existing well-performing initiatives where practicable, potentially including MeTA. The group plans to establish a small secretariat (in the autumn of 2010) that would help the HANSHEP group to define its outputs, activities and specific goals, and arrange consultations and discussion with potentially interested low income countries and stakeholders. The secretariat will be funded through a MDTF hosted in the World Bank under the joint oversight of HDNHE and the IFC. The World Bank would run and manage the contract with the external secretariat. The HANSHEP group is discussing how to create an advisory facility. The advisory facility would be demand driven – able to receive proposals from countries and non-state actors. The mechanisms for channeling and managing funds for the planned HANSHEP advisory facility have not yet been determined but a range of options is under consideration including Financial Intermediary Fund arrangements, WB-managed facilities along the lines of CGAP or PPIAF (but smaller, more flexible and with more streamlined governance), or a private sector non-profit institution. Once established, the advisory facility will incorporate the existing “Health in Africa” private sector advisory facility hosted by IFC and the World Bank.

Given the 'total market' approach MeTA takes, there is considerable affinity with HANSHEP, and potential for synergies. However, HANSHEP does not have a focus on governance in the public sector (except in relation to functions that affect private sector operations such as regulation) and it is focused exclusively on low income countries. WHO's engagement in HANSHEP is much less than in MeTA: it has observer status. DFID is participating in the design phase of this initiative, which should make it possible to explore the scope to embed MeTA in the design of HANSHEP. But HANSHEP is at an earlier stage of design than MeTA and is still working through options for governance and management. The options currently under consideration by HANSHEP do not appear to be fully consistent with some of the recommendations from the Evaluation of MeTA Phase I. The HANSHEP

advisory facility is unlikely to be up and running until well into 2011. In practical terms this means that it would not offer a platform for Phase II of MeTA immediately after the end of Phase I. So selection of this option would create a need for an extended period of transition for MeTA Phase I countries.

## 6. Comparison of Options

Table 1 in Annex 1 summarizes the characteristics of each of the three options and the pros and cons of each. This comparison indicates that Options 1 and 2 rate more highly on the following dimensions: continuity, fiduciary risk management and accountability, cost-effectiveness and synergies (Option 2 is likely to be best), technical effectiveness and collaboration with other partners (Option 1 is likely to be best), and conformity with Paris Principles. Option 3 is evaluated on the assumption that MeTA would be managed by an outsourced secretariat and advisory facility, shared with HANSHEP. (Although this has not yet been decided by HANSHEP; this is the design option preferred by DFID.) Option 3 rates more highly on the dimensions of: organizational culture, neutrality towards different development partners' programs, and responsiveness of task-management and supervision.

Table 2 in Annex 1 summarizes the extent to which each of the three options meets the functional requirements identified and discussed by MeTA's MMB in its consideration of options for Phase II of MeTA to date. All three options meet the requirements identified, with the following proviso's:

- Under Options 1 and 2, the international secretariat function would no longer be contracted out *in toto*, although the World Bank could contract out specific elements of the secretariat functions. Under Option 3, it is assumed that the World Bank would contract out the secretariat and technical advisory functions on behalf of HANSHEP. Under this option, the World Bank (rather than a MeTA governance structure) would be responsible for supervising the performance of the contractor, and the Bank in turn would report to HANSHEP.
- It would be difficult to pool private sector funds from the pharmaceutical industry into a single MDTF for MeTA. Both WHO and the World Bank are required to exercise caution in how they manage potential or perceived conflicts of interest arising from industry funding.
- Although it is possible to channel funds to WHO from a World Bank-hosted MDTF for the central technical functions of MeTA, this would lead to a situation in which WHO was both a member of the governance body and a recipient of trust funds; WHO would need to create some form of internal "firewall" between these two roles which could fragment WHO's input. A simpler alternative would be for a single donor to fund WHO's input to MeTA

under a separate and parallel MOU. This would also reduce administration fees. Under Options 1 and 2 it is proposed that the MeTA country grant window would be able to channel funds to WHO country offices under MOU, in cases where the country's MeTA structures agreed to have the WHO country office administer MeTA country grant funds with the participation of the MeTA country structures. The administrative feasibility and acceptability of this for WHO needs to be discussed.

