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Changing Perspectives on Global Health Philanthropy: Governance Challenges

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The presentation focuses on some of the governance challenges which confront philanthropic funders whose grants are intended to further development in low-income countries, especially in the area of health care. We believe that an examination of these challenges is timely because of the large amounts of funding extended and their rapid, continuing, increase.

The governance of philanthropic institutions is determined in large measure by the *authorizing environment* in which they operate - a concept developed notably by Harvard's John F. Kennedy School of Government. The authorizing environment consists of the protagonists whose support (or at a minimum neutrality) is necessary to the success of an institution such as a foundation, or a particular grant made by a funder. State institutions, commercial firms and private non-market organizations such as foundations and the non-government organizations they fund operate in very different authorizing environments. Most relevant to their respective governance and accountability, they are subject to different sets of rules and enjoy different degrees of discretion in making decisions. For example, foundations enjoy a high degree of discretion in public disclosure, customer service and in their relationships to stakeholders.

The *external* authorizing environment captures funders' relationships with the many protagonists which must be managed successfully in order to enhance the chances of successful grant outcomes. Managing these relationships entails substantial costs to funders. The nature and quality of relationships between funders and program implementing organizations and between funders and grantees are of particular importance. In particular, successful outcomes require a realistic assessment of implementation capacity.

The *internal* authorizing environment of foundations, i.e., the accountability and incentives of boards, presidents and staff, also influences program outcomes, and the presentation reviews some of impacts on effectiveness.

The last part of the presentation deals with the quality of management of non-market institutions, both funders and implementing organizations, and how some common problems can be remedied. The emphasis is on capacity-building, both within foundations and the non-market organizations which they fund.