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**Grant-making foundations  
for global health:  
what drives their decision-making?**

**ELISA RICCIUTI**

Thesis submitted in accordance with the requirements  
for the degree of Doctor of Philosophy

**University of London**

**2015**

Department of Global Health and Development  
Faculty of Public Health and Policy  
**London School of Hygiene & Tropical Medicine**

No funding received

## Declaration

I, Elisa Ricciuti, confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis. I also declare I have used a proof reading service before submitting the thesis.



Signed:

Date: 31 July, 2015

Full name: Elisa Ricciuti

## **Abstract**

In recent years, private foundations have gained considerable relevance in global health due to their increasing presence in both financing and policy-making. Despite this, the question of how these actors make decisions on their funding priorities is under researched. The aim of this study is to understand and assess the relative importance of different factors in foundations' decision-making. This question is important not only for actors in the global health arena, but for foundations that are under increasing pressure to be legitimate, effective and accountable players.

This is a qualitative research study on the decision-making of foundations investing in global health. It applies a multiple case study methodology in the study of three foundations: the Bill & Melinda Gates Foundation, the Rockefeller Foundation and the Wellcome Trust. In-depth interviews with forty-six informants represented the main method for data collection. A qualitative thematic content analysis has been applied to both documentary sources and interviewees' accounts.

A strategic management approach has been used to de-construct the decision-making process into strategic planning and grant-making. As a first area of inquiry, this study sought to understand how foundations' origins, governance structure and funding ethos are relevant in influencing their decision-making behavior. Second, this study sought to assess the relative importance of different factors (e.g., private partnerships or foundations' networks) in influencing foundations' decisions.

Findings suggest influence is an overt objective of foundations' strategies. Leaders and networks are extremely important in both strategic planning and grant-making. By discussing findings through the perspective of major strategic management schools of thought, the study provides an in-depth understanding of foundations' strategic planning and grant-making processes and recommendations to increase accountability, legitimacy and effectiveness. The analysis also introduces a re-conceptualization of foundations' decision-making, and offers implications on the role of philanthropy in global health.

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Ai miei nipoti

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con l'augurio che il mondo che li circonda

sappia premiare

i liberi di pensiero

e i grandi di cuore.

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## Abbreviations and acronyms

AGRA	Alliance for a Green Revolution in Africa
BMGF	Bill & Melinda Gates Foundation
BRICS	Brazil, Russia, India, China, South Africa
CAVD	Collaboration for AIDS Vaccine Discovery
CDC	Centers for Disease Control and Prevention
CEO	Chief Executive Officer
COIs	Conflicts of Interest
CPM	Critical Path Method
CREATE	Consortium to Respond Effectively to the AIDS/TB Epidemic
DAH	Development Assistance for Health
DALY	Disability-adjusted Life Years
DfID	Department for International Development
EC	Executive Committee
EFC	European Foundation Center
ERGs	Expert Review Groups
FAO	Food and Agriculture Organization of the United Nations
FIND	Foundation for Innovative Diagnostics
GAIN	Global Alliance for Improved Nutrition
GAVI	Global Alliance for Vaccines and Immunization
GBD	Global Burden of Disease
GFATM	Global Fund to fight AIDS, Tuberculosis and Malaria
GSK	GlaxoSmithKline
H3AFRICA	Human Heredity & Health in Africa

HSS	Health Systems Strengthening
IATI	International Aid Transparency Initiative
IAVI	International AIDS Vaccine Initiative
IHME	Institute of Health Metrics and Evaluation
IT	Information Technology
IVCC	Innovative Vector Control Consortium
JIF	Joint Infrastructure Fund
LMICs	Low- and Middle-Income Countries
LOI	Letter of Inquiry
LSHTM	London School of Hygiene and Tropical Medicine
MMV	Medicines for Malaria Venture
MPR	Minimum Payment Requirement
MRC	Medical Research Council
MVI	Malaria Vaccine Initiative
NCDs	Non-Communicable Diseases
NGOs	Non-Governmental Organizations
NTD	Neglected Tropical Diseases
NTI	Nuclear Threat Initiative
ODA	Official Development Assistance
OECD/DAC	Organization for Economic Cooperation and Development/Development Assistance Committee
PATH	Program for Appropriate Technology in Health
PEPFAR	President's Emergency Plan For AIDS Relief
PMNCH	Partnership for Maternal, Newborn & Child Health
PPB	Pre-Proposal Bundle
PPPs	Public Private Partnerships
PRISM	Policy Research in Science and Medicine
RBM	Roll Back Malaria partnership

R4D	Results for Development Institute
RFP	Request for Proposal
SRIF	Science Research Investment Fund
SUN	Scaling Up Nutrition
TB	Tuberculosis
UHC	Universal Health Coverage
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
US	United States
USAID	United States Agency for International Development
USD	United States Dollars
WHO	World Health Organization
WTCCC	Wellcome Trust Case Control Consortium

# Chapter 1

## Introduction

---

The problem of our age is the proper administration of wealth, so that the ties of brotherhood may still bind together the rich and poor in harmonious relationship (Andrew Carnegie 1889, p.1).

### 1.1 Background and study rationale

Private philanthropic foundations have gained considerable relevance in global health in recent years, due to their increasing presence in both global health financing (Murray, Anderson *et al.* 2011; IHME 2012) and policy-making (Anheier & Daly 2004; Sridhar 2010; Birn 2014). Despite this, there is a substantial lack of research on how these actors make decisions on setting their funding priorities. This research question is pertinent not only when considering foundations' grantees and other actors in the global health arena, but also for the foundations themselves which are under increasing pressure to become legitimate, effective and accountable players.

