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# GOVERNANCE

## OF HEALTH SYSTEMS AND HEALTH ORGANIZATIONS

*by Mahesh Shukla, Lourdes de la Peza, and Karen Johnson Lassner*



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COVER PHOTO:

Origin: Afghanistan.

A district health coordination committee member. Photo by Mahesh Shukla.

# GOVERNANCE

## OF HEALTH SYSTEMS AND HEALTH ORGANIZATIONS

### CHAPTER 3 OF HEALTH SYSTEMS IN ACTION

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# Governance of Health Systems and Health Organizations

*Mahesh Shukla  
Lourdes de la Peza  
Karen Johnson Lassner*

1. Achieving Results by Strengthening Health Systems
2. Leading and Managing: Critical Competencies for Health Systems Strengthening
3. Governance of Health Systems and Health Organizations
4. Mainstreaming Gender Equality into Health Systems
5. Planning the Work and Working with the Plan
6. Managing Human Resources
7. Managing Finances and Related Systems
8. Managing Medicines and Health Products
9. Managing Information: Monitoring and Evaluation
10. Managing Health Service Delivery

This chapter is intended to support the important work of the leaders who govern health service delivery organizations. While the principles and practices described in this chapter apply to diverse organizations in a country’s health sector, including health insurance organizations and pharmaceutical and biomedical supply organizations, the focus here is principally on organizations that deliver health services or advocate for better health care and health gain.

This chapter can help governing bodies improve their performance and their decision-making processes. It examines the essential roles and duties of governing bodies of health services delivery organizations—what they do—and explains that they can best fulfill their roles and accomplish their duties by mastering four key governing practices.

There are four main sections in this chapter. The first presents the four essential practices for good governance in health sectors and health institutions. The second, third, and fourth sections explain the application of the four practices within governmental organizations, multi-sectoral organizations, and nongovernmental organizations (NGOs) or civil society organizations (CSOs), respectively.

While governance for health also occurs at the trans-national level (for example at the World Health Organization, World Trade Organization, and World Bank), this chapter focuses on governing multi-sectoral, public, and not-for-profit organizations dedicated to planning, coordinating, and delivering health services to respond to communicable and non-communicable diseases. The chapter also covers governing within a ministry of health, provincial and district health governance, and community health governance.

## Introduction

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Governance for health is a process in which a group of international, national, subnational, or community leaders create (via policies, regulations, and oversight activities) the conditions in which scarce resources are mobilized and deployed to protect, promote, or restore the health of populations. The four key practices of good governance are to:

1. cultivate accountability
2. engage stakeholders
3. set strategic direction
4. steward resources

Those who manage health services organizations will increasingly need to interact with, work for, and partner with governing bodies. Their work and performance as health managers can be enhanced by productive partnership with the governing body or, in the absence of a productive relationship, can face significant frustrations and constraints affecting the success of both their organization and their career.

It is important to understand the basic role of a governing body. It is the party responsible for making policies and strategies and mobilizing resources for accomplishing the mission of the organization. The fundamental role the governing body plays in addition to management oversight is to be the champion for and conscience of the organization's mission (the reason the organization exists), and to ensure that this mission contributes optimally to meeting the needs of the population the organization exists to serve. The duties of care, loyalty, and obedience are the governing body's legal responsibilities; they describe the manner in which the governing body carries out the central role of oversight for the organization's mission.

**Duty of Care** is the responsibility of the governing body to gather and consider all reasonably available and pertinent information before taking action. The members of the governing body should act in good faith, with the care of an ordinarily prudent person in similar circumstances, and in a manner they reasonably believe to be in the best interests of the organization.

**Duty of Loyalty** expects the governing body and its members to candidly discharge their duties in a manner designed to benefit only the health services organization, not their own individual interests. It includes the duty to disclose situations that may present a conflict—or a potential for conflict—between themselves and the organization's mission, as well as the duty to avoid competition with the organization.

**Duty of Obedience** requires the governing body to ensure that the organization's decisions and activities adhere to its fundamental purpose and mission, usually stated in the organization's initial documents of registration or formation.

To effectively carry out the above three duties, the governing body works with its managers and staff to fulfill the organization's mission by developing specific policies in six key areas: (1) quality performance, (2) financial performance, (3) planning performance (4) management performance, (5) governance effectiveness, and (6) stakeholder relations and advocacy. The governing body implements these policies by working with health workers and management and adopts specific outcome targets that measure the organization's overall performance relative to each policy.

## Why good governance is important

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Good governance has become an essential factor in the pursuit of stronger health systems and greater health impact. Good governance enables effective use of medicines, information, human resources, and finances to deliver higher health service performance and better health outcomes. Poor governance, on the contrary, undermines the vitality of a health system, and makes it less effective, less efficient, less equitable, less trustworthy, and less responsive to people it is intended to serve.

There is an emerging body of evidence demonstrating that effective governance improves health outcomes. For example, a study conducted by Björkman and Svensson (2009) in 50 rural communities in Uganda showed that community monitoring of health care providers improved health outcomes; communities with such an oversight intervention saw a significant increase in the weight of infants, and as much as a 33 percent reduction in mortality rates of children under five years of age. Community members were engaged in overseeing public dispensaries and demanded accountability of health care providers in their provision of health services.

In their study of 46 African countries, Olafsdottir et al. (2011) found good governance was inversely associated with under-five mortality rate after controlling for health care, finance, education, and water and sanitation. On the other hand, multiple studies have found poor governance overall, and especially in the health sector, has contributed to poor health outcomes (Gupta et al. 2009; Azfar et al. 2001; Delavallade 2006; Lindelow, Serneeels, and Lemma 2006; Rajkumar and Swaroop 2008). Poor governance allows corruption to flourish; Hanf et al. (2011) conclude that the deaths of more than 140,000 children annually could be indirectly attributed to corruption.

Furthermore, good governance helps bring about the kind of institutional change that contributes to country ownership of health programs implemented through international aid.

## What makes governance good?

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Good governance aligns multiple actors, resources, and interests to promote **collective and responsible actions toward agreed-upon goals**. Why “collective”? Because the challenges are too big and the relationship between inputs and outputs too complex for any one actor to be able to do it alone. Why “responsible”? Because we live in a world with limited resources—be they money, medicines, human energy, or attention—which, if not

used wisely and judiciously are squandered, or benefit only some while harming others, or do not address priority needs. Why “agreed-upon goals”? Because we have to recognize that perceptions, needs, and experiences differ widely, and we can only move forward together if the destination is a place we all want to go to. In the absence of shared goals, we can expect apathy at best and sabotage at worst.

To understand governance for health as it is practiced around the world and what makes it good, we surveyed more than 500 people holding leadership, governance, or senior management positions in health sectors and health institutions of 80 countries (access synthesis report [here](#)). It is from their responses that we learned what governance is and what makes it good in the context of health.

Governance is a collective process of making decisions in organizations, health systems, or the health sector. Governance is (1) setting strategic direction and objectives; (2) making policies, laws, rules, regulations, or decisions, and raising and deploying resources to accomplish strategic goals and objectives; and (3) overseeing and making sure that the strategic goals and objectives are accomplished. Governance enables an environment in which legitimate action can be taken to meet stakeholder needs.

Governance is effective when strategic objectives are successfully and efficiently met, but good governance goes even further. Governance is good when (1) decisions are based on information, evidence, and shared values; (2) the process is transparent, inclusive, and responsive to the needs of the people, the ministry, or the organization that it serves; (3) those who make and those who implement decisions are accountable; (4) strategic objectives are effectively, efficiently, ethically, and equitably met; and (5) the vitality of the ministry or the organization is sustained.

#### BOX 1. A Vision of Good Governance in the Context of Health

In a health sector, health system, or health organization that is governed well, we would expect to see the following:

- Openness and transparency
- Accountability
- Inclusion and participation
- Equity
- Gender-responsive policies and programs
- Inter-sectoral collaboration
- Effective leadership and management practices
- Ethical and moral integrity
- Pursuit of efficiency and sustainability
- Measurement and reporting of performance
- Use of information, evidence, and technology in decision-making

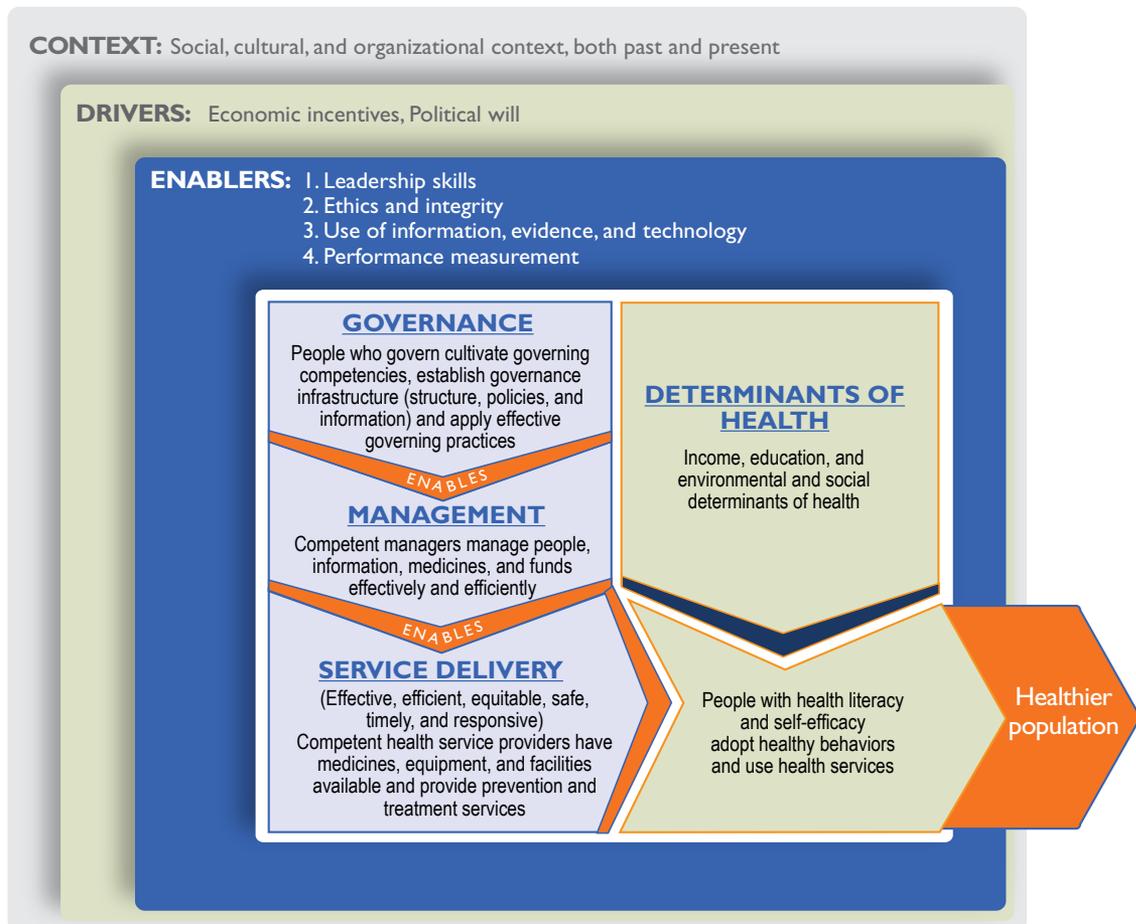
From the responses of these more than 500 health leaders, we also arrived at the four practices that make governance good: (1) cultivate accountability, (2) engage with stakeholders, (3) set shared direction, and (4) steward resources. When all these practices are put into operation in a health system they enable higher health system performance and better protection, promotion, and restoration of health. We will discuss how you can carry out these practices in your organization in the forthcoming sections.

**Linkage between leadership, management, and governance.** Leadership, management, and governance are interdependent, overlapping, and mutually reinforcing. All three work together to achieve a desired result, with effective leadership a prerequisite for good governance, and effective management a critical support for good governance. Good governance provides purpose, resources, and accountability to the management.

In a health system, there are leaders at all levels: leaders who govern or governance leaders, leaders who manage or senior managers, clinician leaders, leaders of health worker teams, and so on. Without good leadership, we cannot have good management or good governance. Let's take a closer look at the model and practices of good governance.

**Conceptual model of health systems governance.** As you can see in the model (Figure 1), we consider governance to be a collective responsibility shared by leaders who govern, senior managers, those who provide services and interface with the population, and those who are being served. Each group has a role in making governance good and helping it achieve its strategic objectives. At all levels of a health system—national, provincial, district, institution or facility and community—we can utilize the four practices to improve governance.

