

## SECTION 6

# ORGANIZATION TYPES AND LEVELS

### TOPICS

Types of Organizations and Their Governance Needs and Responsibilities

The Basic Role of a Governing Body

Governing Responsibilities

Governance in the Public Sector

Governance in Multisectoral Bodies

Governance in Civil Society Organizations

Willingness to Adapt Structures

This section explores the many types and legal formats of organizations—including the private sector—that are engaged in health service delivery in low-resourced countries and how they may require variations in governance structures and styles for optimal success.

### THE CHALLENGE

*The Director General in the Ministry of Public Health in Kenya is invited to do a radio interview to explain why the country has more than 3,000 governing bodies for health centers, hospitals, and health professional schools. These bodies range from community-level advisory councils to district, county, and national governing bodies. Why are there so many governing bodies, and how does their governance work vary? What are the barriers to improving collaboration among these many governing bodies?*

### TYPES OF ORGANIZATIONS AND THEIR GOVERNANCE NEEDS AND RESPONSIBILITIES

Why are there so many governing bodies? Public-sector (government), for-profit, and nonprofit or nongovernmental or civil society organizations (CSOs) all need to be well-governed in order to realize their mission. This is the case as well for organizations in many

different sectors, such as health, education, economy, and finance. Organizations exist at several levels—community, local, state, national, and global—in all these sectors (Figure 6.1). In the health sector, many public, civil-society, and for-profit organizations deliver services. This creates both complexity and diversity in the way in which governing is done and how governing bodies are organized.

FIGURE 6.1 Types of organizations in the health sector. At any given level in the health sector, there are public, private for-profit, and private nonprofit organizations.

Health Sector	Public sector or government organizations	For-profit organizations	Not-for-profit organizations
GLOBAL LEVEL	✓	✓	✓
NATIONAL LEVEL	✓	✓	✓
PROVINCIAL AND DISTRICT LEVEL	✓	✓	✓
COMMUNITY LEVEL	✓	✓	✓

All of these entities and enterprises can have a governing body to oversee the plans and performance of the organization. There are five main reasons why governing bodies are established for these many types of organizations:

1. knowledge about the health needs of the beneficiaries;
2. technical expertise to guide the plans and performance of the organization;
3. network of relationships that can mobilize political support;
4. reputation that enhances respect for the organization from all internal and external stakeholders;
5. assistance to secure funding for the long-term vitality of the organization's mission.

## HOW GOVERNING BODIES ARE ESTABLISHED

Governing bodies are established in many different ways. Governing bodies in the public sector are often established by a legislative act or executive order. Health facility management committees in Kenya and hospital governing boards in Ethiopia are two examples. A group of health leaders may establish a CSO to provide specific health services. To better

access knowledge, political influence, and funding to support the organization's mission, these leaders often establish a governing body to govern its affairs. The Minister of Health may appoint provincial or district health councils. International health financing organizations like the Global Fund to Fight AIDS, Tuberculosis and Malaria require establishment of a Country Coordinating Mechanism (CCM), which governs the use of grants made by the Global Fund to the country. A family planning organization may choose to go through a formal accreditation process with the International Planned Parenthood Federation (IPPF). This accreditation requires the candidate organizations to establish governing bodies and abide by [IPPF's code of good governance](http://www.ippf.org/resources/IPPF-Code-Good-Governance.pdf).<sup>1</sup>

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## THE BASIC ROLE OF A GOVERNING BODY

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The governing body is the group responsible for making policies and strategies and mobilizing resources for accomplishing the mission of the organization. The fundamental role that the governing body plays is to be the champion for and conscience of the organization's mission and to make sure this mission contributes optimally to meeting the needs of the population it exists to serve. Another major role of the governing body is to advise, support, or sometimes replace the organization's management.

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## GOVERNING RESPONSIBILITIES

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While the enabling legislation or regulations may guide the formation of a governing body, its responsibilities are often very general and rarely provide guidance on how to conduct its work. This section discusses how to establish a clear set of responsibilities for the governing body and how it can implement these responsibilities by relying on various types of subgroups or committees within the governance structure.

Most health service governing bodies play some of the 10 roles and have many of the responsibilities shown in Box 6.1. These responsibilities for health services organizations in most countries are often a set of basic duties designed to serve the mission of the organization. The work of the governing body of a health services organization revolves around decision-making and protecting and accomplishing the mission of the organization.