## 7. Governance Structures Under the Options

In the light of the recommendations of the Evaluation Report, it is assumed that MeTA would no longer have a standing, formal IAG in Phase II. However, the HANSHEP model of setting up a light-touch “virtual organization” of partners with a common purpose and interests may provide a model worth considering as an alternative to the IAG. The membership of the “virtual group” could be drawn from the existing IAG, modified in the light of experience to date, and expanded to include future donors and supporters of MeTA. This virtual structure could provide a mechanism for bringing together other development partners which are not able or willing to contribute to a MeTA MDTF, but which are supporting activities with the same objectives (e.g. USAID through its pharmaceutical and governance technical assistance) The costs of this type of group can be kept low through reducing frequency of meetings, and greater use of e-meetings and e-communication.

An MDTF will require a smaller, more focused Board of Trustees, comprising major donors to the MDTF and potentially also including a small number of nominated/elected representatives of MeTA countries, perhaps on a rotating basis. Under Option 2 or 3, MeTA would share a Board of Trustees with the GPF or HANSHEP, and consultation would be needed about how MeTA would be represented on this Board. The Board of Trustees is likely to need to meet only annually, but could receive reports more frequently.

MeTA will also need a Technical Advisory and Coordination Committee that would, among other things:

- advise the World Bank on operational policy for MeTA (e.g. reviewing and making recommendations on the guidelines and criteria for MeTA country grants; deciding on strategy for expansion of MeTA over time and selection of new MeTA countries);
- participate in the review of MeTA grant proposals, provide peer review and make recommendations on which grants should be accepted); additional peer reviewers may need to be enlisted;
- act as a forum for coordination of central MeTA technical functions (functions a and b listed in Section 1) between WHO, World Bank, DFID and other major donors, and other MeTA stakeholder constituency representatives.

Although the Board of Trustees and the Technical Coordination Board would likely have overlapping membership (particularly under Option 1), WHO and World Bank representation would be different at these two levels, because of the need to separate governance/supervision from management. At Technical Advisory and Coordination Committee level, the World Bank and WHO would be represented by the managers responsible for MeTA MDTF and grant implementation. At Board of Trustees level, the organizations would be represented by someone from “the other side of a firewall”.

## 8. Conclusions

In the shorter term, there are two options for administration of a World Bank-hosted MDTF for MeTA:

1. A recipient-executed MDTF, hosted in HDNHE for the bulk of funds, with a small “child trust fund” executed by the World to cover its costs of promoting MeTA, and administering the Trust Fund, and other HDNHE inputs to MeTA.
2. A recipient-executed MeTA window within the existing Governance Partnership Facility. Alongside this a small World Bank executed portion of the trust fund could cover the costs of HDNHE’s input to joint management of the MeTA window, and other HDNHE inputs to MeTA.

Option 2 may offer some synergies and economies compared to Option 1, because it has an established Board of Trustees and secretariat. If GPF donors are willing to support MeTA, these synergies could be maximized. It would also create an opportunity to strengthen linkages between MeTA and the World Bank’s governance and public sector management staff. However, this option would require close involvement of HDNHE, and detailed work would need to be done to design roles and responsibilities, and to adapt the existing governance arrangements and working practices to the needs of MeTA.

Option 1 may make offer more continuity with Phase I of MeTA, and with the existing coordination and communication among MMB members. It would offer the opportunity to purpose-design the governance and administrative arrangements for MeTA. Because Option 1 would concentrate World Bank responsibility for MeTA in one management unit, it would avoid some of the potential risks of shared management responsibility.

In the medium term, once HANSHEP becomes established, the possibility of managing a MeTA window under HANSHEP could be considered. This may offer a more neutral option for implementation – reducing the risk of bias towards supporting the host agency’s own programs. However, it seems unlikely that this option would be available until well into 2011. Additionally, WHO engagement in HANSHEP has so far been much less than in MeTA. Moreover, current thinking within DFID regarding HANSHEP is to adopt an implementation model akin to MeTA Phase I,

with an externally contracted secretariat. This would be likely to have substantially higher “overhead” costs than Options 1 or 2, and would also make it more difficult to bring MeTA closer to conformity with Paris Principles.

Under any of the options, it would be possible to channel funds to WHO for central technical support for MeTA, for baseline data collection and development of tools and guidance. However, it may be less costly and more straightforward for one of the MeTA donors to channel funds directly to WHO for these purposes in parallel with the MDTF. The Evaluation Report argues the case for consolidating all funding for baseline and for central technical support for MeTA in one place.

