

Transform or Be Transformed: Leading a Global Health Organization during Uncertain Times

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One does not have to look far these days to find an organization searching for a "silver bullet" to help survive and prosper during the global economic crisis. The stakes are particularly high for global health organizations that have grown dramatically over the past decade, but for who the commitment of funders and direction of the sector as a whole remain uncertain. While it is clear to us that there is no single action that can assure an organization will weather the storm, there are tactics which the most effective organizations from across the public, NGO and private sectors employ in times of systemic change. We suggest that the first step is to define the nature of the changes occurring in the current environment, and then employ a set of strategic choices and operational strategies suited to address these conditions.

What looks different in 2009 for global health organizations? It's not just about global health anymore.

Global health no longer enjoys the privileged status of "exceptionalism," but is being viewed as just one part of a more comprehensive set of development priorities. This is true among developing-country governments and international public and private donors alike. Even more broadly, governments are still considering how their strategies and financial commitments to social and economic development will shift under the current conditions. For instance, the new administration of U.S. President Barack Obama is still forming its policies for how development will complement the other two "strategic D"s, diplomacy and defense.

Within the global health sector specifically, we see a number of trends that could force global health leaders and their organizations to substantially change course:

- A shift in orientation from vertical programs to strengthening of health systems;
- A greater focus on the impact of a broad range of health challenges, beyond AIDS, TB and malaria to include issues such as chronic diseases, reproductive health, and maternal and child survival;
- An increasingly pragmatic view of the role played by the private sector in the financing of the health sector and delivery of medicines and services;
- New ideas to incentivize research and development on neglected diseases

Stormy seas ahead for Global Health Organizations?



The implication for leaders of organizations active in global health: Transform or be Transformed

Whether you lead a foundation, a government health ministry, a multilateral agency, NGO or a Product Development Partnership, budgets are tightening. The predictable impact of less money for health programs is that there will be greater competition for scarce funds among global health organizations and between development sectors. In the face of these challenges, leaders in global health can take several steps to stay ahead of the crisis and seize strategic opportunities, while preparing their operations to respond to the new realities.

Strategic Opportunities

Embrace sector transformation: seize the opportunity to convert innovative ideas into action. There is a window of opportunity for transformation, with broad acknowledgement that current models are not working or at least have room for significant improvement. The leaders who will carry the day are those who stay ahead of these challenges, who look for cross-cutting solutions regardless of turf sensitivities, and who transcend political constraints. Ideas that may have taken years to mature can now gain new momentum, and success will come to those who can find a way to convert those ideas

into action, even in a newly resourced-constrained environment. This will have implications on an organization's ability to mobilize resources, sustain funding, and, critically, achieve impact.

What ideas might prove transformative? We hear increasing interest in broadening the focus of the Global Fund to Fight AIDS, TB and Malaria to include a wider range of health sector investments, employing guarantees to accelerate availability of commodities and reduce volatility of donor aid, using prizes to spur innovation in research and development, and expanding the use of private sector health insurance or delivery channels for medicines.

These ideas all hold potential to be transformative, and demand a non-ideological assessment of their potential to increase impact, reduce costs and create more sustainable health systems at a country level.

Collective action makes the sum bigger than the whole of its parts. Global health groups should rise above the competition for funds and look for innovative ways to collaborate with their colleague organizations, an approach that reduces costs and leads to breakthroughs. A recent example of such collaboration among competitors can be seen in the efforts of American aid groups, who exist in one of the most competitive and fragmented markets, to advocate for greater spending on U.S. foreign assistance programs, even in the face of the economic crisis. Advocacy, resource mobilization and program implementation will all present opportunities for greater collaboration. This may mean joint program implementation or mergers of specific initiatives and even entire organizations as a way to ensure programmatic viability. Finally, global health leaders can reach across development sectors to find common ground with organizations involved in microfinance and agricultural development, for example.

Define creative ways to mobilize and sustain resources. Maintaining donor commitments is perhaps the greatest challenge facing many organizations, which are now likely to have a smaller resource base and many competing priorities. Organizations should look for ways to provide options to donors who might be constrained in the short term by a lack of liquidity. For instance, financing mechanisms that allow donors to make smaller, longer-term or backloaded commitments may be attractive and also create more predictable revenue streams for an organization, even if it means sacrificing some short-term revenues. Funders may also be willing to use their balance sheets creatively, such as through the provision of loans or guarantees, to enable organizations to improve their financial efficiency and sustainability.