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1. See <http://www.ippf.org/resources/IPPF-Code-Good-Governance.pdf>

### BOX 6.1 Basic responsibilities of governing bodies

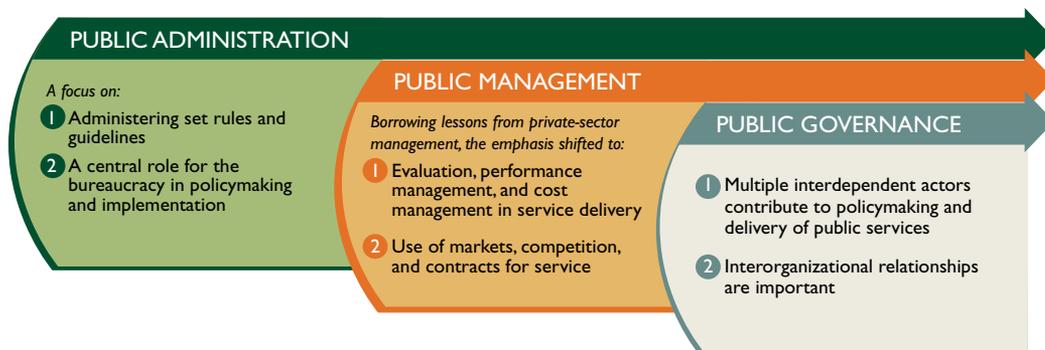
1. Determine mission and purpose.
2. Select the executive director.
3. Support and evaluate the executive director.
4. Ensure effective planning.
5. Monitor and strengthen program services.
6. Ensure adequate financial resources.
7. Protect assets and provide financial oversight.
8. Build a competent governing body.
9. Ensure legal and ethical integrity.
10. Enhance the organization's public standing.

Source: Adapted from Richard T. Ingram, *Ten Basic Responsibilities of Nonprofit Boards* (Washington, DC: BoardSource, 2009).

## GOVERNANCE IN THE PUBLIC SECTOR

Historically, public sector governance has evolved from public management and public administration, as shown in Figure 6.2.

FIGURE 6.2 Evolution of public sector governance. Public governance evolved from public administration and management, which emphasize efficiency.



Source: Adapted from Stephen P. Osborne, *The New Public Governance: Emerging Perspectives on the Theory and Practice of Public Governance* (London: Routledge, 2010), pp. 1-16.

The public sector exists primarily 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 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 rather than results. Disorder and delay are enemies of efficiency. For example, citizen participa-

tion in decision-making, while valuable, should be organized so that the process is effective and efficient. It can be a disorderly process and takes time. Profit-making entities may be freer to choose efficiency over equity.

Governance in the public sector is different from governance in the private sector, which includes both for-profit firms and nonprofit organizations. In the private sector, the board and senior management have authority over two critical resources—people and money—whereas in the public sector, the civil service system and a system of checks and balances can constrain the process of decision-making by the governing body. As a result of tenure protection, staff removal involves a complicated process. The need to follow due process can also make governance in the public sector more challenging. This may hamper the governing body's ability to swiftly and efficiently address sensitive issues about strategic service investments, procurements, recruitment of health providers, and executive performance reviews. Division of power, term limits for elected officials, and competitive elections—where they exist—help to restrict the accumulation and abuse of power in the public sector.

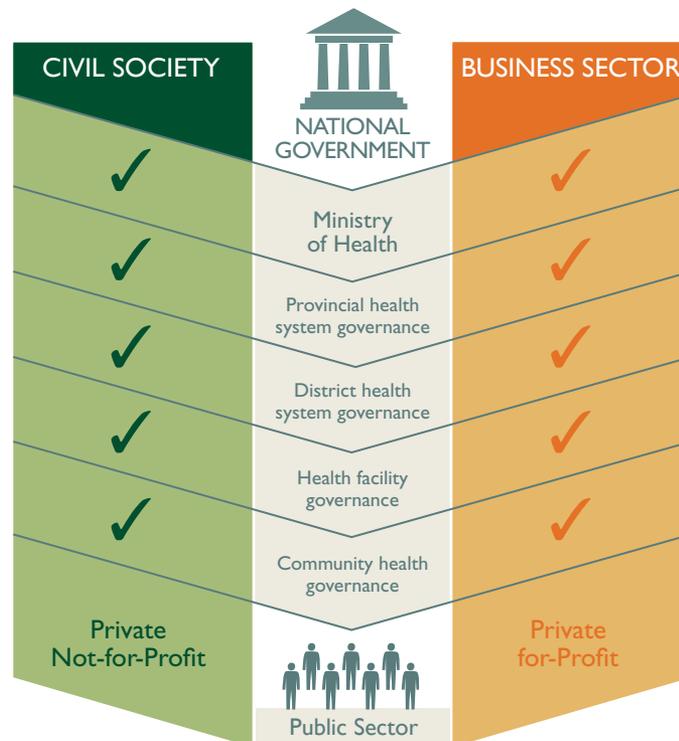
In the health sector, failures in public sector governance can lead to corruption, inefficiency, inequity, and unresponsiveness in service provision; it may even result in total unavailability of health services. Enacting and enforcing laws and regulations that protect health and ensure safety remain the responsibility of governments alone, and their citizens expect this essential public health function to be done well.