Foundations are recognized as promoters of innovation and advocates of neglected causes, using their resources to tackle issues given less attention by traditional donors (Marten & Witte 2008; House of Commons 2012). Despite this, their legitimacy to act at the global level is often questioned (Black *et al.* 2009; Moran 2011), as is their effectiveness in responding to recipients' needs (Esser & Keating Bench 2011) and the accountability of their decisions (Global Health Watch 2011; Williams & Rushton 2011). In particular, foundations' legitimacy is often questioned in relation to the extent of their influence on global agenda-setting (Ollila 2005; Mc Coy *et al.* 2009), the extensiveness and relevance of their networks (Parmar 2012; Birn 2014) and the nature of foundations themselves as nonprofit, tax-advantaged organizations (Porter & Kramer 1999; Anheier & Leat 2013). Foundations' effectiveness is strictly linked to the debate around foundations' responsiveness to recipients' needs

(Shiffman 2006; Esser & Keating Bench 2011), on the definition of their comparative advantage (Owen *et al.* 2009; Sridhar & Batniji 2008) and on their practice of partnering with private companies to fulfil philanthropic objectives (Global Health Watch 2011; Birn 2014). Finally, accountability concerns relate to the transparency of foundations' decisions, and in particular to the nature of foundations and their governance structures (Porter & Kramer 1999; Fleishman 2007), the role and power of their leaders (Bishop & Green 2008) and potential conflicts of interest (COIs) which may emerge from the relationship between foundations' investments and the mandates of the companies which represent the destination of foundations' investments (Stuckler *et al.* 2011).

All these concerns may assume enormous significance in the way foundations' make their decisions: this study responds to a gap in understanding around the factors influencing foundations' decision-making. Some of the above mentioned concerns are used in this research study as a set of factors expected to influence foundations' decisions. In particular, factors referring to the wider context in which foundations operate (Pettigrew 1992a; Elbanna 2003) are represented by the role of recipients' needs and the collection of evidence, the relationship with private partners, the role of foundations' leaders, and the extent of the foundations networks, the foundations' perception of their comparative advantages, and the influence foundations seek in global health policy-making. Other factors refer to the foundations' inner organizational context (Pettigrew 1992a; Elbanna 2003), such as foundations' governance structures and decision-making models, and how they affect foundations' decision-making processes, as well as their origins and funding ethos.

By systematically considering the role of different factors in contributing to influence the decision-making process, this research study will seek to understand whether and to what extent these factors influence foundations' decisions. Strategic management (Bryson 2011; Worth 2014; Ferlie & Ongaro 2015) will be used as a theoretical approach suitable to deconstruct foundations' decision-making processes and verify the occurrence of the different factors. In particular, the study will explore the relevance of the identified factors, for each case study, in the strategic planning process (from the vision to the elaboration of the strategy) and in the grant-making process (from the grant ideas generation to the final grant approval). In preparation for undertaking a deconstruction of the decision-making process, the role of origins, funding ethos and governance structures will be explored in contributing to explain different behaviours in foundations' decision-making.

This is a qualitative research study which applies a multiple case study methodology (Yin 2009). The case studies selected are amongst the most relevant foundations in the field of global health, for the size of their giving and their role in global health: the Bill & Melinda Gates Foundation (hereafter, the Gates Foundation), the Rockefeller Foundation, and the Wellcome Trust. Data collection methods include documentary analysis and in-depth interviews with forty-six key informants on foundations' decision-making. A qualitative thematic content analysis has been applied to both documentary sources and interviewees' accounts (Green & Thorogood 2009c).

## **1.2 Aim and research study objectives**

The aim of this research study is to understand and assess the relative importance of different factors in foundations' decision-making. In order to do this, two specific objectives have been identified:

1. To understand foundations' origins and activities, governance structure, spending trends and destinations, with the purpose of helping to explain foundations' decision-making behaviour (Chapter 4);
2. To understand foundations' decision-making processes, and assess the relative importance of different factors in influencing foundations' decisions, in particular:
  - 2a. to describe the strategic planning process, and assess the importance of the identification of needs and the collection of evidence, the comparative advantage, the practice of partnering with industry, the objective of influence, the role of networks and leaders in influencing the process (Chapter 5);
  - 2b. to describe the grant-making process, and complete the analysis by assessing the importance of networks and leaders in influencing the process (Chapter 6).

## **1.3 Structure of the thesis**

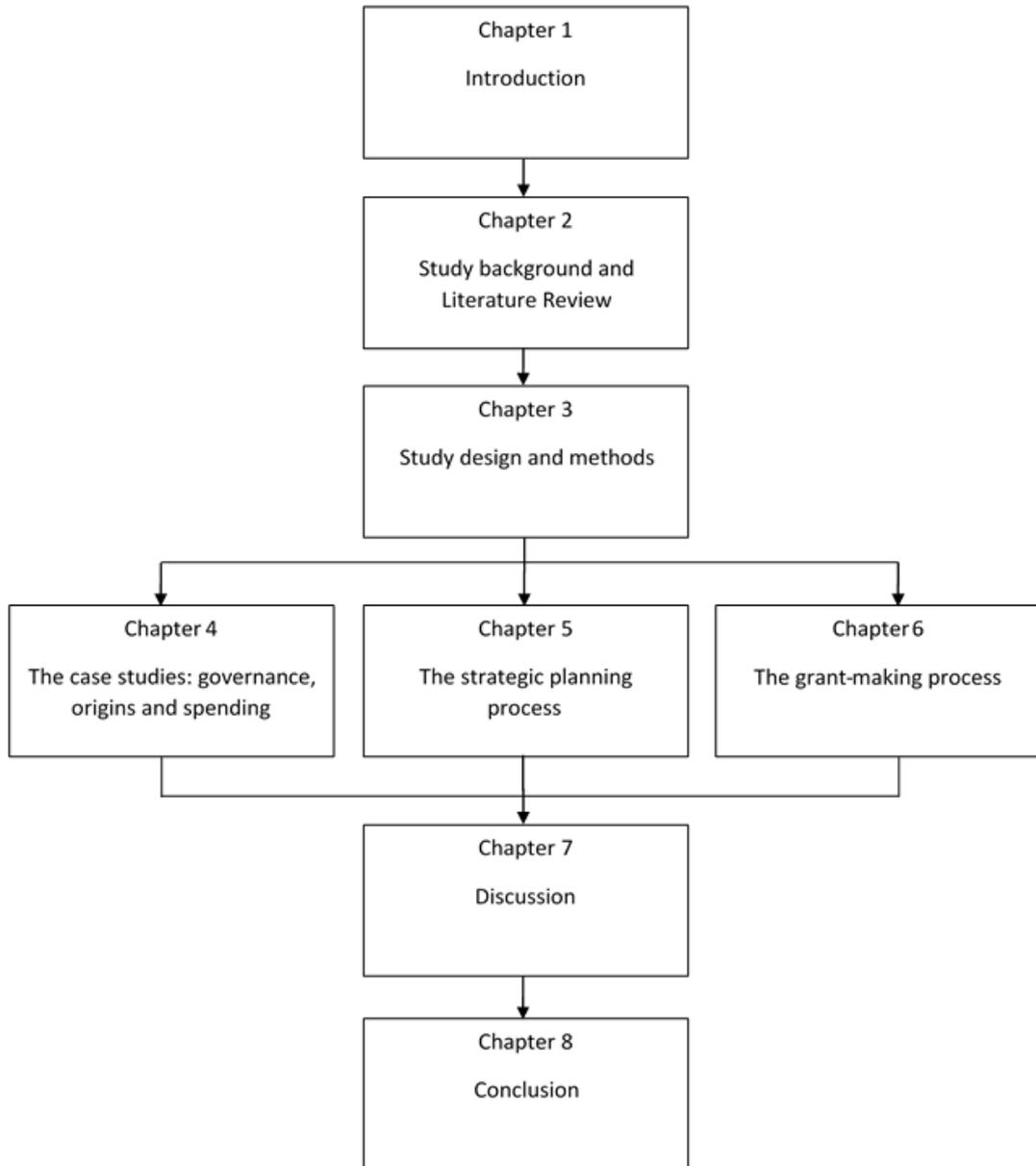
Consistent with the above research objectives, the thesis is structured as follows (Figure 1.1). The first two chapters present the background of the study, exploring the literature review, describing the analytical framework – including identifying the above mentioned factors and their rationale - and the methods used in the research study. In particular, Chapter 2 sets out to explore the study background and the existing literature on foundations and global health.