FIGURE 1. Conceptual Model of Health Systems Governance



People are at the heart of this model. People include leaders who govern and manage health systems, the health sector and various other sectors that impact health. People also include health care providers—physicians, nurses and other clinicians, and health workers who provide public health services in the community. Finally, people include communities and families who are clients of health systems and who promote their own health and demand quality services. Leaders who govern do so in close partnership with health managers, health providers, health workers, community leaders, and patients as well as governance leaders in other sectors. They facilitate the work of managers, who in turn facilitate the work of clinicians and health workers.

**A matter of governance shifts.** In Chapter 2, we mentioned leader shifts—the attitudinal and behavioral shifts that leaders can make to improve their effectiveness as leaders. Similarly, we see a series of governance shifts that leaders who govern need to make to govern well. Consider the ones in Table 1—to what degree are these shifts being made in your organization?

TABLE 1. Governance Shifts

FROM	TO
Labor-intensive 20 <sup>th</sup> -century governance processes	Technology-supported 21 <sup>st</sup> -century governance processes
Governance as usual	Pursuit of efficiency and sustainability in health systems
Input-oriented governance	Results-oriented governance, i.e., a culture of measuring and reporting results
Arbitrary decision-making processes	Transparent decision-making processes
Intuition- and opinion-based governance	Evidence-based governance
Authoritarian decision-making	Stakeholder engagement in governance decision-making
Management-driven strategic planning	Stakeholder needs-driven strategic planning
Appointments to governing positions based on personal relationships	Appointments to governing positions based on competence
Static governance process	Continuous governance enhancement
Male-dominated governance	Women holding governance positions
Silo-like health ministry	Whole-of-society and whole-of-government governance
Central health ministry control	Decentralized provincial and district health governing bodies

## Cultivate accountability

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*Accountability is the obligation of any public entity or nonprofit organization to answer to a higher authority—popular trust—which is the ultimate source of its mandate, of its authority.*

Kevin Kearns, cited in Kurtz 1995

There are many dimensions of accountability. We will take a closer look at some of them.

**Share information.** Sharing information is critical for establishing transparency and accountability. Here are some ways to do that. Use this list to assess how well you are sharing information.

- Create mechanisms for sharing information and make reports, plans and budgets, financial statements, and performance data available to those who need such information in order to participate meaningfully in governance decision-making.
- Share information about strategy, goals, standards, and performance with stakeholders.
- Access to information should be granted to those who are affected by the decisions, transactions, or work of your organization.
- Present information in an easy-to-understand format.
- Use appropriate information and communication technologies for dissemination of information to a variety of audiences.
- Establish formal consultation mechanisms through which constituencies may voice concerns or provide feedback.

**Enhance your personal accountability.** As governing body members or leaders who govern, you are entrusted with resources to serve the common good. The trust of your stakeholders is a precious commodity: hard to gain and easy to lose. Here are some ways to maintain their trust and build your personal accountability. Use this list to assess how well you are already doing this.

- Listen with an open mind, regardless of your own agenda, to the perspectives of stakeholders.
- Speak openly and candidly.
- Make only those promises you have the authority to make and can keep. Keep your promises and hold others to their promises independent of rank and status.
- Answer questions as truthfully as you can.
- Welcome constructive feedback on your actions and decisions.
- Refrain from making excuses and blaming others for mistakes.
- Own up to your mistakes and take quick action to make corrections.
- Explain your decision-making process and reasons for your decisions. Take ownership of your decisions. Accept responsibility for the future direction and current performance of your organization.
- Provide explanations for the underperformance of your organization and indicate what you will do about it.

**Enhance internal accountability, i.e., accountability within your organization.**

Internal transparency increases employee loyalty and collaboration. Here are some ways to establish internal transparency and accountability. Use this list to assess how well you are already doing on this dimension.

- Ensure a free flow of information internally within the organization so managers and staff have the information they need to make decisions. Ensure they are allocated enough resources to succeed.
- Create an environment in which acting with accountability is rewarded rather than feared.
- Encourage your managers not to be afraid of failure.
- Encourage calculated risk-taking by recognizing effort and courage, even when intended results are not achieved.
- Provide clear guidance to staff on goals and tasks for which they will be held accountable, without micromanaging the process to accomplish them.
- Provide timely, clear, and specific performance expectations and feedback.
- Make sure performance is measured in your organization, including your own governance performance.
- Improve performance by establishing consistent consequences for nonperformance or underperformance and rewards for excellence, independent of rank, gender, or status.
- Encourage staff to share both successes and challenges.

**Enhance external accountability of your organization.** It is hard to have external accountability without having internal transparency and accountability. For external accountability to be effectively established, leaders who govern need to:

- Make it clear to stakeholders the behavior they should expect of the governance leaders, management, and staff as well as the criteria by which their performance might validly be judged;
- Establish mechanisms to investigate whether the governance leaders, management, and staff have met the expected standards, goals and targets, e.g., an ombudsman office and an office of an inspector general;
- Establish a process in which governance leaders, management, and staff are required to defend their actions, face questions, and explain themselves to the public and stakeholders (the Global Fund Partnership Forum is an example);
- Establish a process in which those who hold a responsibility are in some way held to account for falling below the standards expected or, conversely, rewarded for achieving or exceeding standards.

**Social accountability.** Social accountability refers to a range of actions and mechanisms that citizens, communities, independent media, and civil society organizations can use to hold public officials to account. These mechanisms contribute to better health service

### Use of Technology for Enhancing Transparency and Accountability— An Example from Kenya, Tanzania, and Uganda

Mobile phones and modern information and communication technologies can help you cultivate accountability. Mobile phones can facilitate citizen-led public accountability, for example, through SMS-based applications that generate frequent overviews of health worker attendance, waiting time at clinics, availability of medicines and vaccines, medicine stock-outs, functionality of equipment, and so on.

Twaweza (“we can make it happen” in Swahili) is a 10-year citizen-centered initiative for public accountability in Kenya, Tanzania, and Uganda. It seeks to foster conditions and expand opportunities through which millions of people can get information and make change happen in their own communities directly and by holding government to account.

The Twaweza-supported pilot initiative CU@school in Uganda used basic mobile phones with a GPRS-based application openXdata to generate weekly overviews of teacher and pupil attendance at 100 primary schools. The idea was to use real-time data for better school administration by local governments, to enhance transparency and public accountability, and to reduce teacher and pupil absenteeism. Results were mixed. While the technology functioned well and turned out to be extremely economical, and while adherence to the reporting schedule by schools was somewhat satisfactory, the information was not used effectively by the local governments. Programs and discussions on local radio created some public awareness of the problem, but not enough to put pressure on the system.

Absenteeism is also a problem with respect to health workers, and mobile telephones can similarly be used to enhance transparency and accountability. A key lesson from the above and other pilot experiences in designing information and communication technology-driven solutions is to start with the users and their context, and not with the technology.

Read more about Twaweza [here](#) and click [here](#) to see an example of reporting stock-outs in South Africa using an iPhone or Android application, by sending an email, or by filling out a form on a website.

delivery and empowerment. Here are some ways to increase social accountability. Use this list to assess how well you are carrying out the following actions.

- Involve stakeholders in budgeting (click [here](#) and [here](#) for examples) and public expenditure tracking (click [here](#) for an example).
- Use citizen report cards and community score cards (click [here](#) for examples).
- Facilitate social audits (read about social audits [here](#) and [here](#)).
- Conduct public hearings (read how to conduct a public hearing [here](#)).
- Use community radio to discuss community initiatives, successes, and challenges, and also for establishing accountability and transparency (click [here](#) for examples).
- Use data generated using modern communication technology to enhance performance accountability. (See the country examples that follow and also click [here](#) for more examples)
- Use technology for knowledge exchange and capacity development (click [here](#) and [here](#) for examples).

## Engage with stakeholders

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*The business case for leadership and engagement is compelling: organisations with engaged health providers deliver better patient experience, fewer errors, lower infection and mortality rates, stronger financial management, higher staff morale and motivation and less absenteeism and stress. Patient engagement can deliver more appropriate care and improved outcomes.*

The King's Fund,  
*Leadership and Engagement for Improvement in the NHS*, p. vi

Stakeholders of a health system are groups or individuals who have an interest in the performance of the health system and who can affect, or are affected by, its workings. The primary stakeholders in a typical health system are communities, health service users, health providers and other health workers, health managers, and leaders who govern the health system. Other stakeholders include government representatives (local, state, and national), elected public officials, and members of civil society organizations, professional associations, and the media, among others.

There are five ways to engage stakeholders in the health system, depending on the degree of shared decision-making authority you think would be optimal in a given situation.

1. **Inform** (keep stakeholders informed of current decisions, goals, and activities, and educate them on your organization's policies)
2. **Consult** (listen to stakeholder concerns and provide feedback)
3. **Involve** (coordinate with stakeholders to make sure that their concerns are directly reflected in your decisions)
4. **Collaborate** (work with stakeholders to formulate problem definitions and solutions)
5. **Empower** (put decision-making in the hands of the people)

A well-structured stakeholder engagement process requires time and money. Those who govern must consider these costs and plan accordingly, based on available resources.

### BUILD BROAD-BASED RELATIONSHIPS

To engage with stakeholders, it is important to build coalitions and networks across all levels of government and civil society and with different sectors. Actions in many sectors, in addition to the health sector, can impact the determinants of health and, ultimately, health outcomes.

- Build partnerships with ministries that play a role in improving the health of the people (e.g., social development, public works, environment, education, agriculture, trade, labor and employment).
- Establish alliances for joint action with other groups or networks that reach into constituencies with whom you currently have no relationship.
- Work with private for-profit and civil society organizations.
- Work with different levels—local, state, national, and international.

What does it take to bring together the key players, adopt a collaborative approach for addressing an issue, and then adopt a collaborative process that negotiates different interests?

- **Be visible.** Eighty percent of success in life is showing up and participating. Attend forums and events where key stakeholders who can influence health policies and practices come together. Give speeches, cite evidence, and point out the benefits of good health for all. Use language that the audience can relate to.
- **Make connections.** Seek out opportunities to create advocates for health in different spheres of government and public life.
- **Invest in relationships.** Time spent on creating and managing relationships with influencers is time well spent.
- **Identify your key stakeholders.** Who are the people who can make or break deals? Know where the power is and cultivate good relationships by showing up, sharing information, and looking for common interests.
- **See possibilities rather than problems and obstacles.** Point out what is possible rather than what is wrong; look for win-win scenarios.
- **Seek out new perspectives.** Find out the points of view of those usually not considered: the voiceless, the powerless, and opponents. The voiceless and powerless can give you perspectives you might not have considered.
- **Create and maintain a safe space for sharing ideas.** Genuine participation across diverse stakeholder groups is feasible when everyone feels it is safe to share their ideas.
- **Provide an independent conflict resolution mechanism.** Be prepared to address competing interests, and possible conflict, among diverse stakeholders with an unbiased approach that will be acceptable to all.
- **Do not avoid difficult issues.** Deal with difficult issues quickly and courageously, lest they turn into major problems.
- **Build the capacity of civil society.** Help civil society know how to engage effectively with your organization.
- **Solicit extensive input from stakeholders.** Conduct open meetings, surveys, forums for public comment, and public workshops. Establish citizen advisory committees.
- **Value feedback.** Elicit, and respond to, all forms of feedback in a timely and respectful manner.

### ENGAGE AND SUPPORT KEY GROUPS WITHIN HEALTH SERVICES

**Engage with staff and health workers.** Staff and health workers feel engaged when they have jobs with meaningful, clear tasks, some autonomy to manage their work, involvement in decision-making, and supportive line managers. Engaged staff feel valued, respected, and supported. They are engrossed in their work and take pride in what they do.

**Engage with doctors and clinicians.** You can improve engagement with doctors and clinicians in many ways: by mutually discovering a common purpose such as improving outcomes and efficiency, making them partners in improving quality, involving them from beginning, valuing their time, making it easy for them to do the right thing for patients,

identifying and encouraging champions among them, and by supporting their career development all the way into governing positions.

**Be gender-sensitive in consultation.** Women are disproportionately affected by negative health outcomes, so it is especially important for governance leaders to be proactive in incorporating women’s voices in governance decision-making and allowing them to influence governance decisions. Consulting primarily with men provides only half of the picture. Seek out the views of women to get a more complete picture of potential risks, impacts, and opportunities. Get more women in the room. It is important to make meetings more accessible and convenient for women. Use active facilitation to solicit women’s input. Hold separate meetings when necessary. Raise issues that are a priority for women. Disaggregate your data by gender. Seek advice from women’s organizations, women leaders, and gender experts.

When thinking of health equity, think of women, youth, and poor populations as well as key vulnerable and marginalized groups, including lesbian, gay, bisexual, and transgender people.