### Governance Structures in the Public Sector

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The Ministry of Health is at the top of the hierarchy of governance structures in the health sector, as shown in Figure 6.3. To increase the responsiveness of health services, ministries of health in many countries are establishing governance structures in the provinces, districts, and communities. Many countries are decentralizing their political, administrative, fiscal, and service-delivery authority in order to bring 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, other ministries, and at all levels is critical to the success of decentralized entities in providing better health services to their citizens.

FIGURE 6.3 Health sector governance. The national government and the Ministry of Health oversee the public health sector, which is composed of a group of decentralized governance structures. The Ministry also regulates the private health sector.



The organization, authority, accountabilities, responsibilities, and access to resources of each level vary across countries. For example, as described below and shown in Table 6.1, Afghanistan has organized its governance structures from the village all the way to the central Ministry of Public Health (MOPH) in Kabul.

**Provincial, district, facility, and community health systems exist in Afghanistan.** In Afghanistan, the Provincial Public Health Coordination Committee (PPHCC) is a formal multi-stakeholder committee with a set of distinct responsibilities established by the MOPH. The 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 the response to epidemics and other health emergencies. They also monitor and supervise health posts and health facilities. They are expected to meet monthly and coordinate delivery of the Basic Package of Health Services and the Essential Package of Hospital Services.

The MOPH has also formally established consultative community health shuras (committees); and there are health facility shuras at the provincial, district, health facility, and community levels as forums for information sharing, coordination, and monitoring of health services. More than 100,000 members of these committees are performing a governing role. By consistent application of good governing practices, they have the potential to influence the performance of provincial and district health systems and of hospitals and health centers.

Hospital community boards were established at the provincial hospital level. In the last four to five years, the MOPH has been establishing district health coordination committees (DHCCs) in the districts to perform a role similar to that of the PPHCCs in the provinces.

The PPHCC is a multisectoral governing body chaired by the Provincial Public Health Director. It has 21 members. They include 9 appointed provincial public health officers; 1 provincial hospital director; the director of the Institute of Health Sciences; 2 representatives of nongovernmental organizations (NGOs) providing health services at health post and health facility levels; and 2 district health officers. In addition, it includes a representative from each of the following: the Ministry of Women’s Affairs; the private health sector; the elected provincial council; UNICEF; and the World Health Organization (WHO). Among the 13 members who have voting powers are 6 officials from the Provincial Public Health Office; the provincial hospital director; and members of the private health sector, provincial council, UNICEF, WHO, and NGOs. 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 and that a majority of voting members vote in favor. The members receive no compensation for serving on the PPHCC.

Similarly, the DHCC is chaired by the District Public Health Officer. DHCC members include a district governor’s representative; a private health sector representative; a religious leader from the district; the director of the district hospital; an implementing NGO representative; the head of the district education department; and the head of the district council, which is an informal assembly of elders in the district. Decision-making in DHCCs is similar to that in PPHCCs; that is, decisions are generally made by consensus, and if it fails, by a majority vote. The PPHCCs, DHCCs, and community and facility health shuras perform a governing role. PPHCC and DHCC governance has the potential to make a difference in the care delivered to patients at health facilities.