Under any of the World Bank-hosted options, it is suggested that a window be created for country grants for scoping and implementing MeTA. It is suggested that Paris Principles could be built into the guidelines and criteria for MeTA grant implementation – encouraging countries to avoid setting up parallel “PCU-type” MeTA secretariats. There would be advantages in allowing grant applications to be channeled to this window via WHO country offices as well as World Bank health task managers. There would be advantages in creating a mechanism for WHO to administer country MeTA grants (in agreement and with the participation of MeTA country structures) as an alternative to recipient execution of the grants under World Bank supervision. This would reduce the risks of making MeTA reliant on World Bank task manager engagement, and would also provide a country administration mechanism that is aligned with MOH plans but which does not place high burdens on constrained country implementation capacity.

## ANNEX 1 COMPARISON OF THE OPTIONS

**Table 1: Key Features, Pro's and Con's of Three Options**

Characteristics	1. HDNHE-hosted MDTF	2. MeTA Window in GPF	3. MeTA Window in HANSHEP
<b>Organization structure</b>	<b>Embedded in health policy unit of World Bank</b>	<b>Embedded in secretariat of governance grant facility, with staff input from health policy unit</b>	<b>Contract for external secretariat let by World Bank and managed by an existing NGO or private firm</b>
<b>Governance</b>	Reports to purpose-designed MeTA board; WB board member should not be part of line management of HDNHE. HDNHE task manager accountable to World Bank's own health sector management structure.	Reports to shared GPF board. Already has appropriate WB membership. MeTA members would be added to Board. Special Technical Advisory Board formed for MeTA window. Task manager accountable to World Bank's own management structure	MeTA implementation managed by existing NGO or private firm managers; reports to Bank as "client" on all HANSHEP activities; Bank would in turn report to HANSHEP governance structure (not yet defined). Special Technical Advisory Board formed for MeTA window.

<b>Administration</b>	Bank executes part of MDTF funds; hires some additional staff to administer MDTF; shares administrative and technical infrastructure with Bank; can outsource some tasks	Bank already executes part of MDTF funds and has capacity to manage grant window; may need to hire additional staff for technical input into MeTA window MDTF; shares administrative and technical infrastructure with Bank; can outsource some tasks	MeTA implemented by the staff and expertise of contracted existing NGO or private firm; shares administrative infrastructure with the contracted firm; Bank staff monitor and supervise the contract
<b>Funding requirements</b>	Standard 5% charge for incremental Bank costs of administration; additional 5-10% Bank executed costs may be needed to attract Task Managers; additional 13% charge for funds on-granted to WHO; Bank can provide continuity even if shorter term donor commitments	Standard 5% charge for incremental Bank costs of administration; additional 5-10% Bank executed costs may be needed to attract Task Managers; additional 13% charge for funds on-granted to WHO; Bank can provide continuity even if shorter term donor commitments	Tendering process will determine administration costs; will be much higher than option 1 & 2 based on MeTA pilot experience; some scope for economies of scale if share external secretariat with HANSHEP; requires donor commitment for set time period (e.g. 5 yrs) to fund medium term contract to achieve continuity

**Pros and Cons**

<b>Culture</b>	<b>Con:</b> will take on some aspects of organizational culture of Bank; inefficiency from cautious bureaucratic processes	<b>Con:</b> will take on some aspects of organizational culture of Bank; inefficiency from cautious bureaucratic processes	<b>Mixed:</b> leverages private entity's flexibility in operation and can select entity with appropriate culture; <b>but:</b> HANSHEP desire for "pro-private sector" orientation may deter partnership with WHO and some health NGOs and partners
<b>Continuity</b>	<b>Pro:</b> has relatively higher degree of continuity and institutionalization of capacity	<b>Pro:</b> has higher degree of continuity and draws on existing administrative system for grant applications; <b>risk</b> if GPF terminates before MeTA	<b>Con:</b> less continuity, less institutionalization (e.g. activities end, capacity and institutional memory disappear at end of contract)
<b>Fiduciary risk management/ accountability</b>	<b>Pro:</b> Bank processes are "gold standard" for monitoring and reporting on use of donor funds	<b>Pro:</b> Bank processes are "gold standard" for monitoring and reporting on use of donor funds	<b>Con:</b> fiduciary accountability and capacity would have to be specified in technical specifications for contract; for-profit firms may not have strong internal institutional checks to ensure balance between push for disbursement and ensuring fiduciary requirements met