## Set shared direction

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*The Governing Body determines the organization’s strategic direction and policies. It sets out the organization’s strategic direction to deliver its mission, goals and objectives. With the Chief Executive, it makes certain that the organization’s programs, activities and services reflect its strategic priorities. It concentrates on strategic thinking and does not involve itself with day-to-day operational and management matters. It creates policies and monitors the organization’s activities in all areas.*

International Planned Parenthood Federation  
Code of Good Governance

Shared direction comes from agreeing on which “ideal state” everyone is trying to get to. If there is no agreement on what or where you are moving to, agreeing on approaches for how to get there will be that much more difficult. If you know that you are all moving in the same direction, you will find it easier to gather support for the planning process, assess readiness, and define strategy to achieve this vision. You can then design a shared action plan with measurable goals for reaching it and set up accountabilities to accomplish the plan.

[Chapter 2](#) of this handbook has more information about setting a shared vision, and pages 182–188 of the [Managers Who Lead Toolkit](#) provide exercises for creating a common vision.

TABLE 2. Process of Setting a Strategic Direction

ASK	ANALYZE
Where are we now?	Internal and external assessment
Where do we want to be?	Vision Mission and principles Goals and Objectives
How will we get there?	Strategy Action Plan
How can we measure our progress?	Performance Measures Monitoring and Tracking Evaluation

As you set a direction and work on achieving it, check how well you are adhering to the following practices:

- Apply knowledge and evidence.
- Develop the strategic direction or vision for your organization by working with all your stakeholders.
- Communicate the vision.
- Embody the vision.
- Inspire everyone in the system to achieve it.
- Define a strategy to achieve this vision and design a shared action plan with measurable goals for reaching it.
- Set up accountabilities to accomplish the plan.
- Raise and allocate resources to implement the action plan and achieve the vision.
- Make decisions to accomplish the vision.
- Evaluate their impact.

The governing body will also need to ensure the availability of sound management systems to achieve the shared direction, i.e., systems to manage services, people, and other resources. You should also make sure that your health managers consistently follow effective management practices: planning; organizing to implement the plan; implementing activities efficiently, effectively, and responsively; and monitoring and evaluating the results.

The four key management principles of planning, organizing, implementing, and monitoring and evaluating are discussed in more detail in [Chapter 5](#).

## Steward resources

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*[The boards that govern local health departments] assure the availability of adequate resources (legal, financial, human, technological, and material) to perform essential public health services.*

National Association of Local Boards of Health  
NALBH's Six Functions of Public Health Governance

A steward is someone who manages another's property or financial resources acting as their agent. Stewarding resources is raising, mobilizing, and allocating resources, and making sure that the resources are ethically and efficiently used for delivering services that are of high quality, affordable, cost-effective, and appropriate to the needs of the population, and that achieve better health for the people. Good stewards protect and wisely use the resources entrusted to them to serve people, as if these resources were their own. They use resources and advocate for using resources to maximize the health and well-being of the public. They collect, analyze, and use information and evidence for making decisions on the use of resources. They also use technology, especially modern information and communication technologies, for this purpose.

Health sector leaders who practice good governance must: (1) define the scope and nature of the resources required to implement their organizations' strategic plans; (2) raise these needed resources from diverse sources; and (3) cause to have these resources carefully used and expended by managers, clinicians, and health workers. Smart governance requires the careful stewardship of scarce resources—human, technological, physical, and financial.

What does it take to be a good steward? Check to what degree the following behaviors are being practiced in your organization.

**Ethical and moral integrity.** There is a two-fold meaning here: one relates to embracing moral and ethical principles, the other to living those principles through one's actions. Here are some ways to demonstrate ethical and moral integrity. Use this list to assess how well you are already carrying out the following actions.

- Establish, champion, practice, and enforce code of ethics and code of conduct.
- Establish and enforce a policy requiring declaration of conflicts of interest.
- Avoid activities or relationships that would create a perceived or actual conflict of interest.
- Often ask the question, "If these were my own resources, would I be using them for this purpose?" to make sure the public interest is served.
- Be truthful and true to your public statements. Be consistent.
- Take measures to prevent corruption. Tighten control systems such as financial management and procurement systems and take action when irregularities surface.
- Demonstrate high standards of personal integrity, truthfulness, honesty, loyalty, and responsibility in all your activities in order to inspire confidence and trust in others.
- Discharge your duties unselfishly, to benefit only the public.

- Keep your personal interests separate—work for the people’s health, not your own good.
- Avoid behaviors that will generate questions regarding your integrity.
- Do not solicit or accept a gift in return for an official act, or accept frequent or expensive gifts.
- Make sure that any outside employment does not interfere with your responsibilities to your organization or its mission.

**Provide oversight.** Stewards establish oversight and review processes to assess the impact of decisions made by managers and leaders. They are mission focused, always asking, “Are we achieving what we set out to achieve?” and “Is this the best way to get there?” Consider the following:

- Are policies and decisions followed and implemented? And if not, are you asking “why?” and “what can be changed?”?
- Is the performance of health managers reviewed on a regular basis?
- Are managers and staff acting with integrity and, if not or when confronted with warning signs, are you taking a look at internal controls and making changes as required?
- Is the organization on a stable and strong financial footing? If not, are you encouraging and supporting the organization’s leaders to correct the situation?
- Are you using actual financial data for planning, oversight, and evaluation, using key financial indicators?
- Is your organization audited in a professional way, and are findings being addressed?
- Will you be able to continue to mobilize and allocate sufficient and appropriate resources (manpower, technology, information, and finance) for activities that meet health needs of your communities in the future?

The governing body or the governance leaders hold ultimate responsibility for the quality of care provided by an organization. Smart oversight processes help them fulfill this responsibility.

**Make periodic field visits.** Not only would field visits allow you to see for yourself and hear directly from the people and service providers in the field, without filters created by the hierarchy, if carefully conducted, such visits can be motivating to frontline health workers. People on the periphery often feel forgotten and neglected. The fact that someone from the top level makes the effort to go see and listen to them carries much weight and creates much goodwill. Wise governing bodies do this in partnership with management to avoid situations in which health workers go around their managers to inappropriately lobby governing body members.

**Facilitate community monitoring.** Create opportunities for the public to be included in monitoring and evaluating how resources are raised, allocated, and used and how health services are provided. Click [here](#) and [here](#) and [here](#) for examples.

**Pursue efficiency and sustainability.** Pursue efficiency and sustainability by re-orienting processes toward concrete and measurable results. Pay close attention to the quality of service, focus on monitoring and continuous quality improvement, develop cost-effective procurement, storage, and distribution solutions, and strengthen oversight of service delivery and health management processes.

**Establish a culture of performance measurement.** Performance measurement should not be confined to measurement of performance of managers and staff. As governing body members or governance leaders, pause periodically for self-reflection, diagnose your own strengths and limitations, and consider:

- How well are you getting stakeholders to participate meaningfully in decision-making?
- How aware and responsive are you and your organization to gender differences?
- How accountable are you and your organization to its stakeholders?
- How transparent is your governance?
- What are your performance measures—how well is the health system performing? How much better off are the people in terms of health and financial protection?
- How well are resources used? What have they produced?

To access self-assessment instruments you can use to assess your governance, you may use our *Guide on Continuous Governance Enhancement*, which is under development in spring 2014 and will be made available [here](#).

Establishing a culture of performance measurement helps improve the efficiency of your organization. Use the list below to assess how well you are establishing such a culture:

- **Develop your governance competencies** (knowledge, skills, and capabilities), especially in cultivating accountability, leading change, health care delivery and performance, business and finance, human resources and talent development, collaboration, community orientation, achievement orientation, information seeking, innovative thinking, organizational awareness, professionalism, relationship building, strategic orientation, and team leadership).
- **Develop a measurement strategy** by identifying measures for all strategic and operational objectives.
- **Measure your own performance** with regard to governance, health system performance, health outcomes, and health impact.
- **Regularly seek feedback** on your health system performance and your governance performance.
- **Involve the stakeholders** in measurement of results and assessment of your own governance performance.
- **Use performance information** to improve the services, and to evaluate, to control, to budget, to motivate, to promote, to celebrate, to learn, and to improve.
- **Use data, information, evidence, and technology** for governance decision-making.

**BOX 2. How Can Technology Assist Good Governance?**

Mobile phones and modern information and communication technologies can be effectively used for promoting transparency, cultivating accountability, and engaging with stakeholders. Data generated or transmitted via these technologies is valuable for strategic decision-making. These technologies will help you rapidly collect evaluation data and evaluation evidence. They will also help you with governance knowledge exchange and capacity development.

mHealth and eHealth strategies can help you improve transparency and accountability in health care through health information management and its display on public website. Use of mobile phones facilitates citizen-led public accountability and monitoring of health services.

Check how well you are:

- using technology to manage information and gather evidence;
- using valid and reliable evidence to make decisions;
- using evidence to identify problems, frame solutions, and decide how solutions will be implemented;
- engaging stakeholders in using evidence as a basis for their decisions;
- building capacity among the staff to generate and use evidence.

In this section we have looked at generic good governance practices in the context of health. In the following sections we will take a closer look at what can be done to govern well within the public sector, multi-sectoral bodies, and civil society organizations.

## Public sector governance

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In this section, we describe the characteristics of the public or government sector (we use the two terms “public” and “government” synonymously for the sake of simplicity and at the expense of precision) and the challenges of governing it. We then explain how the four governing practices can be applied at the central, provincial, district, and community levels.

Historically, public sector governance has evolved from public management and public administration.

### PUBLIC ADMINISTRATION

(A focus on administering set rules and guidelines, and a central role for the bureaucracy in policymaking and implementation)

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### PUBLIC MANAGEMENT

(Borrowing lessons from private-sector management, the emphasis shifted to evaluation, performance management, and cost management in service delivery, and use of markets, competition, and contracts for service delivery.)

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### PUBLIC GOVERNANCE

(Multiple interdependent actors contribute to the policymaking and delivery of public services, and inter-organizational relationships matter.)

In most countries we can find elements of public administration, public management, and public governance coexisting with each other.

## CHALLENGES OF GOVERNANCE IN THE PUBLIC SECTOR

Governance in the public sector is different from governance in the private sector, which includes both for-profit firms and not-for-profit organizations. In the private sector, the board and senior management have authority over two critical resources: people and money, whereas in the public sector a civil service system and a system of checks and balances may enable protection of tenure. Removal of staff can often occur following a complicated due process. Governance in the public sector can also be more challenging due to the effects of making decisions in open and transparent meetings and the requirement to follow due process. This may put some restraint on the governing body’s ability to swiftly and efficiently address sensitive issues about strategic service investments, procurements, and executive performance reviews.

The public sector is primarily set up to ensure that the public interest is served. Such public interest may lie in equity, transparency, or whatever else the legislators and leaders who govern the society decide to define as the public interest. Public policies made to achieve

equity or broader public interest may not necessarily serve efficiency well. Public policies may also present a disincentive to innovation, or lead to an excessive emphasis on process versus results. For example, citizen participation in decision-making is a messy process and takes time—disorder and delays are two foes of efficiency. Profit-making entities are free to choose efficiency over equity.

Fixed compensations and career paths as well as the difficulty of removing unproductive and incompetent personnel due to stringent hiring and firing controls may fail to provide strong incentives for bureaucrats to improve performance on a continuous basis. This may explain the widespread impression that public servants do not care. Of course this perception is a gross overgeneralization, and we acknowledge the multitude of public servants who are deeply committed to public service.

Unfortunately, in many jurisdictions the agendas of politicians and public administrators do not necessarily serve the interests of the citizens, e.g., their behavior is predominantly directed toward seeking personal gain or rewards (e.g., status, promotions, visibility, etc.). We find politicians and public administrators of both types, some serving, and some dis-serving their constituents, depending on the political system in which they act. Division of power, term limits for elected officials, and competitive elections can help restrict the accumulation and abuse of power in the public sector.

In the health arena, public sector governance failures can manifest in many ways, such as corruption, inefficiency, inequity, and unresponsiveness in service provision, or even complete unavailability of services. Enacting and enforcing laws and regulations that protect health and ensure safety remain the responsibility of governments alone, and we want this essential public health function to be done well. For these reasons, the four governance practices are all the more relevant to governance in ministries of health and the decentralized structures working within them. If applied consistently, they will help you avoid governance failures.

1. **Cultivate accountability** to make sure that elected officials and public servants are held accountable for their promises, actions and tasks
2. **Engage with stakeholders** to build trust, to learn, to serve, to achieve the shared strategic goals and objectives
3. **Set shared direction** to align stakeholders, to promote cooperation, to reduce the probabilities of resistance and sabotage
4. **Steward resources** in order to use resources wisely, fairly and with integrity, as if they were one's own.