It gives a contextual definition of philanthropy and foundations and explores new and current trends in the foundations' sector, addressing accountability, effectiveness and legitimacy concerns. The literature review also helps identify the set of factors used as blocks of the analytical framework, and offers the criteria for the identification of the case studies. Chapter 3 describes the methods used to respond to the study objectives, starting from the description of the analytical framework, then explaining the research design and the methods used for data collection and data analysis.

The following three chapters present the research findings. All chapters presenting findings are divided into a descriptive and an analytical part. The descriptive part is preparatory to the analytical part, which assesses the relative importance of different factors in foundations' decision-making. In particular, Chapter 4 responds to the first specific objective of the research: it presents a description of the three case studies, with a focus on their governance structures, origins and spending. This is preparatory to the analysis of the role of governance structures, origins and funding ethos in influencing foundations' decision-making behaviour. Chapter 5 and 6 respond to the second specific objective of the research, respectively deconstructing the strategic planning process (Chapter 5) and the grant-making process (Chapter 6) in the foundations studied. Both processes include a description of the main process steps as they have emerged from interviewees' accounts, anticipating the analysis of the different factors in influencing the processes.

The last two chapters present a comprehensive overview and a deep analysis of the research study findings. Chapter 7 sets out to discuss the implications of findings on both the original analytical framework and theory development. It also offers a framework on the role of foundations in global health, as well as recommendations for foundations' decision-makers. Finally, it explores the strengths and limitations of the study and suggests areas of further research. Chapter 8 offers an overview of the study findings and conclusive considerations against the study objectives.

**Figure 1.1 The research study structure**



## Chapter 2

### Study background and literature review

---

When reach people get involved in what are essentially political issues, it is easy for everyone else to fear the worst (Bishop & Green 2008, p.9).

#### 2.1 Overview of the chapter

This first chapter presents the justification and the theoretical approach for the research study. In order to respond to the study objectives, a literature review has been undertaken to identify a set of factors expected to influence the decision-making of foundations investing in global health. After a description of the scope of the literature review (the methods used for the literature search are reported in Chapter 3), this chapter offers a background description on foundations and global health. In particular, the first sections explore the concepts of nonprofit sector and philanthropy, and offer a working definition of foundations to introduce the selection of the case studies. Furthermore, an exploration of comparative international data on philanthropy and foundations investing in global health is presented. The following sections offer an analysis of the main themes discussed in the debate related to foundations' contribution to global health, and the justification for the need to study foundations' decision-making. Finally, the chapter proposes a set of factors expected to influence foundations' decision-making that sets the groundwork for the analytical framework described in the following chapter. Strategic management, in its subdivision between strategic planning and grant-making, is then presented as the theoretical approach most appropriate for deconstructing the foundations' decision-making process.

## 2.2 Scope of the literature review

The role of philanthropic foundations in global health and development has been increasingly studied in recent years: foundations intervene in the global health arena among other private initiatives, Non-Governmental Organizations (NGOs) and Public Private Partnerships (PPPs), and contribute to the richness and complexity of global health financing (Murray *et al.* 2011; IHME 2012) and policy-making (Anheier & Daly 2004; McCoy *et al.* 2008; Esser, 2009; Owen *et al.* 2009; Sridhar 2010; Birn 2014). Some foundations are far from being new players in this arena, such as the Rockefeller Foundation which has a long history and has played a multifaceted role in global health (Muraskin 2010; Birn & Fee 2013; Birn 2014); and the Wellcome Trust, which has contributed to the study of tropical medicine in low- and middle-income countries (LMICs) since its foundation (The Lancet Editorial 2008). However, a new wave of philanthropists has contributed to the resurgence of studies on foundations in the last decade, and in particular, the emergence of the Gates Foundation, often identified as the symbol of philanthrocapitalism (Bishop & Green 2008; McCoy & McGoey 2011; Rogers 2011; Birn 2014). Philanthrocapitalism is intended as the inclusion of business logics into the field of philanthropy (Venture Philanthropy Partners 2006; Edwards 2008), or to describe it in the authors' words, a movement 'focused on tackling the world's toughest problems through effective giving' (Bishop & Green 2008, p.xi).

Several advantages are acknowledged in the intervention of philanthropic foundations in global health and development, as well as some concerns (Marten & Witte 2008; House of Commons 2012). Advantages are also recognized in the ability of foundations to take risks where traditional donors, typically the public, cannot, and to be advocates of neglected social causes and promoters of a diversity of approaches and innovations (House of Commons 2012). The Gates Foundation efforts in vaccine development and technology-based solutions to eradicate tropical diseases are an example of sectors considered under funded by public donors (Birn 2005). The early work of the Rockefeller Foundation in tackling hookworm in the United States (US) is another example (Birn 2014), as well as the Wellcome Trust contribution to funding research infrastructure and fostering the capacity-building of research institutions both in the United Kingdom (UK) and in LMICs (The Lancet Editorial 2008). In this respect, foundations act as 'gap-fillers', responding to social needs when neither the public sector nor the private for profit sector do it (Hansmann 1987).