<b>Reputation/ legitimacy/ access to policy makers</b>	<b>Mixed:</b> Bank mandate and reputation gives MeTA convening power and access to global forums and country decision-makers, including finance ministries, social insurance funds....; <b>but</b> WHO has stronger mandate and convening power in health and pharmaceuticals and access to health ministries	<b>Mixed:</b> Bank mandate and reputation gives the GPF convening power and access to global forums and country decision-makers; better at access to finance ministries than Option 1 but weaker in access to health ministries and health sector agencies because PREM-led rather than HDNHE-led	<b>Con:</b> private organizations have less “convening power”, legitimacy in the eyes of country authorities, and less access to government decision makers; sharing external secretariat with HANSHEP will restrict scope for hiring a firm/NGO with a specialist profile in pharmaceuticals
<b>Cost- effectiveness/ synergies</b>	<b>Pro:</b> synergy with existing staff, connections and operations of World Bank	<b>Pro:</b> synergy with existing staff, connections and operations of GPF and wider World Bank; better at leveraging input from the GPF’s and Bank’s governance expertise and staff than Option 1	<b>Mixed:</b> all administrative and technical support cost must be fully paid for via contract (e.g. no scope for “free” promotion of MeTA and opportunity-finding by host institution staff), though there is scope for some economies by combining with HANSHEP
<b>Effectiveness/</b>	<b>Pro:</b> HDNHE staff administering the	<b>Pro:</b> GPF staff administering the MDTF	<b>Mixed:</b> private organization staff may

<b>collaboration</b>	<p>MDTF will easily be able to collaborate with Bank staff to leverage Bank funding to support implementation of policy reforms and capacity building, and have established working relationship with WHO and other MeTA partners. Although Bank staff working on the MDTF have habit of working with WB programs and risk missing opportunities to collaborate with other agencies, these risks could be mitigated by agreeing on working styles, communication, and other design features to open grant facility to wider range of partners.</p>	<p>will easily be able to collaborate with Bank staff and already have system for leveraging Bank counterpart contribution to support implementation of grants; will have to establish joint secretariat with HDNHE to make the link to and other MeTA partners. The GPF has until now focused only on WB programs, and it will involve more change to existing working practices to ensure MeTA window is neutral and open to other partners, by comparison with Option 1.</p>	<p>not have such entrenched habits and may be more prepared to be neutral in supporting a range of development agencies/ programs; but risks of low collaboration with staff of other private organizations (e.g. consulting firms) who will be competing with them, and risks of reduced sharing of information (to create own intellectual property).</p>
<b>Recruitment of skilled staff</b>	<p><b>Mixed:</b> slow, rigid human resources and recruitment policies, though able to attract high quality staff – particularly early in their careers. Short term technical assistance can be recruited rapidly, and at reasonably competitive</p>	<p><b>Mixed:</b> slow, rigid human resources and recruitment policies, though able to attract high quality staff early in their careers. Short term technical assistance can be recruited rapidly, and at reasonably competitive rates.</p>	<p><b>Mixed:</b> more flexibility on pay but difficulty recruiting highly skilled and experienced staff due to shorter term nature of the contract; risk that for-profit firms “bait and switch” and skimp on higher-cost HR inputs</p>

rates.

**Task management/supervision**

**Con:** Bank task management and supervision of procurement and financial management can introduce delays because task managers “multi-task” and because recipient-execution of funds is onerous for countries with constrained capacity; these risks can be mitigated by hiring full time staff in HDNHE to support MeTA implementation, and by allowing on-granting to WHO country offices to administer grants (with agreement of MeTA country structures).

**Con:** Bank task management and supervision of procurement and financial management can introduce delays because task managers “multi-task” and because recipient-execution of funds is onerous for countries with constrained capacity; these risks can be mitigated by allowing on-granting to WHO country offices to administer grants (with agreement of MeTA country structures)

**Pro:** a private organization can adopt simpler and more streamlined procedures – though these would have to be acceptable to the World Bank (as the principal in the contract), and supervised by the World Bank

**Conformity with Paris Principles**

**Pro:** Meta grant window can use guidelines and criteria assessing alignment and harmonization of planning and implementation arrangements. Bank well placed to integrate planning, implementation and monitoring of country grants within any pre-existing

**Pro:** Meta grant window can use guidelines and criteria assessing alignment and harmonization of planning and implementation arrangements. Bank well placed to integrate planning, implementation and monitoring of country grants within any