**Governance within the context of decentralization.** Many countries are pursuing decentralization of their political, administrative, fiscal, and service delivery authority with the aim of bringing services and decision-making power closer to the citizens. Although the degree and extent of decentralization varies across countries, good governance in the ministry of health and other ministries of the government, and good governance in the decentralized entities is critical to the success of decentralized entities in providing better health services to their citizens. In the following pages we look at good governance at different levels in the health ministry's hierarchy.

## GOVERNANCE STRUCTURES AT CENTRAL, PROVINCIAL, AND DISTRICT LEVELS

Ministries of health are at the top of the hierarchy of health governance structures, and are increasingly requiring governance structures in the provinces, districts and communities. Each level's organization, authority, accountabilities, responsibilities, and access to resources vary across countries. See [Box 3](#) to read how Afghanistan has organized its governance structures from the village all the way to the central ministry in Kabul.

## APPLICATION OF THE FOUR GOVERNANCE PRACTICES IN THE PUBLIC SECTOR

Let us see how the four governance practices, (1) cultivating accountability, (2) engaging with stakeholders, (3) setting a shared strategic direction, and (4) stewarding resources, can be applied in ministries of health and their offices in the provinces and districts to obtain measurable results.

**In ministries of health.** In the six examples from various countries around the world that follow, you can see the application of one or more of the four governance practices. Try to identify the operative governing practice(s) in each, and consider whether any of them could be applied in your situation, and how.

1. In Croatia, hospitals are required to make waiting lists public in order to reduce the practice of patients bribing doctors to jump ahead of the queue. The Ministry of Health and Social Care introduced a national-level waiting list early in 2008. In each hospital, there is a unit responsible for the registration of the patients on the waiting list; all details are listed on the Internet. This initiative has reduced the waiting time by from 30 to 50 percent.
2. In Ghana, transport officers in the Ministry of Health were told to calculate fuel use per kilometer and display the results on a public notice board. This transparency in publicly reporting fuel use led to a 70 percent improvement in fuel use per kilometer over a couple of years, dramatically reducing vehicle running costs.
3. Using information from a 2008 study in three districts in Lesotho about gender segregation of HIV and AIDS caregiving work, a USAID-funded project implemented a variety of interventions to arrive at a more equitable division of the HIV and AIDS caregiving burden, and made policy recommendations to the Government of Lesotho.
4. A Leadership Development Program that was implemented in several districts in Upper Egypt led to an increase in the number of new family planning visits of between 20 and 68 percent. The number of prenatal and postpartum visits also rose. One important element of the program was the creation of a long-term shared vision, made concrete in a series of measurable results for the near future. Without external funding, the inspired leaders cascaded the program downward, reaching more than 184 health care facilities and training more than 1,000 health workers how to create a shared vision and set measurable goals. The resulting reduction in maternal mortality was much greater than in similar governorates in Egypt.

### BOX 3. Health Governance Structures in Afghanistan's Provinces, Districts, and Communities

In Afghanistan, the Provincial Public Health Coordination Committee (PPHCC) is a formal multi-stakeholder committee at the provincial level with a set of distinct responsibilities established by the Ministry of Public Health (MOPH). The MOPH has also established consultative community health councils and health facility councils at the health post, health facility, and district hospital levels. Hospital community boards have been established at the provincial hospital level. The MOPH is now establishing District Health Coordination Committees (DHCCs) in the districts.

PPHCCs provide a forum for coordination and information sharing among various stakeholders in the provincial health system. They discuss community health concerns, and coordinate and participate in all stages of a public health emergency response. They also monitor and supervise health posts and health facilities. They are expected to meet on a monthly basis and coordinate delivery of the basic package of health services and the essential package of hospital services.

The PPHCC is chaired by the Provincial Public Health Director and has 21 members, including provincial public health officers, provincial hospital director, director of the Institute of Health Sciences, two representatives of NGOs that provide health services in the health posts and health facilities, two district health officers, and a representative from each of the following: the Ministry of Women's Affairs, the provincial reconstruction team, the private health sector, elected provincial council, UNICEF, and WHO. Thirteen members have voting powers. Decisions in the PPHCC are usually based on consensus. If there is no consensus, the decision is put to a vote. A decision requires a quorum, with a majority of voting members in favor of the decision.

Similarly, the DHCC is chaired by the District Public Health Officer and its members include district governor's representative, private health sector representative, religious leader from the district, director of the district hospital, an implementing NGO representative, head of the district education department, and head of the district council.

LEVEL	GOVERNING BODY	SERVICE AREA
Province	Provincial Public Health Coordination Committee (PPHCC)	Many districts
District	District Health Coordination Committees (DHCC)	District (Tens or hundreds of villages)
Health facility	Health facility shura or consultative assembly	Several communities served by a health facility
Communities	Health post shura or consultative assembly	A village community

The PPHCCs, DHCCs, and community and facility health councils are performing a governing role. Their governance decision-making can make a difference in the care delivered during patient visits at health facilities by improving the health system performance, especially the responsiveness of the health system. If these committees and councils work in coordination with each other, community health concerns can be effectively represented and addressed.

We have documented empirical evidence of the impact of their governance. In a pilot study, three PPHCCs and 11 DHCCs consistently applied the four effective governing practices over a period of six months, and as a result their governance improved by from 13 to 21 percent, and the antenatal care visit rate in the three provinces increased by 20 percent.

5. Nigeria's National Agency for Food and Drug Administration and Control was able to bring down unregistered and potentially counterfeit drugs in the market from 68 to 20 percent between 2001 and 2011, working closely with mobile phone networks and pharmaceutical companies. Nigerian consumers can report counterfeit drugs through mobile texting of a code revealed by a small scratch strip on the packaging. The text is instantly answered, either with the word "YES"—the drug is genuine—or "NO." The latter response includes a local number to alert the authorities about this potentially counterfeit medicine.
6. The Afghan Ministry of Public Health (MOPH) uses an annual Balanced Scorecard, an integrated management and measurement tool consisting of 29 performance indicators and performance benchmarks in six domains: patients and community, staff, capacity for service provision, actual service provision, financial systems, and overall vision. Every year the MOPH selects a random sample of health facilities, collects data including thousands of patient observations and interviews with patients or their caregivers and health providers. The scorecard findings track performance over time and identify priority areas for improvement, improving health system capacity and health service delivery through performance benchmarking. The Balanced Scorecard also helps the MOPH to demonstrate the results of its investments, make policy changes, and create an evidence-based decision-making culture.

*Answer key:* (1) and (2) are examples of cultivating accountability, (3) is an example of engaging with stakeholders, (4) is an example of setting a shared strategic direction, (5) exemplifies cultivating accountability, engaging with stakeholders, and stewarding resources, and (6) exemplifies all four practices.

**In provincial and district health systems.** Having read examples of how the central ministries of health apply the four governance practices with good results, you will now see how the governing bodies that govern health systems in the provinces and districts can apply these practices. Here are some examples of governance actions you can take, based on actions taken by the Provincial Public Health Coordination Committees and District Health Coordination Committees in select provinces and districts of Afghanistan.

1. **To engage stakeholders**, interview patients and health service users; invite religious, youth and women leaders to meetings; provide feedback to shuras or consultative assemblies at the health-facility level; and consult community leaders on a regular basis.
2. **To cultivate accountability**, your own and that of health workers, share information on resources and performance with communities and stakeholders; encourage health workers to share their challenges during joint monitoring visits to the health facilities; review health workers' job descriptions; and give them clear targets and monitor their progress toward achieving them.

3. **To set shared direction**, constitute a team of representatives from the community, health service users, other health system stakeholders, and district health officers from each district; identify the health needs and challenges faced by the communities; communicate these needs to the provincial health governing committee for consideration while deciding the strategic direction. Alternatively, invite health facility governing body members to provincial governing committee meetings to better understand community concerns.
4. **To steward resources** in an ethical and efficient way, train provincial public health office staff and health workers in ethics; recognize health workers with outstanding performance; involve the community in health facility monitoring; and use data, information, evidence, and technology for decision-making.

The four governing practices, when applied consistently, have the potential to significantly contribute to the success of decentralization in achieving its objectives.

**In communities.** Community health governance, in essence, is a broadly participatory and collaborative process where community is defined geographically; health is defined as a broad, positive concept consistent with the WHO definition; and governance is defined as a process by which communities make decisions. Participatory and collaborative processes are expected to lead to better community problem solving, which in turn is expected to improve community health.

Community health governance happens through participatory processes led by community stakeholders to improve the health of those residing in the community. Community health governance structures may exist in many forms: a citizen board of a health center, a village health council, a local health committee, or a community hospital board. Community groups governing village-level health services in Bangladesh, South African health facility boards, community health shuras (or consultative assemblies), and health facility shuras in Afghanistan are a few examples of the broad array of community health governance bodies.

The success of community health governance depends on who is involved, how they are involved, and having leaders who deeply believe in the capacity of diverse people to work together to identify, understand, and solve community health problems. Successful community leaders promote broad and active participation by community members.

Community health governance bodies are expected to provide leadership and support to health-related activities in their communities. For example, they may be involved in some of these activities:

- promoting healthy lifestyle among the community members,
- adopting and promoting healthy behaviors and social norms,
- encouraging families to make full use of preventive and curative health services,
- working closely with the community and the health providers, linking people to the health services they need,
- supporting the health of mothers and young children,
- selecting and supervising community health workers,
- mobilizing the community and health workers to identify and solve the community's health challenges, and
- advocating for sanitation, clean water, and clean air.

Community boards attached to a health facility are expected to serve as a link between the community and the health facility, and to ensure that the facility meets the needs of the community. They nurture relationship with the community, generate community support for the facility, provide oversight to the health facility, and involve people in community health planning and in monitoring of the health facility.

The governing practices described earlier have the potential to make the governance of community health governance bodies effective. We illustrate this with the example of Bolivian hospitals.

#### Citizen Health Boards Help Deter Corruption and Reduce Overpayment— An Example from Bolivia

A study of 30 hospitals in Bolivia published in 2001 found that citizen voice, as measured by active participation on citizen health boards, had a statistically significant effect on lowering informal payments for services that should have been free and reducing overpayment for supplies, as measured through procurement price data. The citizen boards exposed bribery and deterred informal payments and the overpricing of medical supplies. Citizen health board activism proved to be an important deterrent of hospital corruption, whereas institutional controls such as administrative regulations and procedures seemed to have had little impact. Rules and regulations are important foundations for holding public officials accountable: these are necessary, but not sufficient. In this case, it was board activism that made the difference.

Source: Gray-Molina G, Perez de Rada E, Yañez E. (2001). "Does voice matter? Participation and controlling corruption in Bolivian hospitals." In: Di Tella R, Savedoff WD, (eds). *Diagnosis corruption: fraud in Latin America's public hospitals*. Washington, DC: Inter-American Development Bank.

We have looked at governance in general and examined its four practices, as they apply to the public sector and to the various levels in the health system hierarchy. Let's now take a look at governance in other organizational settings: multi-sectoral bodies and civil society organizations.

## Governance of multi-sectoral bodies

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What is a multi-sectoral body? Multi-sectoral bodies differ from traditional governance models in which national health policy decisions are made by a single entity, such as a ministry of health; multi-sectoral bodies share decision-making responsibilities among multiple members representing different sectors and diverse constituency groups. In the last 25 years, the number of multi-sectoral partnerships dedicated to public health have increased because of the need to support decentralization of health services, respond to the rising prevalence of specific diseases, and better meet the broader needs of specific populations, such as women and children.

At the same time, there has been an explosive growth in new funding mechanisms focused on specific diseases and health systems strengthening. These include the President's Emergency Plan for AIDS Relief (PEPFAR), the President's Malaria Initiative (PMI), the World Bank Multi-Country HIV/AIDS Program (MAP), the Global Alliance for Vaccines and Immunization (GAVI), and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM). These funding mechanisms have also fueled the need to advance local ownership and participatory decision-making through multi-sectoral initiatives.

Examples of multi-sectoral bodies include:

- health councils at national, state, municipal, and local levels
- AIDS Commissions (Councils, Committees) at national, provincial, district, and local levels
- Country Coordinating Mechanisms (CCMs)
- Children's Council or Women's Council

Each of these has governance functions. AIDS Commissions, for example, govern the multi-sectoral response to HIV, health councils oversee the functioning of the health system, and CCMs oversee the performance of GFATM-funded grants for AIDS, TB and malaria. Councils for specific populations (e.g., women or children) ensure that all sectors are working together to meet the needs of that population.