Foundations' relevance in global health and development is also considerable in terms of funding efforts (Murray, Anderson *et al.* 2011), although North American foundations wield much more relevance in this respect compared to other countries' foundations. Funding efforts for global health are not limited to direct contributions to the Official Development Assistance (ODA), but are wider if considering foundations' contributions to other multilateral organizations, especially in a field like development assistance for health, which leads many countries' health budgets to be heavily donor-funded rather than internally funded (Sridhar 2010). From 2009 to 2011, the Gates Foundation's ten largest grants were directed to PPPs like the GAVI Alliance (GAVI Alliance 2012; The Gates Foundation 2011a) and the Global Fund for the fight of AIDS, Tuberculosis and Malaria (GFATM, The Gates Foundation 2011a), multilateral institutions like UNICEF, PATH (The Gates Foundation 2011a), and the World Health Organization (WHO) – of which the foundation is the first private funder and the second biggest funder overall (WHO 2013a; WHO 2013b). Among the ten largest grants by the Rockefeller Foundation, included are grants to PATH, WHO and the World Bank (The Rockefeller Foundation 2012); while funds to partnerships went mostly to the Alliance for a Green Revolution in Africa (AGRA), a partnership with the Gates Foundation (The Rockefeller Foundation 2012). Also, both the Gates Foundation and the Rockefeller Foundation fund the Medicines for Malaria Venture (MMV), a partnerships which also sees the financial participation of the Wellcome Trust (Medicines for Malaria Venture 2014). Moreover, North American foundations have proved to be influential players in policy-making too, witnessed by the definition of the Gates Foundation and the Clinton Foundation as 'global health superpowers' (Youde 2010).

At the same time, concerns exist on foundations' weak accountability practices (Sridhar & Batniji 2008; Global Health Watch 2011), on their legitimacy to have such an influence in policy-making (Ollila 2005; Edwards 2011; Rushton & Williams 2011) and in their effectiveness in responding to recipients' needs (Shiffman 2006; McCoy, Kembhavi *et al.* 2009; Esser 2009; Black *et al.* 2009; Esser & Keating Bench 2011). For their financial and political relevance on one side, and the concerns raised on the other, scholars have started to advocate for a higher disclosure of information on foundations' governance and decision-making (The Lancet Editorial 2007; Sridhar & Batniji 2008; Global Health Watch 2011). This research study aims at contributing, at least partially, to fill this research gap.

The scope of this literature review is reflected in the structure of the following sections. It first seeks to provide background and definitions of the nonprofit sector, philanthropy and foundations, preparatory to the identification of the case studies. Secondly, it explores new trends in philanthropy and global health and the debate on foundations' legitimacy, accountability and effectiveness. Third, to identify the current knowledge gaps in foundations' decision-making and propose strategic management as a way forward to address these gaps, by de-constructing foundations' decision-making processes.

### **2.3 Foundations: definitions, classifications and comparative international trends**

Private contributions to health and development have considerably increased in recent decades (Michaud & Murray 1994; Ravishankar *et al.* 2009; Murray *et al.* 2011; IHME 2012). These include a vast set of contributions from different sources, often grouped under the definition of 'philanthropy' (Anheier 2005). The term 'philanthropy' is used to define a whole set of activities, individual initiatives and organizations which form the nonprofit sector, and the term 'foundation' itself includes several organizational forms and responds to different legal frameworks in different countries (Salamon & Anheier 1997). The purpose of this section is twofold. First, it aims at exploring the extent to which the terms 'nonprofit' and 'philanthropy' are currently used. Second, it offers a definition of foundations which is used in this research study, and comparative data on philanthropy and global foundations' contributions as a background to the study of foundations. This insight is necessary to meet the study objectives, by defining the boundaries of the organizations (foundations) and the specific characteristics of the foundations under study (private grant-making foundations investing in global health).

#### **2.3.1 The nonprofit sector**

The nonprofit sector is 'the sum of private, voluntary and nonprofit organizations and associations' (Anheier 2005, p. 4). It encompasses a huge diversity of organizational forms and activities, like associations, voluntary organizations, foundations, NGOs, social enterprises, social co-operatives, and other forms which vary from country to country (Salamon & Anheier 1997). Various efforts have been made to classify nonprofit sector organizations (Dees *et al.* 2001; Salamon & Anheier 1997; Salamon 1999). The difficulty of defining the boundaries of the nonprofit sector is reflected also by several terms used to indicate the sector itself: 'nonprofit sector', 'charitable sector', 'third sector', 'voluntary sector', 'tax-exempt sector' are all examples of terms referred to the same group of

organizations, where every definition emphasizes a different aspect of the sector but fails to capture the whole reality (Salamon & Anheier 1997; Worth 2014). For example, 'voluntary sector' emphasizes the role of volunteers working in charitable organizations, although several of them also have paid employees. 'Third sector' emphasizes the distance between the public sector (the 'first') and the business sector (the 'second'), although many nonprofit organizations can count on both public and private resources. The term 'nonprofit sector' emphasizes the fact that profit is not the goal of nonprofit organizations, although they may generate some revenues while pursuing their social related mission. 'Tax-exempt sector' refers to the fact that in several countries, of which the US are the most telling example, nonprofit organizations can count on favorable tax policies, although huge differences exist between national laws and regulations in this respect (Salamon & Anheier 1997; Worth 2014). Different theories attribute to nonprofit organizations several functions which are not mutually exclusive: for example, they act as 'gap-fillers', contributing to tackle social needs by directly providing services which are denied by public or private sector (Hansmann 1987); or they act on the basis of altruistic values, based on religious or historical roots (Young 1983; James 1987; Rose-Ackerman 1996). Foundations are included in the debate around the nonprofit sector's functions, but they also have specific characteristics which differentiate them from other nonprofit organizations. The next sections will explore the concept of philanthropy and give a working definition of foundation.