TABLE 6.1 Health governance structures in Afghanistan

Level	Governing body	Service area
<b>Province</b>	Provincial Public Health Coordination Committee	Many districts
<b>District</b>	District Health Coordination Committee	District (tens or hundreds of villages)
<b>Health facility</b>	Health facility shura or consultative assembly	Several communities served by a health facility
<b>Communities</b>	Health post shura or consultative assembly	A village community

**Case study: A people-centered approach to health systems governance in Afghanistan.**

The USAID-funded LMG Project piloted an approach that placed health systems governance in the hands of multi-stakeholder committees that govern provincial and district health systems in three provinces and eleven districts in Afghanistan over a six-month period.<sup>2</sup> This exploratory intervention used analysis of governance self-assessment scores,

2. Zelaikha Anwari et al., “Implementing People-Centred Health Systems Governance in 3 Provinces and 11 Districts of

data on health system performance, and focus group discussions. The outcomes of interest are governance scores and health system performance indicators. The intervention was based on application of the practices of good governance: cultivating accountability, engaging with stakeholders, setting a shared strategic direction, and stewarding resources.

Researchers found that health systems governance can be improved in fragile and conflict-affected environments and that consistent application of the practices of good governance is key to improving governance. The intervention was associated with a 20% increase in the rate of prenatal care visits in pilot provinces. Focus group discussions also revealed improvements, including establishment of new subcommittees that oversee financial transparency and governance; collaboration with diverse stakeholders; sharper focus on community health needs; more frequent presentation of service delivery data; and increased use of data for decision-making.

**Hospital and health facility governance.** Health committees are one of the most widely implemented participation and accountability mechanisms in Africa and Asia. They represent multiple constituencies at the community, facility, district, and provincial levels. They bring together diverse stakeholders, including community members, health workers, and health managers so that they can better understand and respond to health needs.

In Kenya, health committees, including community representatives, were established at all government health facilities in the 1980s. Recently, their role has been expanded to include management of the Health Sector Services Fund. Clearly-defined roles and responsibilities provide an improved opportunity for health facility management committees to function.

Similarly, in Ethiopia, health centers and hospitals are now governed by boards with community representation.<sup>3</sup> There, 98% of hospitals and 92% of health centers have governing boards, and 69% of hospital and 61% of health center boards review financial and technical performance. The health facility governing boards have helped to clarify community expectations and identify gaps that were not previously recognized.

In India, there are more than 500,000 village health, sanitation, and nutrition committees. They include frontline health workers, local political leaders, and community members that carry out varied tasks ranging from village health planning and monitoring of health facilities to facilitating health promotion and access to health, nutrition, and social services.

Findings across these varied settings suggest that the health committees are expected to perform a governance role and have an opportunity to influence how the health facility or system that they govern performs. Experience also reflects that they often lack the capacity to fulfill their governance responsibilities. To realize their full potential, investments must be made in building their capacity to not only govern, but also govern well.

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Afghanistan: A Case Study,” *Conflict and Health* 2015; 9(1): 2. Available at: <http://www.conflictandhealth.com/content/9/1/2/abstract>

3. Adapted from Tiliku Yeshanew (Senior Health Care Financing Advisor, Health Finance and Governance Project, Ethiopia), Panel Presentation, Third Global Symposium on Health Systems Research, Cape Town, South Africa, 2014.

**Community health governance.** Community health governance is a broadly participatory and collaborative process in which:

- a community is defined geographically;
- health is defined as a broad, positive concept consistent with the WHO definition;<sup>4</sup>
- governance is defined as a process through which communities make decisions about the use of scarce resources to enhance the health of the community members. 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. Village health councils and local health committees are examples of community health governance structures. Community groups governing village-level health services in Bangladesh and community health shuras in Afghanistan are examples of community health governance bodies.

The success of community health governance depends on many factors, including who is involved and how they are involved, and on the presence of leaders who 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.

## GOVERNANCE IN MULTISECTORAL BODIES

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Multisectoral bodies differ from traditional governance models in which national health policy decisions are made by a single entity, such as a Ministry of Health. Multisectoral bodies share decision-making responsibilities among multiple members representing different sectors and diverse constituency groups. Such multisectoral partnerships dedicated to public health have proliferated in recent years. CCMs of the Global Fund and AIDS commissions at the national and provincial levels are two prime examples of such bodies.