### ORGANIZATION OF MULTI-SECTORAL BODIES

Multi-sectoral bodies comprise members from different sectors and vary in size. The complexity of managing governing bodies is proportionate to the number of members; the more members, the greater the need to manage governance tasks. For this reason, many CCMs that were originally founded as large bodies with many members are now restructuring to reduce the number of members so their governance tasks can be more easily managed.

Multi-sectoral bodies also vary in composition. Members can be individuals or organizations, depending on the body.

Members are nominated or elected from within each sector to represent their constituencies. In the case of CCMs, for example, civil society members are elected from within

their respective sectors, while members from government and international development partners are nominated by each sector.

Multi-sectoral bodies can be legally established organizations—or not. For example, some CCMs are legally established while others are not, depending on the country. Those CCMs that are not legally established use a budgetary recipient for financial management. An example of such an arrangement is the Zambia CCM, which uses the Zambia National HIV/AIDS/TB/STI Council as its budgetary recipient.

Earlier in this chapter the four governance practices were introduced: cultivate accountability, engage stakeholders, set shared direction, and steward resources. Similar to other governance bodies in the public and nonprofit sectors, multi-sectoral governing bodies also embrace these practices. How the governance practices can be carried out within multi-sectoral groups is discussed below.

### CULTIVATING ACCOUNTABILITY IN A MULTI-SECTORAL BODY

Like other governing bodies, multi-sectoral bodies are accountable to the public and to the constituency groups or sectors they represent. Being accountable goes hand in hand with conducting business in a transparent manner. An accountable multi-sectoral body readily makes its accounts and records available to donors, constituency groups, and other stakeholders for public scrutiny. Areas in which multi-sectoral bodies can demonstrate accountability and transparency include the following.

**Selection of members.** An accountable multi-sectoral body establishes transparent procedures for selection of members, whether by nomination and/or election. Indeed, one of the GFATM's six requirements for CCMs to be eligible to apply for grant funds is that the process for selecting members be documented and transparent. In general, each sector determines how it will select its representative. Government representatives are generally nominated, whereas nongovernmental representatives are elected from within the sector. Procedures for selection of members follow the multi-sectoral body's by-laws or statutes, and should be made publicly available.

[Click here](#) to find out more about GFATM's eligibility requirements, minimum standards, and guidelines for CCMs.

**Election of officers.** Just as the process for selection of members is transparent, the process for election of officers is also transparent. Election procedures are based on the multi-sectoral body's by-laws or statutes and made publicly available. Multi-sectoral bodies often create electoral commissions to oversee the election process, including preparation of the election schedule (time line) and review of all candidates for eligibility.

**Managing conflict of interest.** Multi-sectoral organizations provide the benefit of opportunities for working together with a common purpose, but they are also accompanied by competing interests. When those closest to the problem that the multi-sectoral body addresses become a part of the governance structure and participate in decision-making, conflict of interest is unavoidable. However, conflict of interest is also manageable. For this reason, multi-sectoral bodies manage the inherent tension in conflict of interest and do so transparently. CCMs, for example, are multi-stakeholder bodies that mobilize signifi-

cant resources and determine the organizations that receive and distribute the funds. The potential for conflict of interest is considerable, particularly since many CCM members are increasingly also recipients of GFATM grants and responsible for grant implementation. Indeed one of the six eligibility requirements of CCMs to be able to apply for GFATM funds is to have a process in place to manage conflict of interest.

For more information on managing conflict of interest within CCMs, go to the [Global Fund website](#) and search for *Implementer Series* for their sheet on conflict of interest.

#### BOX 4. Steps Multi-Sectoral Bodies Can Take to Manage Conflict of Interest with Transparency

Ensure that

- the organization has a conflict of interest policy,
- all members disclose conflicts of interest periodically in writing and orally at the opening of meetings,
- members' conflict of interest declarations are available publicly, preferably on a website,
- members with a conflict of interest recuse themselves from participating in discussions and decision-making involving their specific interests,
- sanctions are applied to members who fail to disclose conflict of interest,
- management of conflict of interest during meetings is documented in the minutes of the meeting.

**Meeting proceedings and decision-making.** Multi-sectoral bodies generally represent large constituency groups across sectors. They are responsible for documenting and communicating to those they represent the discussions carried out during meetings and the decisions resulting from those discussions. Communications should be timely, comprehensible, and accessible. Meeting discussions, decisions, and actions to manage conflict of interest should be documented in minutes, distributed to all members and made available publicly, preferably on a website.

GFATM recommends use of a standard template for CCM meeting minutes that can be found [here](#) on the GFATM website.

**Periodically assessing effectiveness of the multi-sectoral body.** Multi-sectoral bodies should assess their performance periodically and make the results available to the public, preferably on a website. For internal assessments to be effective, members need to have a strong sense of ownership of the body's mission and vision and a strong stake in its success. Otherwise, internal assessments will not be undertaken in good faith, and/or the results will not be acted upon. External assessments can be far more effective in changing practice or affecting behavior.

Starting in 2014, CCMs are required to participate in annual Eligibility and Performance Assessments in terms of adherence to GFATM eligibility requirements. The assessment tool is available in several languages on the [GFATM website](#).

**Clarifying expectations through terms of reference for members, officers, and committees and through training.** All members, officers, and committees of multi-sectoral bodies need clear terms of reference that clarify their responsibilities and accountabilities. All members require training in these responsibilities when they join and periodically throughout their terms. Training should focus on member duties, including how to inform, consult with, and represent constituencies. Training is particularly important for members who represent civil society organizations.

### ENGAGING STAKEHOLDERS IN A MULTI-SECTORAL BODY

**Broad representation of stakeholders.** Multi-sectoral bodies are only effective insofar as they represent their stakeholders and constituencies. They should have not only members who represent government sectors, but also civil society, the private sector, academia, and development partners. Each constituency brings a unique and important perspective, thus increasing the probability of achieving measurable impact. Multi-sectoral bodies should also strive for gender balance among their members. Users of the health system must be included, and in the case of disease-specific bodies, those who are infected or affected by the disease(s). As an example, one of six requirements for a CCM to be eligible to apply for GFATM grant funds (see [here](#)) is that it must have at least one person, representing an organization, who is infected or affected by HIV and/or affected by TB and/or malaria (depending on the country's grants).

Click [here](#) for more information on civil society participation in CCMs and relevant case studies in Kenya and India,

**Communication with stakeholders.** Multi-sectoral bodies engage with stakeholders through two-way communication: members both consult with and inform their constituencies. Members proactively seek information from their constituencies in order to optimize their input to the multi-sectoral body's deliberations and decision-making. They also inform their constituencies about decisions made and plans moving forward.

**Membership renewal.** To assure the continuous engagement of stakeholders, multi-sectoral bodies periodically renew their membership through election/nomination of new members. Members have specific term limits and elections are held within each sector when terms expire. Membership renewal is important to encourage sustained interest in and commitment to the multi-sectoral body and its mission.

**Participation of nonmembers.** To broaden the scope of stakeholder engagement, multi-sectoral bodies often encourage the participation of nonmembers in their activities. For example, CCMs are required to include nonmembers on CCM committees. Where the CCM has an oversight committee, often stakeholders from constituencies representing those infected or affected by the diseases or from development partners who have specific expertise needed are committee members.

## SETTING SHARED DIRECTION IN A MULTI-SECTORAL BODY

**Clear purpose and role.** A well-governed multi-sectoral body has a clear purpose and role, differentiating itself from other organizations. A typical multi-sectoral body found in many countries is the National AIDS Commission or Council (NAC), whose role is to govern the national multi-sectoral response to HIV and AIDS. The NAC's role differs from the role of the National AIDS Program, which is to implement the national response to HIV and AIDS in the health sector. Likewise, the role of CCMs is to mobilize additional resources from GFATM and other sources for AIDS, TB, and malaria in a country, and oversee the implementation of the grants. And this role differs from that of the Principal Recipients, who are responsible for implementation of the grants. In many countries, governing bodies' roles often overlap or have subtle differences. A common example is the NAC and the CCM. In these situations, it is particularly important to clarify the purpose and role of each.

**Vision and strategy.** In addition to a defined purpose and role, well-governed multi-sectoral bodies have a clear vision and strategy with regard to their intended impact. An NAC, for example, is generally responsible for preparation and implementation of the national multi-sectoral strategic plan to respond to the HIV epidemic. Similarly, national, state, and municipal health councils are multi-sectoral bodies that formulate health plans at their respective levels. Multi-sectoral bodies that are not intrinsically part of the health system or government structure (such as a national AIDS commission or a state health council) should ensure that their visions and strategies are harmonized with national or local initiatives or processes. Multi-sectoral bodies should map how their actions will relate to and interface with official (i.e., governmental and inter-governmental) agendas in order to assure proper coordination with other actors and institutions.

## STEWARDED RESOURCES IN A MULTI-SECTORAL BODY

**Raising and allocating resources.** Some multi-sectoral bodies have governance responsibilities with regard to raising their own financial resources; others receive financial resources from government or other budgets. Many are responsible for allocating resources. CCMs are exemplary in that they raise and allocate significant resources for AIDS, TB, and malaria by analyzing national plans for these diseases, identifying funding gaps, harmonizing resources, preparing concept notes for funding from GFATM, and allocating resources to a specific Principal Recipient. CCMs also mobilize resources from sources other than GFATM for prevention, care, and treatment of the diseases as well as for their own secretariat operations.

**Providing programmatic and financial oversight.** Provision of programmatic and financial oversight is a key governance function of a multi-sectoral body. Oversight ensures proper resource utilization—that activities are implemented as planned and results are achieved, and that funds are used efficiently and effectively. To do so, multi-sectoral bodies can create Oversight Committees. Indeed, one of the six eligibility requirements for CCMs concerns oversight; they must have an oversight plan and an oversight body, such as a committee. CCM Oversight Committees oversee both programmatic and financial performance of the grants. These committees review reports from Principal Recipients, make site visits, and help to resolve other grant performance bottlenecks that arise. They seek feedback from non-CCM members and persons from affected communities. Many Oversight Committees use dashboards as a governance tool to monitor grant performance and

to assist with reporting to the full CCM and general public. The dashboard tool, instructions, sample dashboard, and videos about the tool can be found on the GFATM website.

To see the six eligibility requirements, click [here](#), and for more information on CCM oversight, click [here](#) to see the Global Fund Implementer Series on oversight.

**Ensuring financial sustainability.** Multi-sectoral bodies also have the governance responsibility for assuring the long-term financial sustainability necessary to achieve their purpose and vision. A number of CCMs, for example, are beginning to plan for continued funding for AIDS, TB, and malaria beyond the time when their countries are no longer eligible for funding from GFATM.

## Good governance in civil society organizations

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We now turn from governance in the public sector and multi-sectoral bodies to civil society organizations focused on protecting, promoting, or restoring health.

Good governance in the health sector and other sectors that have an impact on health is a critical factor in achieving national and international development goals and alleviating sickness and poverty in low- and middle-income countries. There is a growing global awareness that the health problems faced in these countries are too serious and pervasive to be addressed by the public sector alone. In a coordinated public, nongovernmental, and private sector approach, civil society organizations (CSOs) need to be able to manage large-scale health projects and use donor funds in an effective and transparent way. Like public-sector institutions, CSOs require sound leadership, management, and governance as well as highly functioning organizational structures and systems so that they can provide high-quality services and use resources appropriately.

### WHAT IS A CIVIL SOCIETY ORGANIZATION?

The World Bank has adopted a [definition of civil society](#) developed by a number of leading research centers, and uses the term “civil society” to refer to:

*...non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. Civil Society Organizations (CSOs) therefore refer to a wide array of organizations: community groups, non-governmental organizations (NGOs), labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations.*

CSOs are mission-driven organizations, with a commitment to the communities and individuals they serve. They operate under many different types of legal structures, which vary by country: companies, membership associations, societies, foundations (in which property is dedicated for a specific purpose), charities, trusts, and cooperatives. The choice of the type of CSO to constitute is based on the laws of each country and is best made in consultation with an attorney. Regardless of their legal structure, all CSOs differ from for-profit entities because they cannot distribute profits or net earnings to individuals.

## WHAT IS GOOD GOVERNANCE IN CIVIL SOCIETY ORGANIZATIONS?

Good governance in CSOs has been defined in many ways. The following definition of good governance (also presented earlier in this chapter) is equally applicable to governance in CSOs: *Governance is good when* (1) decisions are based on information, evidence, and shared values; (2) the process is transparent, inclusive, and responsive to the needs of the people, the ministry, or the organization served; (3) those who make and those who implement decisions are accountable; (4) strategic objectives are effectively, efficiently, ethically, and equitably met; and (5) the vitality of the ministry or the organization is sustained.