### **2.3.2 Philanthropy**

Translated literally from ancient Greek, *philanthropy* means 'love of humanity'. Broadly intended, it is generally meant as 'the practices of individuals reflecting a love of humanity and the voluntary dedication of personal wealth and skills for the benefit of specific public purposes' (Anheier 2005, p.8). A similar concept is charity, reflecting the value of 'individual benevolence and caring' (Anheier 2005, p.8). Both terms make strong reference to personal values and reflect religious roots, used to indicate very broadly any private effort to solve social problems, and for this reason they have been often used as synonyms in the past (Anheier 2005). It is with the advent of the so-called 'modern era' of philanthropy – starting in the Americas of the early twentieth century (Anheier 2005; Worth 2014) – that the concept of philanthropy has gained specific relevance.

In 'The Gospel of Wealth', the tycoon and philanthropist Andrew Carnegie attempts to mark a difference, for the first time, between charity and philanthropy, by attributing to

philanthropists a personal responsibility to deploy their wealth investing for the social good (Carnegie 1889). Carnegie's contribution is recognized as the beginning of the 'scientific philanthropy' movement, which led businessmen and philanthropists like John D. Rockefeller to explicitly cite Carnegie's approach when setting up their own philanthropic foundations (Birn & Fee 2013; Birn 2014). The element distinguishing this new way of doing philanthropy was the attitude of philanthropists as active problem-solvers, emphasizing the use of their business and management skills to focus on tackling the roots of social problems, rather than only contributing to alleviating them (Spero 2010). 'Enlightened entrepreneurs' turning into philanthropists have a long tradition in the UK too, dating at least back to the Victorian era (Bradley 1987). Nonetheless, Europe witnessed the naissance of the modern era of philanthropy with the post-war reconstruction, and in particular with increases of wealth in Western societies, which resulted in more wealthy people donating (Vello & Reolon 2014).

Philanthropic efforts may include the donation of time (*volunteering*) or other valuables like money, securities or properties (*giving*) to individuals or to organizations (Anheier 2005). Also the terms 'volunteering' and 'giving' are often related to philanthropy and overlapping to some extent. For example, the World Giving Index 2013 offers a global view of giving trends, calculated on three dimensions: how much individuals volunteer; how much they donate to charities; and how much they help strangers in need (Charities Aid Foundation 2013). The report includes these three dimensions in the concept of giving and uses it as a synonym of philanthropy. Also, the Global Index on Philanthropy and Remittances 2013, which maps global philanthropic trends to LMICs, groups all private capital investments in LMICs under the concept of philanthropy, including corporate donations (Hudson Institute 2012). Philanthropy may be exercised by an individual (or a group of individuals, like families or companies) through giving to an existing charitable organization, or by setting up an institutional structure, like a foundation (Anheier 2005).

### **2.3.3 Foundations: a working definition**

Although foundations are generally intended as institutional forms through which private money is collected, managed and used to tackle social problems, the term 'foundation' may indicate different organizations according to different countries (Salamon & Anheier 1997). In many countries, like the United Kingdom, the term is often used as synonym for fund, trust or endowment (Pharoah & Bryant 2012). In other countries, the term is clearly linked to specific fields of activities: like health care foundations in France or cultural foundations in Spain

(Anheier 2005, p.315). In China or Russia, foundations have completely different roots and respond to different legal systems compared to other emerging economies (Hudson Institute 2013). Community foundations, a giving model born in the US and spread through Europe, are considered more similar to public charities, pooling resources from a given community which in turn is involved in planning intervention for the community itself (Worth 2014). These examples show that foundations may vary so much in terms of structures, functions, sources of funding and legal frameworks that it is very hard to arrive at a commonly accepted definition.

With these premises in mind, and in an attempt to set up common boundaries around the concept, the European Foundation Center (EFC) proposes the following definition of private foundations: 'autonomous, nonprofit organizations with their own resources that work locally, regionally and internationally to improve the lives of citizens, by running and funding activities in a myriad of areas' (The European Foundation Center 2014). The Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC) (Scott 2003) and the World Bank (Fink 2005 in: Sulla 2006) have also proposed a list of common criteria to define foundations:

- non-governmental, meaning that they are not dependent on governments' funding nor mandates;
- non-profit, meaning their mission is not oriented to gaining profits, but rather to re-invest profits (if any) into their charitable activities;
- possessing a principal fund of their own (the endowment), meant as the value of all their assets;
- managed by their own trustees and directors, through a specific steering committee (the board);
- promoting social, educational, charitable, religious or other activities serving the common welfare.

Beyond the definition, attempts have also been made to get to a classification of foundations. In this respect, foundations can be:

- corporate foundations, 'such as the company-related or company-sponsored foundation based on corporate assets, which vary by the closeness to the parent corporations in terms of governance and management' (Anheier 2005, p. 51);

- independent or private foundations, when gifts come from a private individual wealth or from a family wealth (in the latter case, they are also known as family foundations, Worth 2014, p.32);
- community foundations, when sources are pooled from different actors in a given community, including public institutions or other nonprofit organizations, and deployed to provide services to that given community (Worth 2014, p.33);
- banking foundations (or foundations of banking origin), an Italian phenomenon (ACRI 2014), created by the Amato Law in 1990 which privatized saving banks, resulting in the creation of foundations as autonomous entities making charitable initiatives through the income generated by saving banks' investments (Salamon 2014a, p.1);
- public or state-owned foundations, which are 'either created by public charter or enjoy high degrees of public sector support for endowment or operating expenditures' (Anheier 2005, p.51).

Finally, attempts to classify foundations have also been made not on the basis of their main source of funding, but on the basis of their core activity or function (Salamon & Anheier, 1997). According to their function, Anheier & Daly (2004) distinguish grant-making foundations, which give funds to projects, and programs implemented by other actors (typically NGOs) from operating foundations (also called operational foundations by Smith, Bucklin and Associates 2000, p.113), which fund and manage their own projects and programs – either alone or in cooperation with others. Between these two ends of the spectrum, several foundations have a mixed scope, being both grant-makers and managers of their own projects.

### ***2.3.4 Comparative data on foundations***

The difficulty in defining foundations makes it difficult to track their expenditures globally. There is not a unique source of information on the relevance of foundations' contributions globally: more often, civil society organizations or research centres in different countries map their own countries' foundations, offering country trends and international trends and comparisons, depending on the sector of activity<sup>1</sup>. The US and the UK are respectively the

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<sup>1</sup> The US Foundation Center reports data on US foundations as well as funders' statistics and comparable international giving trends. The EFC reports data on European foundations, though primary data comes from national country governments and they are often incomplete, not up-to-date

first and the second country in the world for foundations' presence and absolute amount of foundations' giving (Association of Charitable Foundations 2014). Table 2.1 and Table 2.2 report the thirty largest foundations in the world, respectively by asset size and by giving. All foundations listed are from the US and the UK, with one exception: Table 2.1 also shows that an Italian banking foundation, Fondazione Cariplo, is at the sixth place for asset size globally. Italy is the first European country for total asset size, exactly due to the banking foundations' asset size, which amounts to 49 million Euros at the end of 2013 (ACRI 2014).