Operational Imperatives

Ensure rigorous financial and risk management. Cash flow is key, particularly if you or your funders are facing the devaluation of an endowment, which could have an immediate, negative impact on grant disbursements and, in turn, a grantee's short-term liquidity. For publicly funded organizations, although typically not as immediate, you may be equally at risk of facing substantial reductions in funding from parliaments or due to departmental budget cuts. Regardless of your source of funding, organizations must be agile in their budgeting, with cost-saving strategies in place to anticipate any potential shortfall in resources. Wise planning is the key to resource management, even for organizations that feel their multi-year funding commitments insulate them from the day-to-day market fluctuations. While nobody enjoys an exercise in financial planning for times of crisis, risk management is far preferable to a sudden staff-wide announcement of layoffs and cost-cutting measures. Advance preparation for a financial crisis gives an organization opportunity to put thought in to different courses of action that may be taken should the situation worsen. Furthermore, involving staff in this planning process gives them a sense of contribution that will increase buy-in and help obviate future problems.

Overview of strategic opportunities and operational necessities for global health leaders



Take a structured approach to priority setting and portfolio management. Most organizations in global health have not been forced to make many trade-offs over the last five years, a period of growing resources, new programs and investment in all aspects of operations. As a result of the financial crisis, this will change. Leaders will need to have in place plans for preserving priorities, reducing investments and transitioning programs to other organizations with better comparative advantages. It is essential to set criteria for such an exercise, and engage in an approach that can hold up to internal and external scrutiny. For example, an organization may define criteria which considers the strategic importance, health outcomes, financial investment and operational complexity associated with a given program or portfolio. This will help an organization ensure that investments are balanced across several key strategic areas and development outcomes are maximized.

Know your results and embrace transparency. Funders will be demanding more from global health organizations, which means a greater focus on measuring performance and demonstrating results. Our observation is that a dramatic improvement in capturing data on financial and programmatic performance is required across the sector. The current gap in data risks becoming the Achilles' heel of a global health organization, as donor governments, advocates and recipients alike begin to demand greater clarity of the impact of their massive investments over the past decade. In addition to strengthening communication with funders, organizations should also improve communication of their results to the media, advocates and the general public in order to continue to foster sustained support for the global health agenda as a whole. Finally, organizations should use this data to improve and manage their performance and inform their own programmatic plans. . All of this said, it is important to note that robust data collection and transparent reporting do not guarantee positive results, particularly given the rapid growth of this sector. However, stakeholders will ultimately reward honesty and problem solving far more than any attempt to gloss over poor performance of particular programs.

The recent experience of the Global Alliance for Vaccines and Immunizations (GAVI) is instructive in considering how to approach transparent reporting of results. A recent evaluation of GAVI's Immunization Support Service revealed that the number of actual immunizations was as low as one-half the number self-reported by recipients (and resulted in overpayment to recipient governments in similar proportions). GAVI acknowledge the results, although it disputed some of the findings. In addition, the health group acted quickly to suspend payments and devised a process to address the issue. The ultimate consequence of these findings on GAVI is yet to be determined, but assuming GAVI takes corrective action rather than purely disputing the accuracy of the findings, the organization should be applauded for its commitment to results. Given the recent flood of resources into the global health sector, it is no surprise that donors have difficulty tracking performance or that cases like this one with GAVI arise. The greater risk is that organizations don't take transparent and rapid action. Nothing would hurt global health more than unexpected revelations about the performance of global health organizations, which its own leadership is unaware of or unable to address.

See: "Tracking progress towards universal childhood immunization and the impact of global initiatives: a systematic analysis of three-dose diphtheria, tetanus, and pertussis immunization coverage" by Stephen S Lim, David B Stein, Alexandra Charrow, Prof Christopher J L Murray, [The Lancet](#), Volume 372, Issue 9655, pp2031-2046, 13 December 2008

While none of these steps alone provide a silver bullet to weathering the current economic environment, they can help leaders respond with confidence to uncertainty and possibly achieve true transformations in the global approach to responding to the world's most important health challenges.

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