A CSO requires a formal structure that is based on the established values of the organization and designed to achieve the CSO's mission and guarantee the proper use of resources. Good governance involves providing direction so that the organization knows where it is going; engaging the stakeholders; protecting the interests of its beneficiaries; and being accountable to society, the beneficiaries, and donors through a process that is transparent, equitable, and appropriate to the needs of the people the CSO serves.

Good governance in CSOs is not exercised only at the top of the organizational structure; this function is shared at all organizational levels. Nevertheless, the higher the level in the organization, the more responsibility people have for maintaining good governance throughout the organization.

This section of the handbook can guide a CSO of any size in becoming a more structured organization. For a new organization, it offers tools to pave the road to establish its governance structure. Once a CSO has grown beyond the one- or two-person phase, this structure almost always consists of a board of directors and a management team.

## WHY DO CIVIL SOCIETY ORGANIZATIONS NEED BOARDS OF DIRECTORS?

Unlike corporations or businesses whose main purpose is to make a profit for their shareholders or owners, CSOs are founded to work for the common good while governing wisely to enhance achievement of their organizational mission. They do not have direct owners to guide them toward their goals. Instead, a volunteer board of directors is responsible for seeing that the organization acts in the public interest. The board has the authority to lead the organization, make decisions, and set policies to guarantee the proper use of funds, effective management of human resources and provision of quality services (according to the organization's mission). The actual work of operationalizing the pursuit of their mission is usually entrusted to hired managers and executives.

**The composition of the board.** The board of directors of a CSO is made up of elected or designated volunteer leaders, often including the founders and other prominent citizens, who are committed to the organization's mission. Effective boards follow "competency-based governance" in which the organization's strategic challenges guide the knowledge and skills represented by the governing body's members. Board members may thus have skills that are useful for guiding the organization, such as communications, advocacy, fund-raising, management, and technical knowledge about the type of work the

organization carries out. Board members should also have prestige and a good reputation in the community.

A supplement to [The Manager](#) offers more information about selecting board members and a sample chart that can be used to analyze the characteristics, skills, and experience of current and prospective board members.

[BoardSource](#), a nonprofit organization, provides practical information, tools and best practices, training, and leadership development for board members of nonprofit organizations worldwide.

### WHAT ARE BOARDS' ROLES AND RESPONSIBILITIES?

The board has the ultimate authority and responsibility to guide the organization to achieve its mission and secure its viability over time. Because they are not part of management and receive no financial benefit, board members can exercise independent judgment when overseeing the functioning of the organization.

The board members hire and delegate authority to a chief executive officer (CEO)—sometimes also called an executive director—who is responsible for putting into action the board's decisions. The CEO heads the management team, which is responsible for planning, organizing, implementing, monitoring, and evaluating activities to achieve the organization's goals.

The most effective CSOs clearly separate governance and management: in general, the board of directors governs and the management team manages day-to-day operations, as detailed below. The roles and responsibilities of the board and management team should be very clear, with checks and balances that enable the board to provide an independent and disinterested counterweight to management control. Enlightened management, supported by sound policies and an informed board, forms the foundation of good governance.

You can read about [Policy Governance](#)<sup>®</sup>, a board leadership model created by Dr. John Carver that enables boards to focus on the larger issues, to delegate with clarity, to control management's job without meddling, and to rigorously evaluate the accomplishments of the organization.

### HOW DO CSOS APPLY GOVERNANCE PRACTICES?

Similar to the public sector and multi-sectoral bodies, CSOs also embrace the four governance practices (cultivate accountability, engage stakeholders, set shared direction, and steward resources) to govern more effectively. [Table 3](#) details the roles and responsibilities of the board and the management team, and organizes them according to the four governance practices.

**TABLE 3. Roles and Responsibilities of the Board of Directors and Management Team**  
(How the management team supports the board to carry out governance practices)

CULTIVATE ACCOUNTABILITY	
Board Governance Responsibilities	Management Team Responsibilities
1. Maintains board transparency and accountability	<ul style="list-style-type: none"> <li>■ Provides administrative support for hiring the CEO</li> </ul>
2. Oversees organizational effectiveness and provides support	<ul style="list-style-type: none"> <li>■ Implements a transparent decision-making process</li> </ul>
3. Hires, supports, and evaluates the CEO	<ul style="list-style-type: none"> <li>■ Works on planning and implementing new projects</li> </ul>
4. Upholds a transparent decision-making process	<ul style="list-style-type: none"> <li>■ Develops and implements quality assurance processes</li> </ul>
5. Promotes the quality of services and programs	<ul style="list-style-type: none"> <li>■ Provides information to the board about the quality and cost effectiveness of services</li> </ul>
6. Maintains the effectiveness of the board	<ul style="list-style-type: none"> <li>■ Supports reporting and communicating performance to stakeholders</li> </ul>
ENGAGE STAKEHOLDERS	
Board Governance Responsibilities	Management Team Responsibilities
1. Engages and responds to the interests of government, community, partners, and donors	<ul style="list-style-type: none"> <li>■ Builds external relationships and represents the CSO publicly</li> </ul>
2. Maintains good community, government, and donor relations and represents the CSO publicly on occasion	<ul style="list-style-type: none"> <li>■ Provides administrative and logistics support for the public and stakeholder relations activities of the board and organization</li> </ul>
3. Promotes changes in public policy	<ul style="list-style-type: none"> <li>■ Develops policies for the board's consideration</li> </ul>
SET SHARED DIRECTION	
Board Governance Responsibilities	Management Team Responsibilities
1. Defines the organization's mission in context of community needs	<ul style="list-style-type: none"> <li>■ Participates in defining and disseminating the mission and vision</li> </ul>
2. Develops the organizational vision and strategy and approves the strategic plan	<ul style="list-style-type: none"> <li>■ Organizes and participates in developing the strategic plan</li> </ul>
3. Promotes the organization's values	<ul style="list-style-type: none"> <li>■ Develops the annual operational plan based on the strategic plan</li> <li>■ Applies organizational values in day-to-day activities</li> </ul>
STEWARDSHIP RESOURCES	
Board Governance Responsibilities	Management Team Responsibilities
1. Ensures financial sustainability	<ul style="list-style-type: none"> <li>■ Exercises responsible financial stewardship and provides up-to-date, reliable financial information to the board and donors</li> </ul>
2. Promote rational use of resources to achieve mission, vision and achievement of strategic objectives	<ul style="list-style-type: none"> <li>■ Leads, organizes, and implements fund-raising</li> </ul>
3. Participates in fund-raising	<ul style="list-style-type: none"> <li>■ Proposes budgets to the board</li> </ul>
4. Provides financial oversight	

## CULTIVATING ACCOUNTABILITY AT CIVIL SOCIETY ORGANIZATIONS

**Maintaining board transparency and accountability.** The lack of adequate funding has been the main concern of many CSOs for some time. The good news is that there is money available through mechanisms such as GFATM and PEPFAR. Although there are also more CSOs competing for those funds, some are unable to demonstrate the administrative capacity and transparency required to qualify for funding.

An important responsibility of the board of directors is helping the CSO meet donor requirements for funding eligibility by ensuring that the organization has processes in place to ensure accountability and that its management of funds is ethical and transparent. Board support for addressing accountability will strengthen the organization's eligibility to receive funding to address priority health problems.

Accountability involves being transparent, as seen in [Box 5](#). This means disclosing information to clients, donors, and the public about the organization's mission, the programs or activities being carried out to advance the mission, the results obtained, and the use of funds.

A [real-life example](#) follows that shows how one CSO's board and management dealt with serious governance issues.

### BOX 5. Ways in Which CSOs Can Achieve Transparency and Accountability

- Select board members who are recognized as honorable members of the community and have no conflicts of interest related to their political or business activities.
- Choose some board members with financial expertise.
- Adopt a statement of values and code of ethics.
- Develop and follow a policy on conflict of interest.
- Document the processes of recruiting and selecting new members.
- Implement an effective orientation for new board members.
- Use meeting minutes to document all decisions made by the board.
- Ensure that financial records are honest, complete, up-to-date, available, and reviewed by the board.
- Conduct an annual audit using outside auditors.
- Put policies and procedures in place to establish internal controls (see Chapter 7 of this handbook).
- Report to partners and donors annually on the organization's programmatic and financial results.
- Produce an annual report and periodic newsletters.
- Set up a website to make information publicly available.

### Transparency and Accountability in Action: A Story from the Field

An International Planned Parenthood Federation (IPPF) affiliate that provided family planning services faced several governance challenges because of the nature of its board and the assembly of members from which the board was selected. The assembly, which once represented different sectors and professions, had become a closed circle of physicians, and the turnover of board members was very low.

Some members of the board were using their positions for personal benefit. The chair of the board wanted to sell the organization a property on which it would build a clinic, but without considering the best price or the location of the property. One member of the board owned the repair workshop that maintained the organization's vehicles. Another board member provided training to the clinics based on his own assessment of deficiencies. The board approved a large acquisition of contraceptives that were close to their expiration date and would have to be discarded at a huge loss to the organization. All these actions involved conflicts of interest, and there were suspicions that corruption was involved in the procurements.

When a new CEO was hired, he was very concerned about these irregularities and determined to end illegal transactions. When the time came to change board members, the CEO found an ally in the new chair, a woman who was very committed to the organization and aware of the bad practices. With two more members of the board as allies, she started an investigation to clarify the procurement of contraceptives. The investigation produced a conflict that divided the board and the assembly into two camps. Each side tried to incriminate the other or return to the status quo, when conflicts of interest were not addressed.

At the same time, the new chair and the CEO developed a strategy to change the composition of the assembly so that in upcoming elections new people could join the board and the destructive practices could be eradicated. Following the IPPF's regulations, the chair and the CEO gained approval from the board to open the registration of new assembly members to include more women and young people. Using this strategy, they increased the number of assembly associates from 20 to 45 and verified that the new members were honest and committed.

In addition to investigating the cases of abuse, the IPPF affiliate selected a new board and removed some former members from the assembly. From this point forward, abuses were not tolerated.

**Good governance policies.** Establishing board policies and overseeing compliance with them is one way that boards regulate their own activities, bring about effectiveness and transparency, and cultivate accountability. These policies generally expand on the regulations contained in the by-laws of the CSO, provide further details and explanations, and address compliance issues.

Boards generally have policies pertaining to conflict of interest, confidentiality, use of information, meeting attendance, and compensation.

**Conflict of interest policy.** Board members are expected to make responsible, informed decisions that serve the interests of the organization. This decision-making process may be affected if the board member has personal interests that compete with the interests of the organization, as we saw in the real-life example above of an IPPF affiliate. Effective boards develop and rigorously adhere to policies to prevent conflicts of interest. [Box 6](#) is an example of a conflict of interest policy.

**BOX 6. Sample Conflict of Interest Policy**

- When completing an application form, all prospective board members must state the organizations or businesses to which they are connected and the interests they have in them, particularly if there are any potential conflicts of interest.
- If there is a serious conflict of interest, the person cannot serve on the board. For example, a serious conflict of interest exists when the person owns or holds a management position in a competing organization or is a paid staff person in the organization for which he or she wishes to serve as a board member.
- When the board is going to make a decision about the purchase of goods or services during a board meeting, members are asked at the beginning of the meeting if such a decision could give rise to a conflict of interest.
- When the board is making a decision that could affect the private interests of a board member, he or she should abstain from participating in the discussion and voting.
- In general, board members and their close relatives should not sell to, buy from, or trade with the organization.
- Board members are expected to adhere to a transparent process in selecting and hiring employees. They may not participate in the selection process when relatives, friends, or acquaintances are applying.

**Confidentiality and use of information policy.** A use of information policy must be developed and implemented to protect the organization's strategic and sensitive information. This policy is closely linked to the conflict of interest policy as board members whose personal interests conflict with those of the organization should not have access to strategic information.

**Meeting attendance policy.** A common problem of boards is the absenteeism of members at both regular and special meetings. The voluntary nature of member participation and the fact that boards are generally composed of people with high social status and experience often stand in the way of full member participation. A quorum is usually defined as the majority of members. When a quorum is lacking, critical decisions might have to be postponed, to the detriment of the smooth functioning of the CSO. A clear meeting attendance policy can help avoid this problem.

**Compensation policy.** CSO board members serve voluntarily and should not be compensated for services or products provided to the organization. Conflicts of interest could arise if they are compensated financially for some service or product that the board has recommended. For example, board members might identify the need to train staff in customer service, and a board member then offers to provide paid training. This is clearly a conflict of interest, because the person who participates in the decision also stands to gain from it financially. On the other hand, CSOs can pay board members for expenses related to board work, such as those involved in participating in board meetings and retreats and conducting site visits. In those cases, the CSO can reimburse board members directly for expenses they incur so they can participate.