**Table 2.1 – The 30 largest foundations in the world by asset size (in USD)**

1.	Bill & Melinda Gates Foundation (WA)	37,176,776,438	12/31/2012
2.	<u>Wellcome Trust (UK)*</u>	21,840,000,000	09/30/2012
3.	<u>Garfield Weston Foundation (UK)*</u>	11,705,000,000	04/30/2013
4.	Ford Foundation (NY)	11,238,035,011	12/31/2012
5.	J. Paul Getty Trust (CA)	10,502,514,302	06/30/2012
6.	<u>Fondazione Cariplo (IT)**</u>	9,335,411,766	12/31/2011
7.	The Robert Wood Johnson Foundation (NJ)	9,528,568,196	12/31/2012
8.	The William and Flora Hewlett Foundation (CA)	8,607,073,000	12/31/2013
9.	W. K. Kellogg Foundation (MI)	8,155,292,105	08/31/2013
10.	Lilly Endowment Inc. (IN)	7,699,211,116	12/31/2013
11.	The David and Lucile Packard Foundation (CA)	6,299,952,716	12/31/2012
12.	The John & Catherine MacArthur Foundation (IL)	5,987,438,524	12/31/2012
13.	Gordon and Betty Moore Foundation (CA)	5,697,258,026	12/31/2012
14.	The Andrew W. Mellon Foundation (NY)	5,556,152,571	12/31/2012
15.	Silicon Valley Community Foundation (CA)	4,723,897,000	12/31/2013
16.	Bloomberg Philanthropies (NY)	4,242,746,954	12/31/2012
17.	The Leona & Harry Helmsley Charitable Trust (NY)	4,241,501,002	03/31/2013

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or not standardized. The China Foundation Center reports a map of the main Chinese foundations' giving trends, and foundations' statistics web pages are under development - following the example of the US Foundation Center. Other data on philanthropy and foundations can be extracted from comparative reports of civil society organizations, such as reports on global giving trends published yearly by the Charities Aid Foundations (CAF) based in the UK, and analyses from the Johns Hopkins Centre for Civil Society Studies based in the US.

18.	Tulsa Community Foundation (OK)	3,729,789,000	12/31/2012
19.	The Rockefeller Foundation (NY)	3,695,617,868	12/31/2012
20.	The California Endowment (CA)	3,562,148,280	03/31/2013
21.	The Duke Endowment (NC)	3,367,128,863	12/31/2013
22.	<u>Children Investment Fund Foundation (UK)*</u>	3,430,000,000	08/30/2012
23.	The Kresge Foundation (MI)	3,301,625,267	12/31/2012
24.	Robert W. Woodruff Foundation, Inc. (GA)	3,119,096,039	12/31/2013
25.	<u>Leverhulme Trust (UK)*</u>	3,090,000,000	12/31/2012
26.	Margaret A. Cargill Foundation (MN)	2,954,027,761	12/31/2012
27.	Carnegie Corporation of New York (NY)	2,764,431,433	09/30/2012
28.	Foundation to Promote Open Society (NY)	2,709,320,378	12/31/2012
29.	The Annie E. Casey Foundation (MD)	2,666,068,266	12/31/2012
30.	John Templeton Foundation (PA)	2,555,855,497	12/31/2012

**Source: The Foundation Center – Accessed via**

<http://foundationcenter.org/findfunders/topfunders/top100assets.html>, on September 2014.

**\*Source: Association of Charitable Foundations, 2014.**

**\*\* Source: Fondazione Cariplo, Rapporto Annuale 2012.** Note: All foundations are North American, with the exception of four foundations from the UK and one from Italy (underlined).

**Table 2.2 - The 30 largest foundations in the world by giving (in USD)**

1.	Bill & Melinda Gates Foundation (WA)	3,178,235,962	12/31/2012
2.	<u>Wellcome Trust (UK)*</u>	837,500,000	12/31/2012
3.	Genentech Access To Care Foundation (CA)	665,582,721	12/31/2012
4.	The Abbvie Patient Assistance Foundation (IL)	646,459,794	12/31/2012
5.	Johnson&Johnson Patient Assistance Found., Inc. (NJ)	611,680,261	12/31/2012
6.	Lilly Cares Foundation, Inc. (IN)	609,678,898	12/31/2012
7.	GlaxoSmithKline Patient Access Programs Found. (PA)	599,953,667	12/31/2012
8.	Ford Foundation (NY)	593,753,416	12/31/2012

9.	Bristol-Myers Squibb Patient Assistance Found. Inc. (NY)	548,857,548	12/31/2012
10.	Merck Patient Assistance Program, Inc. (NJ)	520,507,909	12/31/2012
11.	Pfizer Patient Assistance Foundation, Inc. (NY)	515,726,553	12/31/2012
12.	Open Society Institute (NY)	455,863,798	12/31/2012
13.	Novartis Patient Assistance Foundation, Inc. (NJ)	452,745,445	12/31/2012
14.	Walton Family Foundation, Inc. (AR)	423,776,585	12/31/2012
15.	The Estee Lauder Fund (IL)	396,802,000	12/31/2012
16.	The Susan Thompson Buffett Foundation (NE)	367,167,893	12/31/2012
17.	Silicon Valley Community Foundation (CA)	362,390,000	12/31/2013
18.	The Robert Wood Johnson Foundation (NJ)	292,906,381	12/31/2012
19.	Sanofi Foundation for North America (NJ)	284,044,399	12/31/2012
20.	Lilly Endowment Inc. (IN)	270,300,000	12/31/2013
21.	W. K. Kellogg Foundation (MI)	259,898,647	08/31/2013
22.	The Andrew W. Mellon Foundation (NY)	258,105,354	12/31/2012
23.	Foundation to Promote Open Society (NY)	257,940,437	12/31/2012
24.	The David and Lucile Packard Foundation (CA)	256,130,462	12/31/2012
25.	International Medical Outreach, Inc. (TX)	247,416,601	12/31/2012
26.	The William and Flora Hewlett Foundation (CA)	240,100,000	12/31/2013
27.	<u>The Gatsby Charitable Foundation (UK)*</u>	236,790,000	12/31/2012
28.	Gordon and Betty Moore Foundation (CA)	233,047,309	12/31/2012
29.	Greater Kansas City Community Foundation (MO)	226,808,114	12/31/2012
30.	Wells Fargo Foundation (CA)	217,659,904	12/31/2012

**Source: The Foundation Center** – Accessed via

<http://foundationcenter.org/findfunders/topfunders/top100giving.html>, on September 2014.