AIDS commissions govern the multisectoral response to HIV, and CCMs oversee the performance of the Global Fund grants for AIDS, tuberculosis, and malaria. Multisectoral bodies comprise members from different sectors and vary in size. The complexity of managing governing bodies is proportionate to the number of members; larger governing bodies tend to be cumbersome. Multisectoral bodies also vary in composition. Members can be individuals or organizations that are nominated or elected from within each constituency to represent the constituency.

4. “Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.” Preamble to the Constitution of the World Health Organization (WHO) as adopted by the International Health Conference, New York, June 19-22, 1946; signed on July 22, 1946, by the representatives of 61 States (*Official Records of the WHO*, no. 2, p. 100).

## GOVERNANCE IN CIVIL SOCIETY ORGANIZATIONS

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We now turn from governance in the public sector and multisectoral bodies to CSOs focused on protecting, promoting, or restoring health. 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; they include companies, membership associations, societies, foundations, charities, trusts, and cooperatives. Regardless of their legal structure, all CSOs differ from for-profit entities in that they cannot distribute profits or net earnings to individuals.

A CSO requires a formal structure that is based on the established values of the organization and is designed to achieve the CSO's mission with proper use of scarce resources. 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. Good governance in CSOs is not the responsibility only of those at the top of the organizational structure; this responsibility is shared at all organizational levels. Nevertheless, the higher their level in the organization, the more responsibility people have for establishing good governance.

In CSOs, a volunteer board of directors is responsible for seeing that the organization acts in the public interest. The board has the authority to guide the organization's strategic plans, make decisions, and set policies to guarantee the following: 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.

In most countries, 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 are expected to exercise independent judgment when overseeing the functioning of the organization.

The board members hire and delegate authority to a chief executive officer (CEO)—sometimes called an executive director—who is responsible for putting the board's policy decisions into action. 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—that is, it establishes strategic direction and policies for achieving the organization's mission—and the management team manages day-to-day operations to implement these policies. The roles and responsibilities of the board and management team should be made very clear, with checks and balances that enable the board to provide an independent and disinterested counterweight to management control. Nevertheless, a respectful partnership is needed between managers and governing body members; managers help with strategic planning and budgeting, and governing body members can bring valuable expertise to help managers in certain aspects of policy imple-

mentation. Enlightened management that is supported by sound policies and an informed board form the foundation of good governance. (See [Appendix 1.3](#))

## Common Board Challenges and How to Address Them

Health sector boards can face a host of challenges; they 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. Table 6.2 contains six of the most common challenges faced by boards and suggested strategies for dealing with them.

TABLE 6.2 Six common challenges that the boards of civil society organizations face

Challenge	Description of the challenge	Solution
Lack of experience	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.
Interference with management tasks	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.
Lack of commitment	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.
Power struggles	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.

Challenge	Description of the challenge	Solution
Conflicts of interest	Members seek some type of benefit or 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 and a related code of ethical conduct.
Too long a term of office	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.

Source: Adapted from MSH, *Health Systems in Action: An eHandbook for Leaders and Managers* (Medford, MA: 2010), p. 3:45. Available at: [http://www.msh.org/sites/msh.org/files/ehandbook\\_2014\\_final\\_29aug14.pdf](http://www.msh.org/sites/msh.org/files/ehandbook_2014_final_29aug14.pdf)

## WILLINGNESS TO ADAPT STRUCTURES

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Your organization's future success and vitality depend not on one right plan or one good partnership. Success in a changing environment requires a flexibility and willingness to try new approaches and new structures for your programming. Whether your organization is focused on ending preventable maternal and neonatal deaths, increasing the immunization rates of children, serving the most at-risk populations with HIV and AIDS services, preventing malaria, providing safe water and food, delivering surgical care, or operating retail pharmacies, your governing body's people, processes, and practices must be ready to change and continuously improve.

Smart governing bodies embrace the reality of continuous change and the expected evolution of their strategies and decision-making structures. These change management strategies might help your governing body enhance its future for success and vitality.

- Understand that change is natural and need not be your enemy.
- Engage diverse participants to help your governing body define
  - the desirability and need for change both in your strategies and also how you structure the governing mechanism and structures for your health programming;
  - the obstacles to organizational design change, and how to remove or minimize them for success;
  - actions to improve the chances that new governing body structural change will be understood and acted on by key players and leaders in your region;
  - actions that improve the speed and quality and impact of desired changes for your health services mission.
- Produce a clear action plan for change that is posted for all to see and to track your progress to achieving the goals of the change activities.