**Overseeing organizational effectiveness and providing support.** In protecting the interests of the CSO and being accountable to its clients, stakeholders, and the general public, the board oversees and supports the staff in meeting organizational objectives. The board also makes sure that the CSO complies with laws and regulations. The board is not intended to manage an organization but rather to strategically oversee its performance, provide advice, and help to obtain resources. The board plays these roles by hiring, supporting, and evaluating the CEO, promoting transparent decision-making, and promoting high-quality services and programs. Provision of oversight is a function of governance and thus a responsibility of the board of directors. It is different from evaluation, which is the responsibility of staff who implement programs.

Read more about the difference between oversight and evaluation in the GFATM Oversight Guidance Paper found [here](#).

**Hiring, supporting, and evaluating the CEO.** The CEO acts on behalf of the board to implement its decisions. She or he accepts the authority to hire, organize, and supervise the staff; develops appropriate policies and procedures; and allocates resources within budgetary guidelines. Because the CEO plays such a key role in the organization's performance and overall accountability, the most important responsibilities of the board are to select an appropriate person, offer guidance and advice, monitor his or her performance, and conduct periodic formal evaluations.

**Upholding a transparent decision-making process.** The decision-making process can vary significantly from one organization to another. Some organizations with very participatory cultures have a strong and committed management team that the board fully trusts. In these cases, the board delegates a great deal of responsibility to the management team and asks them simply to report on their decisions every month or quarter. In other cases, if the board does not feel the management team is mature enough, the directors may want to participate in all major decisions. Effective boards understand their management teams and are able to delegate authority appropriately. They pay close attention to their management teams' actions but avoid intruding unnecessarily. In short, they give their management teams room to learn and grow.

The CEO and management team will generally mirror the board's decision-making style. Authoritarian boards set a standard that the management team replicates and that is replicated in turn at lower levels of the organization. On the other hand, when boards encourage the management team to participate in decision-making, their style permeates all levels, fosters a broad commitment to implement decisions, generates a positive work climate, and promotes accountability.

In any case, good governance means that the decision-making process is transparent and the authority of each level of the structure is clear and respected. For example, since it is a board responsibility to approve a purchasing policy for the CSO, it must be very clear who has authority to sign. The financial director can approve small purchases, whereas the CEO must approve purchases that exceed a certain amount, and the board usually approves major investments. In this and other instances, clear policies, procedures, and levels of authority are important to control risk and fraud and, ultimately, to cultivate accountability.

**Promoting the quality of services and programs.** It is the board's responsibility to ensure that professional staff are accountable for the quality of services and programs, holding them to the highest standards for providing services and supporting them in making improvements when they are needed. In these circumstances, it is important to distinguish the role of the board from that of the management team. Some boards feel uncertain about how to carry out this responsibility and hesitate to become involved in any way at all, while others interfere with the management role by trying to supervise operations and micromanage service delivery.

Since the management team and staff are responsible and accountable for providing high-quality services, they should provide the board with information that will enable board members to assess the quality of services. Based on this information, the board can make suggestions on how to improve services. It is the management team's responsibility to put the board's recommendations into action.

To certify that high-quality services are being maintained, the board should: set quality goals; review the results; keep in close contact with the community to obtain feedback; and make sure that necessary actions to improve service quality are implemented quickly.

Chapter 9 of this handbook discusses the establishment and maintenance of high-quality services. For more information on this topic and on continuous quality improvement, please see MSH's online resource, [Managing Community Health Services](#). For more information on how to introduce or scale up effective health services, you can use the [MSH Guide to Fostering Change](#).

**Maintaining the effectiveness of the board.** The board has to carry out some activities to keep itself active and effective, and thus accountable. The most important actions to sustain the board are recruiting and selecting board members, educating the board, conducting board meetings, and evaluating and improving board performance.

**Recruiting and selecting board members.** It is important for the board to be made up of members with a common commitment and integrity, as well as diverse backgrounds, skills, and experience. This diversity will secure a broad base of community support and professional experience for the organization. Many boards have a small governance committee that searches for new candidates to serve on the board. All board members should have a job description that indicates their roles and responsibilities and the duration of their term of service.

**Educating the board.** Educating new and current board members is an ongoing process that is the responsibility of both the board and management. Initially, board members should receive orientation or training that helps them learn about the CSO and understand their roles and responsibilities. Periodic retreats, workshops, or site visits can provide time for concentrated learning about the organization, the issues it is dealing with, and the general area of expertise of the organization. Some CSOs produce guides for board members to use as self-training tools.

**Conducting board meetings.** Board business is usually conducted at monthly or quarterly meetings. Although board members are not paid for their work, bringing them together is still costly both to the individual members who give up their time to attend the meeting and to the CSO which is usually expected to reimburse their travel expenses. For this reason, it is very important for meetings to be well organized and well run. It is usually the responsibility of the chair or president of the board, with the help of the CEO, to plan board meetings so that they make the most effective use of people's time. The quality of board decisions will depend on planning, preparation, and efficient running of the meetings. At effective board meetings, the members will:

- receive information,
- be consulted about their opinions,
- discuss important policy and strategic issues,
- make decisions on these important issues,
- review or ratify previous decisions.

[The Manager](#) offers more information to consider before, during, and after board meetings.

**Evaluating and improving board performance.** Every year, depending on their term of office, the board should formally evaluate its performance. This can be done by holding a retreat or by using a self-assessment tool. The goal of the evaluation is to assess the board's fulfillment of its roles and responsibilities. It should provide the opportunity to assess the extent to which the board is effectively carrying out the four governance practices and define ways to improve board performance.

[Handbook of NGO Governance](#) by Marilyn Wyatt includes a useful checklist for self-assessment on pages 66–69.

## ENGAGING STAKEHOLDERS AT CIVIL SOCIETY ORGANIZATIONS

CSOs practice good governance by engaging effectively with a myriad of stakeholders, including the community, donors, and government.

**Engaging with the community.** Maintaining a mutually beneficial relationship with the community should be a goal of all CSO and reflected in their strategic plans. Community representation on the board will promote this relationship and will help ensure that community needs, concerns, and service opportunities are not overlooked. The management team should provide the board with up-to-date information about the community and the services that have been provided to them. Access to comprehensive information about the community helps boards make better decisions.

**Engaging with other partners, including donors.** CSOs are not alone in their environment. There are many actors interested in achieving similar goals in health. The board should investigate who is working on similar issues in the region, find those with a shared interest in establishing good relationships, and look for opportunities to work together.

Creating good relationships and partnerships with donors or other partners can increase the organization's capacity to achieve its goals and assure its sustainability in the long run.

**Engaging with government.** Responding to the government's requirements is essential to maintain the organization's legal status and enable it to provide services. But good relationships with the government go beyond legal compliance; they can facilitate or impede the CSO's ability to carry out its mission. In many countries, especially in Africa, CSOs have close relationship with their governments and provide a substantial portion of health services. In other places, such as Central Asia, the relationship between CSOs and the government is tense, at least in part because many CSOs tend to criticize government performance and advocate for better services.

Depending on the circumstances, boards should help CSOs look for the best way to maintain a good relationship with their government and seek opportunities to work together for the common good. A strong relationship with the government provides an opportunity for the board to lobby for positive legislation and regulations, and to prevent legislation that would be detrimental to the organization's mission and the community's needs and interests.

**Maintaining good external relationships.** Board members are the CSO's ambassadors and advocates. The board represents the organization in different forums, promoting and maintaining a good image and good relationships with the community, donors and other partners, and the government. How well the organization relates to all these groups affects its ability to influence the public health agenda by proposing needed changes in policy.

**Proposing changes in public policy.** The board can develop a public affairs strategy that includes contacts with high-level officials, directors of other organizations, and donors. Such a strategy will help further the CSO's mission, position the organization to receive funds, and influence public policy, all of which will help the CSO achieve its goals, as illustrated in [Box 7](#).

The management team can assist board members in this task by keeping them and the staff informed of public policy developments affecting the organization, by working with the media, and by coordinating volunteer activities that deal with public affairs.

[Click here](#) to find a tool you can use to analyze and manage the political dimensions of decision-making and public policy.

#### BOX 7. Board Activities to Position the CSO's Public Image and Its Potential to Influence Policy

- Advocate for the organization's mission and goals with influential colleagues
- Write letters to legislators, policymakers, and decision-makers
- Lobby legislators and policymakers on issues important to the organization
- Speak at conferences, public events, and community meetings
- Speak up about public affairs and make the CSO's opinions heard in the media

## SETTING SHARED DIRECTION AT CIVIL SOCIETY ORGANIZATIONS

As the governing body, the board sets the path the organization should follow to achieve its mission. It exercises this governance practice by carrying out three responsibilities: defining the organizational mission, helping develop the organizational vision and strategy, and adhering to organizational values.

**Defining the organization's mission.** The CSO's mission expresses its purpose—the reason it exists. Through the mission statement, the board, management, and staff can focus their efforts on meeting the needs of the organization's beneficiaries. The mission helps align the board, management, staff, and volunteers and provides meaning to all activities. It is the central point around which the organization develops its goals and strategies.

The mission is a broad statement that explains the type of organization, its main purpose, and its values. It should answer the questions: What do we do? Whom do we serve? How do we do it? Why do we do it?

**Developing the organizational vision and strategy, and approving the strategic plan.** The board of directors assumes a large share of the responsibility for the success of a CSO. It must make certain that the organization reaches the population it intends to serve and meets the needs of its clients. To fulfill this function, the board works with the management team to create a shared vision and strategic plan.

The vision provides a picture of where the organization wants to go and what it wants to become in the future. Experience has shown that a vision is more powerful when it is produced with the participation of many people in the organization, since people usually support what they help create. Good boards create a shared vision that is owned by those who will carry it out.

Pages 182–188 of the [Managers Who Lead Toolkit](#) provide exercises for creating a common vision.

The vision sets the stage for strategic planning. The strategic plan establishes the steps that the organization will take to achieve its goals and objectives and fulfill its mission during a three-to-five-year period. In developing a strategic plan, the board and staff ask themselves four questions: Where do we want to go? (our vision and mission); Where are we now? (external opportunities and threats, our internal strengths and weaknesses); How will we get from where we are to where we want to go? (our strategic objectives, strategies, and operational plans with actions to be taken to achieve the objectives); and How can we make sure we will get there? (mechanisms for monitoring progress and measuring results)

The board should provide guidance and input to the management team throughout the strategic planning process. Boards can be particularly effective in providing and analyzing information about the external environment, current trends in health and social policy, the needs of the population, and new funding opportunities. The board must formally approve the final strategic plan and commit to it. Once the strategic plan is in place, the board needs to see that the CSO's annual operational plans support the strategic objectives and strategies.

For details on the strategic planning process, tools, and country examples, see Chapter 5 of this handbook.

**Promoting the organization's values.** In setting direction, organizational values light the path to fulfillment of the mission. They are the ethical principles that underlie choices about how the CSO serves its beneficiaries, supports its staff, and works with its partners. Boards that are sustained by strong values gain the respect of management, staff, partners, and the community.

These values are a reflection of the organization's history. They usually express the beliefs and expectations of the founders and focus on serving the public and building a common good. Sometimes these values are declared; sometimes they are not clearly stated but are implied by the organization's culture and actions.

The organization's values should influence the way the board governs and leads, and the way management and staff work. It is the board's responsibility to make these values explicit, invite management and staff to reflect on them, and refer to the values whenever difficult decisions must be made. Good boards live the values they profess, supporting positive words with positive actions. They take responsibility for seeing that the organization's choices are based on its values.

Each organization has its own values, but there are some values that are common to many successful CSOs, as follows:

- commitment to the mission
- integrity and transparency
- accountability
- service orientation
- solidarity with the most vulnerable people
- respect for differences
- community participation

### STEWARDED RESOURCES AT CIVIL SOCIETY ORGANIZATIONS

As a governing body, boards of directors are responsible for raising and allocating resources, making sure that the resources are used in a responsible way and ensuring long-term financial sustainability.

**Ensuring financial sustainability.** When resources are scarce, it is critical for the board to set policies, make decisions, and promote projects that give the CSO access to the resources it needs to sustain and expand its projects. Financial sustainability is an often-repeated mantra. If it is true that there are more resources widely available in the development community, it is also true that each day there are more CSOs competing for these resources.

The board can ensure financial sustainability and organizational growth through three activities: (1) promoting the rational use of the organization's resources, (2) developing projects and programs to increase its income, and (3) raising additional funds.

**Promoting the rational use of the organization's resources.** When there is plenty of money, there is a tendency to relax and spend more without paying much attention to the bottom line. When board members recognize that resources are likely to shrink, they should look for ways to save money without affecting the quality of services. The costs of supplies and utilities—water, electricity, and telephone service—may be a rich source of savings. The board should also consider whether underused infrastructure or human resources might be moved or reorganized for greater efficiency and cost savings.