**\*Source: Association of Charitable Foundations, 2014.** Note: All foundations are North American, with the exception of two foundations from the UK (underlined). Data do not include La Caixa Banking Foundation (Spain) since its close links with the main holding does not configure the foundation as independent. Data on European foundations are depending on the existing databases, which often do not include the whole ensemble of foundations existing in Europe.

The US philanthropic sector - including foundations, private voluntary organizations, corporations, individual volunteers, colleges, universities and religious organizations - contributed 39 billion USD to the LMICs in 2010, surpassing the US government's ODA which was 30.4 billion USD in the same year (Hudson Institute 2012). Concerning only foundations' expenditures specifically, the US foundations' giving accounted for 4.6 billion USD in 2010, only considering expenditures going to LMICs (Hudson Institute 2012). Overall, the Foundation Center calculates an amount of almost 22 billion USD for the US foundation sector in 2010, calculated from a sample of 1,000 foundations (The Foundation Center 2010). Health surpasses any other recipient sector in national funding from US-based foundations, and in international funding also, not only as a result of the size and investments of the Gates Foundation (The Foundation Center 2012).

The European philanthropic sector is much more varied and complex to map. In the European Union, more than 270,000 organizations are labelled as 'foundations' (The European Foundation Centre 2008), although the previous section has explored how difficult it is to find common definitions and classifications. European countries score second in the number and size of foundations, though with significant differences from country to country. The UK follows the US in the amount of philanthropic contributions and is by far the leading European country, both in terms of number of foundations and giving (3.3 billion pounds, equivalent to approximately 5.6 billion USD in 2014) (Association of Charitable Foundations 2014). Health and social welfare are also in the UK the largest recipient sectors (38.5%), followed by children and youth (36.5%) and education (35.4%) (Association of Charitable Foundations 2014).

Finally, the philanthropic sector is increasing all over the globe (CAF 2013). Foundations are flourishing in Brazil, Russia, India, China (Spero 2014) and South Africa (Johnson 2010), coupled with an increasing number of billionaires in emerging economies (Kroll & Dolan 2011) and the increasing wealth of middle-classes (The Resource Alliance *et al.* 2012). Nonetheless, both the giving and the asset size of foundations in BRICS countries (Brazil, Russia, India, China and South Africa) are far from those of the biggest Western foundations: as an example, the whole private foundation sector in China had an average expenditure of 2 million USD in 2012, with only one foundation spending over 40 million US (China Foundation Center 2012).

Concerning specifically foundations investing in the field of global health, the increasing importance of philanthropy in contributing to development needs has been recognized by multilateral and bilateral agencies, as well as policy-makers, who want to gain more knowledge on their own country's philanthropies' impact (Marten & Witte 2008; House of Commons 2012). Attempts to measure the extent of philanthropic contributions to health and development are numerous. In 1994, Michaud and Murray mapped the external assistance to the health sector by recipient countries in a time range which went from 1972 to 1990 (Michaud & Murray 1994). They found that of the total 4,8 billion USD of external assistance to health in LMICs in 1990, only 1.5% (68 million USD) had been channeled through foundations (Michaud & Murray 1994). In a subsequent study on the analysis of Development Assistance for Health (DAH) flows from 1990 to 2007, Ravishankar and colleagues showed how the incidence of PPPs, NGOs and US-based private foundations have increasingly acquired importance compared to more traditional funding sources, including foundations and specifically the Gates Foundation, which alone contributed 3.9% of the total DAH in 2007 amounting to 21.8 billion USD (Ravishankar, Gubbins *et al.* 2009). While later analyses on the DAH flows reported a slight but continuous increase in both foundations contributions to DAH and the Gates Foundation contributions specifically (IHME 2010; Murray *et al.* 2011), the data pertaining to 2009 and 2010 were only estimates. The last report from the Institute of Health Metrics and Evaluation (IHME) on global health (IHME 2012) incorporated data until 2011 (Table 2.3).

**Table 2.3 – Private Philanthropy contribution to DAH (million USD)**

Private philanthropy	2000	2006	2008	2009	2010
BMGF	436.2	872.55	1915.16	1813.79	1711.11
Corporate donations	125.28	394.99	698.28	553.01	353.15
Other foundations and NGOs	1145.93	1751.41	2324.15	2127.42	2088.71
<b>Total private philanthropy</b>	<b>1707.41</b>	<b>3018.95</b>	<b>4937.59</b>	<b>4494.22</b>	<b>4152.97</b>
<b>(%DAH)</b>					<b>(14.7%)</b>
<b>Total DAH</b>	10681.02	18411.58	24724.44	25445.08	<b>28159.76</b>

*Source: extract from IHME, 2012: Table B2 – DAH by source of funding, 1990-2010. DAH includes both financial and in-kind contributions for activities aimed at improving health in LMICs.*

The table shows that total private philanthropic contribution to the DAH have sensibly increased from 2000, and then decreased in all sources of private philanthropy contributions after 2008. Nonetheless, on a total DAH of almost 29 billion USD in 2010, the total of private philanthropic contributions to health amount to 14.7% of total DAH, with the Gates Foundation contributing 6% of the total, and 41% of total private philanthropic contributions.

Finally, major foundations have a considerable relevance in funding specific health issues, compared to other bilateral or multilateral donors. For example, the Wellcome Trust was the second largest donor for Non-Communicable Diseases (NCDs) between 2004 and 2008 after the WHO, giving almost 460 million USD (Nugent & Feigl 2010, p.21). The Gates Foundation also contributed to NCDs in the same period, for an amount of 38 million USD of which 24 million was only for cervical cancer. Also for neglected diseases, the Gates Foundation and the Wellcome Trust account for almost 95% of all philanthropic funding for these diseases in 2011 (Policy Cures 2012), with a respective average annual funding of approximately 506 million USD and 72 million USD for the year range from 2007 to 2011 (Policy Cures 2012).