**Con:** it would be difficult for a private organization to participate in country SWAp planning processes or pool funds with development partners or enter into grant agreements with country MOHs (or other government agencies). MeTA country grant

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SWAp-type structures and processes.	pre-existing SWAp-type structures and processes.	implementation would use parallel structures and processes, though this could be mitigated by working through NGOs or agencies already working in the same field.
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**TABLE 2: Extent to Which Options Meet the Functional Requirements Identified for MeTA Phase II**

<b>Function or Desired Attribute</b>	<b>Option 1: MDTF managed by HDNHE, MDTF partitioned into recipient-executed and WB-executed funds</b>	<b>Option 2. New window for MeTA established in existing GPF, with modified governance &amp; administrative agreements, and HDNHE joint management</b>	<b>Option 3. Window for MeTA established in planned HANSHEP advisory facility; MeTA requirements added to HANSHEP MOU, secretariat</b>
Can receive funds from bilateral, philanthropic and private sector donors	<ul style="list-style-type: none"> <li>• Yes, though private donor contributions would be subject to assessment of conflict of interest by WB &amp; WHO</li> <li>• Gates Foundation do not usually contribute to MDTFs</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, but existing and new donors would need to agree to pooling for all MeTA and GPF windows OR GPF team could manage separate MDTF for MeTA</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, but donors would need to agree to pooling funds for MeTA &amp; other HANSHEP activities OR facility would manage separate MDTF for MeTA</li> </ul>
Can manage tender and contract for outsourced MeTA secretariat functions, can contract out to non-profit or for profit organizations or consortia, selection panel can include partners, donors, &	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Possible - GPF itself does not have technical capacity ; would need to create joint secretariat arrangements with HDNHE</li> </ul>	<ul style="list-style-type: none"> <li>• Possible - relevant technical capacity could be designed in to HANSHEP, which is planning to establish a small outsourced secretariat, contracted out by the World Bank</li> </ul>

Function or Desired Attribute	Option 1: MDTF managed by HDNHE, MDTF partitioned into recipient-executed and WB-executed funds	Option 2. New window for MeTA established in existing GPF, with modified governance & administrative agreements, and HDNHE joint management	Option 3. Window for MeTA established in planned HANSHEP advisory facility; MeTA requirements added to HANSHEP MOU, secretariat
MeTA constituency representatives			
WB role in financial/fiduciary and performance oversight of outsourced MeTA functions	<ul style="list-style-type: none"> <li>• WB accountable for fiduciary oversight and deliverables of contractors &amp; grant recipients</li> <li>• Donor/partner advisory board can participate in contract &amp; grant evaluation but WB finally accountable</li> <li>• WB supervision apply</li> </ul>	<ul style="list-style-type: none"> <li>• As for Option 2</li> </ul>	<ul style="list-style-type: none"> <li>• As for Option 3 if HANSHEP establishes advisory facility hosted by WB</li> <li>• Private sector options outside WB may be adopted with purpose-designed trust deeds and corporate articles of association</li> </ul>
Able to distribute funds to external parties including WHO, UN agencies, contractors, CSOs, other country MeTA implementing organizations	<ul style="list-style-type: none"> <li>• Yes in principle, but existing examples work through HDNHE staff or WB taskmanagers and WHO and UN agencies</li> <li>• For WHO &amp; some UN agencies WB has framework agreements that accept the WHO/UN fiduciary policies and procedures</li> <li>• For other grant recipients, fiduciary assessment required &amp; WB fiduciary policies, harmonized</li> </ul>	<ul style="list-style-type: none"> <li>• Yes in principle, but to date only via WB taskmanagers</li> <li>• For WHO &amp; some UN agencies WB has framework agreements that accept the WHO/UN fiduciary policies and procedures</li> <li>• For other grant recipients, fiduciary assessment required &amp; WB fiduciary policies, harmonized fiduciary policies &amp; WB or</li> </ul>	<ul style="list-style-type: none"> <li>• Yes</li> <li>• As for Option 3 if HANSHEP establishes advisory facility hosted by WB</li> <li>•</li> </ul>