**Developing projects and programs to increase income.** The board is also responsible for developing strategies to increase revenue. Many CSOs have diversified their services and expanded their target groups to populations that can pay for some services. Offering obstetric care for deliveries, medical consultations by specialists, laboratory services, pharmacy services, dental services, and optometric services may be good sources of cost recovery. Board members who know the economic and business environment of their country can make good recommendations about new services that could be offered or new business that could offset the cost of sustaining the organization.

**Raising additional funds.** Caring for the most underserved populations will always require donated funds. To raise funds effectively, board members must persuade prospective donors of the importance of the CSO's work and continually cultivate their goodwill and interest. The board may help the organization consider responding to requests for proposals from donors or contracts with public institutions. In many CSOs, board members also make annual contributions to the organization.

Box 8 offers examples of other fund-raising activities.

#### BOX 8. Typical Fund-Raising Activities of Board Members

- Soliciting annual contributions to cover operating costs
- Organizing fund-raising campaigns to fund specific capital equipment or facility improvements
- Competing for funds by developing proposals for specific projects or special programs
- Establishing an endowment through income from interest, dividends, rental of real estate, and contributions to help provide for future institutional needs

**Providing financial oversight.** The board has the ultimate responsibility for the financial viability of the CSO. Board members and senior management should work together to determine financial targets and establish financial policies. The oversight function consists of six responsibilities, as shown in [Box 9](#).

To provide effective financial oversight, boards often establish a finance committee, consisting of members with experience in financial management, the CEO, and the chief financial officer of the CSO.

All financial information should be reviewed in the context of the programmatic results achieved during the period under review. At each board meeting, the board will need financial reports that detail the organization's income, expenses, and any surplus or deficit. The reports should highlight deviations from the budget, projected revenues, and whatever actions management is taking to correct those deviations.

The board must know how to review and interpret three key financial documents:

1. a cash flow projection worksheet
2. a balance sheet
3. an income statement

For details on financial management, tools, and examples, see Chapter 7 of this handbook. For information about financial oversight, go to the [MSH Electronic Resource Center](#).

#### BOX 9. Six Main Financial Oversight Responsibilities of the Board

1. Determine the financial targets of the GSO and monitor progress in reaching those targets.
2. Review financial policies, institute sound policies, and monitor adherence to those policies.
3. Review financial control systems to safeguard the resources of the organization.
4. Comply with donor or government requirements; arrange for a financial audit to be conducted by a licensed independent auditing firm annually or as otherwise required.
5. Approve the annual budget.
6. Approve the management's intentions and plans to seek additional revenue from different sources.

## Common board challenges and how to deal with them

As you can see from the examples in this chapter, boards can face a host of challenges that range from being weak, unproductive, and largely ceremonial to being too deeply involved and taking over the CEO's responsibilities and interfering with the administration of the organization. In [Table 4](#), we describe six of the most common challenges faced by boards and suggest strategies to deal with them.

With health challenges growing every day, donors are seeking governmental programs, multi-sectoral partnerships, and CSOs with which they can partner to address health needs. Strong governance is crucial to this effort, and potential donors require it. By advocating for and implementing the proven practices in this chapter, you, as a manager

TABLE 4. Common Board Challenges and How to Address Them

Challenge	Description of the Challenge	Solution
<b>Lack of experience</b>	Board members have a poor understanding of the organization, lack experience in reviewing financial and programmatic reports, and/or do not fully understand their roles. The board intervenes as little as possible in defining the direction of the organization or makes inappropriate decisions.	Conduct an orientation for every new member when he or she starts. On an ongoing basis, educate both new and old board members about their roles and responsibilities. Provide information about the organization's programs and guidelines for reviewing financial reports.
<b>Interference with management tasks</b>	Committed, well-meaning board members misinterpret their roles and try to interfere with the decisions made by the CEO and other senior managers. They question how business is conducted and constantly suggest changes.	During orientation, clearly define board members' roles and their relationship with professional staff, especially with the CEO and management team. Distribute written guidelines for this relationship. Careful oversight on the part of the board chair should help address this challenge.
<b>Lack of commitment</b>	Board members were selected without consideration of their availability and do not clearly understand the time commitment involved.	Carefully select board members, providing potential candidates with detailed information about their duties and required time commitment. Develop and implement a meeting attendance policy.
<b>Power struggles</b>	Board members have hidden agendas or previous relationships with other members that reduce their objectivity or promote unproductive conflict among members.	Establish a diversified board that makes decisions objectively, based on evidence, and is not unduly influenced by external pressures. The board chair should be alert to inappropriate alliances or conflicts and address them as soon as they appear.
<b>Conflicts of interest</b>	Members seek some type of financial gain from their service on the board by providing paid services, selling services through friends or acquaintances, or expecting and demanding other perquisites (e.g., use of the organization's vehicles, paid trips, lavish meals). Board members serve on the staff of a competing organization and thus have divided loyalties.	Develop, implement, and strictly enforce an explicit and comprehensive conflict of interest policy.
<b>Too long a term of office</b>	Boards may become lethargic, disconnected, and uninspired. Although they are ineffective, board members are reluctant to leave the board because they are founders, think they are indispensable, or want to retain the prestige of serving on the board.	Develop, implement, and enforce an office term limit and requirements for continuing service on the board. For continuity, however, do not replace the majority of the board members at one time.

of a health program or health service, can make a difference in bringing about good governance where you work.

To learn more and exchange ideas and resources about boards, please visit the [National Council of Nonprofits](#), [BoardSource](#), or [The NGO World group on LinkedIn](#).

## Proven practices

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For good governance in the public sector, leaders are encouraged to discuss how best to adapt and apply the following practices within their unique reality.

- Consistently apply the four effective governing practices (cultivate accountability, engage stakeholders, set shared direction, and steward resources) to improve the governance of your health system. This will enable you to achieve optimal utilization of medicines, information, human resources, and finances, and as a result, superior health system performance and better health outcomes.
- Use modern information and communication technologies and measurement of performance to facilitate the application of the four governance practices and enhance their effectiveness.
- Commit to regular assessment of governance performance. Good governance is not static, it is dynamic, and leaders who govern a health system or institution must make a commitment to regularly assess their governance performance. Continuous governance enhancement becomes possible when an objective and structured evaluation of how well you believe you are governing is done on a regular basis.
- Continuously improve your governance competencies. Wise, effective, and efficient governance does not just happen. Those who govern must invest individually and collectively to continuously improve their competencies (knowledge, skills, and capabilities). Governance leaders must explore and use opportunities to sharpen their governance competencies.
- Do an excellent job at setting your strategic direction. Governance should be driven by a clear strategic direction based on the health needs of the people the health institution exists to serve and supported by policies, plans and programs, and resources to meet those needs.

For good governance within multi-sectoral bodies:

- Assure good leadership. Multi-sectoral bodies need committed, motivated, democratic, and empowered leadership. Budgeted funds that support leadership development for multi-sectoral bodies are a worthwhile investment.
- Clear terms of reference delineating the responsibilities, of members, officers, and committees are crucial for the effectiveness of multi-sectoral bodies.

- Civil society organizations should have a formal role in the governance structure of multi-sectoral bodies. Their representatives should truly represent their constituencies.
- Clear policies and procedures to manage conflict of interest and training of members in conflict of interest help to assure that non-interested decisions are made and resources are deployed wisely.
- An adequately staffed and equipped administrative secretariat contributes significantly to the performance of a multi-sectoral body.

If you govern or manage a CSO:

- Select board members who are committed, motivated, honest, and who have key experience in an area of the work of the organization.
- Regularly induct board members with ongoing orientation and training in the CSO's mission, strategy, interventions, and results, as well in the by-laws and board roles and responsibilities.
- A clear division of responsibilities and functional decision-making processes between the board of directors and the management team is fundamental to both the successful governance and management of the organization.
- Clear rules and processes regarding the use of funds, including a conflict of interest policy and procedures, help to assure transparency and accountability.

## Glossary of governance terms

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**accountability:** Accountability means ensuring that officials in public, private, and civil society organizations are answerable for their actions, and that there is redress when duties and commitments are not met. Individuals, agencies, and organizations are held responsible for executing their powers properly through accountability mechanisms. Accountability is an institutionalized relationship between different actors. An accountability relationship has four stages: *standard setting*, *investigation*, *answerability*, and *sanction*.

**articles of incorporation:** Legal documents, filed with the appropriate agency, that establish a CSO, provide basic information about it, and specify its purpose.

**by-laws:** Documents that set out the rules under which a CSO's governing body—often a board of directors—operates.

**civil society organization (CSO):** A nongovernmental and nonprofit organization with a presence in public life that expresses the interests and values of its members or others, based on ethical, cultural, political, scientific, religious, or philanthropic considerations. CSOs advance the collective or public good and include community groups, labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations.

**data, information, evidence, and evidence-based decision-making:** Data are facts and are one source of information. Information comprises data, ideas, and concepts that have been recorded, analyzed, and organized in a way that facilitates interpretation and subsequent action. Analysis is the examination and evaluation of relevant information in order to select the best course of action from among various alternatives.

**decentralization:** Within national health systems, the transfer of political, financial, and administrative power from central control to regional and local authorities.

**efficiency:** Efficiency describes the extent to which time or effort is well used for the intended task or purpose. It is the capability of a specific amount of effort to produce a specific outcome effectively with a minimum waste. Efficiency is quantitatively determined by the ratio of output to input. Efficiency in the governance context means that processes and institutions produce results that meet the needs of society by making the best use of resources at their disposal.

**eHealth:** The use of information and communication technologies for protecting, promoting, or restoring health, for example, for treating patients, conducting research, educating the health workforce, tracking diseases, or monitoring public health.

**equity:** Equity means fairness. Equity in health means that people's needs guide the distribution of health services and opportunities for health and well-being. Inclusion and participation are vital for achieving equity in health, for example, when all men and women have opportunities to improve or maintain their health and well-being.

**ethical and moral integrity:** Ethics are standards of right and wrong. Morality, on the other hand, is what an individual actually does. If an individual does what she or he believes and says is right and avoids doing what she or he believes and says is wrong, that individual has integrity.

**evidence:** Evidence is information or facts from a variety of both qualitative and quantitative sources that are systematically obtained, i.e., obtained in a way that is replicable, observable, credible, verifiable, or basically supportable. Evidence comprises information such as analyzed data, published research findings, results of evaluations, prior experience, and expert opinions, any or all of which may be used to reach conclusions on which decisions are based.

**evidence-informed public health:** This involves integrating the best available evidence into the decision-making process in public health practice and policy development. It means finding, using, and sharing what works in public health.

**gender responsiveness:** Gender responsiveness is being aware of and clearly responsive to different needs based on gender.

**governance:** A collective process of making decisions in organizations, health systems, or the health sector. Governance is (1) setting strategic direction and objectives; (2) making policies, laws, rules, regulations, or decisions, and raising and deploying resources to accomplish strategic goals and objectives; and (3) overseeing and making sure that the strategic goals and objectives are accomplished.

**governance for health:** Governance done with the objective of protecting and promoting the health of the people the ministry or the organization serves

**mHealth:** Use of mobile and wireless devices to improve health outcomes, health care services and health research

**multi-sectoral:** Including institutions from all segments—public, private, voluntary, and faith based—and, importantly, local communities.

**multi-sectoral agencies:** Organizations that draw from many sectors to address specific diseases and health systems. Examples are the Global Alliance for Vaccines and Immunization (GAVI), and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM).

**participation:** Participation can be broadly defined as active involvement. Citizen participation is the processes by which public concerns, needs, and values are incorporated into decision-making. It refers to the whole set of activities processes, and public participation techniques and methods chosen to engage people. It may be indirect or direct.

**stewardship:** The ethical and efficient administration and management of another's property or financial affairs.

**sustainability:** Sustainability in the context of health systems refers to the capacity to continue activities in the future and to expand activities to keep up with population growth and with the additional demand created by epidemiological situations. A health service is sustainable when operated by an organizational system with the long-term ability to mobilize and allocate sufficient and appropriate resources (manpower, technology, information, and finances) for activities that meet individual or public health needs.

**transparency:** Transparency is the opposite of secrecy: it is about shedding light on rules, plans, processes, and actions. It is a characteristic of governments, companies, organizations, and individuals that clearly disclose information, rules, plans, processes, and actions. Public officials, civil servants, managers, directors, and trustees are in a fiduciary relationship or relationship of trust with the stakeholders, and they have a duty to act visibly, predictably, and understandably—i.e., transparently—vis-à-vis their stakeholders.

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