Function or Desired Attribute	Option 1: MDTF managed by HDNHE, MDTF partitioned into recipient-executed and WB-executed funds	Option 2. New window for MeTA established in existing GPF, with modified governance & administrative agreements, and HDNHE joint management	Option 3. Window for MeTA established in planned HANSHEP advisory facility; MeTA requirements added to HANSHEP MOU, secretariat
	fiduciary policies & WB or harmonized supervision involved	harmonized supervision involved	
Channel defined proportion of funds for Bank-implemented MeTA activities	<ul style="list-style-type: none"> <li>• Yes – through administration fee (5% or negotiable for TFs over US\$20M) OR WB-executed child trust fund</li> </ul>	<ul style="list-style-type: none"> <li>• Yes – through administration fee (5% or negotiable for TFs over US\$20M) OR WB-executed child trust fund</li> </ul>	<ul style="list-style-type: none"> <li>• Yes – through separate MDTF OR WB-executed child trust fund from parent MDTF</li> </ul>
Role of MeTA steering group/EXECOM of donors and MeTA constituency representatives (possibly elected by broader participatory MeTA Council )	<ul style="list-style-type: none"> <li>• Precedents for donor/stakeholder boards to meet annually or 6 monthly, provide recommendations on policy, evaluation of grants and contracts, feedback on performance</li> <li>• WB makes final decisions &amp; is legally accountable to WB management and Board</li> </ul>	<ul style="list-style-type: none"> <li>• Donor board already plays role in evaluating proposals already has track record, but no evaluation</li> <li>• No wider stakeholder participation as yet</li> <li>• WB makes final decision &amp; is legally accountable to WB management and Board</li> </ul>	<ul style="list-style-type: none"> <li>• As for Option 3 if HANSHEP establishes advisory facility hosted by WB</li> </ul>

## **ANNEX 2 Governance Options for Post-Phase I MeTA Terms of Reference**

### **Terms of Reference**

#### **Background**

The Medicines Transparency Alliance is currently being Phase led in seven countries. An independent evaluation is currently underway (by HDRC) and will report in April. DFID will take a decision based on the review on whether to support MeTA in a post-Phase I phase.

If MeTA phase 2 goes ahead then DFID will externalise the programme and seek to expand donors and participating countries. A multi-donor trust fund has been identified as the most like fund holding mechanism for phase 2, and initial discussions have taken place with the World Bank on possible structure.

#### **Objectives**

The consultant will work with World Bank staff to firm up possible options for the structure and governance of MeTA phase 2. This can build on initial discussions with the Bank, work undertaken by a consultant (Sophia Tickell) mapping out structures of relevant multi-stakeholder initiatives and discussion of post-Phase I structures at the MeTA International Advisory Group

4. Outline and discuss the merits/weakness of at least 3 options for the structure and governance of a post-Phase I MeTA based on:
  - A Financial Intermediary Fund held at the World Bank (with the pharmaceutical policy team in the Health Anchor as the sponsoring department)
  - An external MeTA Secretariat that will manage the programme and provide TA and support to countries. The Secretariat is to be selected by a competitive managed by the World Bank

- Decisions on how funds will flow to countries to be decided (e.g. direct from the Bank or via the secretariat)
- A multi-stakeholder (donors, countries and participating constituencies) governance structure

5. Recommend and set out in detail a lead option

## **Methodology**

The consultant will be able to draw on considerable prior discussion of various possible options for a post-Phase I MeTA. In making recommendations s/he should:

- Review existing documents relating to possible post-Phase I options
- Interview key stakeholders including:
  - Lead DFID advisors
  - The lead consultant on the MeTA Phase I phase evaluation
  - World Bank staff (technical lead and Concessional Financing and Global Partnerships Department)
  - The chair of the MeTA International Advisory Group
  - Members of the MeTA Management Board
  - Additional stakeholders, to be agreed
- Review and ensure that recommendations are consistent with WB regulations governing MDTFs

Outline options and recommendation should be discussed with the lead DFID advisor before developing a detailed description of the preferred option.

## **Consultant**

The consultant should have knowledge of the structure, performance and governance of a variety of MDTFs and international multi-stakeholder initiatives. S/he should have specific expertise in:

- Governance
- Multi-stakeholder working
- Programme and organisation design
- World Bank structures and regulations (including procurement)

## **Time**

The consultant should be available for up to 7 days before the end of March 2010.  
[TBC – this can be extended, but ideally as much of this work could be done and billed for in March]

## **Outputs**

A paper of no more than 15 pages plus annexes that:

- Gives a basic outline of three possible structure and governance options for a post-Phase I MeTA
- Recommends and gives detail on a lead recommendation.

## **Reporting**

The lead advisor for this project will be Saul Walker, Action Team Leader of the Health Services Team, DFID Policy Division.

## Group Disclaimer

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