#### **2.4 Foundations and global health: new trends in the philanthropic sector**

During the Nineties, the inclusion of market logics into the world of philanthropy further contributed to complicating the definition of philanthropy and blurring the boundaries between the market and traditional philanthropy (Bosworth 2011; Jenkins 2011). A lot of criticism was made of foundations in those years: Letts, Ryan and Grossman (1999) challenged the short-term view of foundations' strategies at that time, considering it inconsistent with the long-term funding needs of their grantees. The authors were the first to talk about venture capitalists as an example for philanthropists to follow: in other terms, they invited foundations to apply an investment logic to philanthropic donations, such as venture capitalists do in the for-profit sector (Worth 2014). Also Porter and Kramer, in the same year, challenged the strategic approach of foundations, suggesting concrete steps aimed at improving the performance of foundations' recipients, judged to be too dependent on short-term objectives (Porter & Kramer 1999). These contributions underlined two fundamental aspects of changing perceptions on philanthropy: the need to invest as opposed to simply give, by making long-term funding views prevail on short-term funding; and the need to upscale philanthropic investments (Worth 2014). These two strategic needs for foundations,

according to scholars, contributed to increase the emphasis on foundations' measurable results and impact (Brest 2012).

Following this trend, *The Economist* coined the term 'philanthrocapitalism' in 2006, brought to fame through the work of Bishop and Green (2008) to indicate a movement which aims at tackling social problems by applying a business approach to giving (Bishop & Green 2008). As one of its stronger critics defines it, philanthrocapitalism is 'the use of business thinking by large new donors to transform philanthropy, coupled with the deployment of market mechanisms on a much larger scale to promote development and social change' (Edwards 2009, p.237). Recalling Carnegie's approach of the early Twentieth Century, the philanthrocapitalist spirit claims a direct responsibility from wealthy people to donate, in order to re-distribute the benefits of the wealth they accumulated through their business (Bishop & Green 2008, p.15). Although many philanthrocapitalists today act individually deploying their wealth directly to social purposes, most of them set up their own foundations, as they are considered institutional forms which seem most appropriate for the execution of philanthropic goals nowadays (Fleishman 2007). Dissenting voices argue that tax related concerns are relevant in this argument, opening a debate on foundations' legitimacy, which is addressed later in the chapter. Like old founders, philanthrocapitalists are free in their decision-making (independent from political will or electoral cycles), able to recruit the best staff, and to pay well (Bishop 2009). Moreover, unlike old traditional founders, they can rely on new tools, like the power of media and the use of social networks to mobilize wider consensus in a globalized era (The Economist 2006).

The philanthrocapitalist approach is today at the centre of a considerable debate in both academic and non-academic contexts between a few enthusiastic supporters (Bishop and Green 2008; Bishop 2009) and several critics (Edwards 2008, 2009, 2011a, 2011b; Bosworth 2011; Jenkins 2011; Ramdas 2011; Rogers 2011; Lorenzi & Hilton 2011; McGoey 2012; Birn 2014). The debate on the business thinking applied to philanthropy involves primarily US based foundations (Bishop & Green 2008; Birn 2014) and specifically the Gates Foundation and the Rockefeller Foundation to some extent (Keohane 2008; Birn 2011, 2014). Nonetheless, discussion on the pervasiveness (or the risk of) of the philanthrocapitalist models to other countries' foundations is also open (Ramdas 2011; Birn 2014). The next section explores the main trends and critical issues in foundations' intervention in contemporary global health, and some of the issues raised connect to the critiques made of

the movement of philanthrocapitalism. As defined in the previous section, this research study focuses on foundations investing in global health, which share some specific characteristics: they are based in the US and the UK; they all have an international focus (investing in countries different from their own, though not only); and they invest in global health (health related investments to LMICs). An effort has been made by the researcher to narrow the focus down to these specific foundations, and the literature findings presented here reflect this effort.

## **2.5 The Achilles' heel of foundations: legitimacy, effectiveness and accountability**

Global health governance has incurred several changes in recent years, mainly represented by the change of funding patterns (Ravishankar *et al.* 2009; Murray 2011; IHME 2012), the enlargement of the spectrum of donors (Kharas 2007; Sridhar 2010), and a higher influence of politics in the development of global health governance (Williams & Rushton 2011a; McInnes *et al.* 2014). In this evolving global scenario, private foundations – together with corporations and PPPs – intervene into spheres which were originally the territory of public priority-setting, opening up concerns related to the private sector's legitimacy to act at the global policy level (Buse & Lee 2005), the effectiveness of foundations in responding to recipients' needs (Esser 2009), and accountability concerns related to the relationships between global priorities and private interests (Ollila 2005; Buse & Harmer 2006). Although the three concepts of legitimacy, effectiveness and accountability are strictly interconnected, this section will explore these three areas of concerns separately: this is done only with the purpose of giving more clarity to the description of specific issues explored under each concept. Some of the issues represent factors which are identified by scholars as influencing foundations' decision-making: for this reason, an overview of the major issues is given here, while the identification of which of them will form the rationale for the analytical framework, will be presented in the following chapter.

### **2.5.1 Foundations' legitimacy**

Concerns on legitimacy have been at the heart of the foundations' debate for a long time (Simon 1987; Bulmer 1999; Aksartova 2003; Fleishman 2007). The debate is twofold: on one side, legitimacy concerns are embedded in the nature of foundations themselves, as large private organizations, favoured by tax policies according to different countries' regulation, and accountable only to their own trustees (Bulmer 1999; Fleishman 2007). On the other side, foundations are frequently criticised for being too influential in policy-making, especially

concerning large Western foundations and their contested legitimacy to have a significant influence in recipient countries' priority-setting (Aksartova 2003; Ollila 2005; Global Health Watch 2011). A vast and recent literature focuses on US-based foundations, and on the Gates Foundation specifically (Brown 2007; The Lancet Editorial 2007; Black *et al.* 2009; Mc Coy *et al.* 2009), while other countries' foundations are almost absent from the literature in this respect, reflecting the dominance of US-based foundations in global health funding and policy-making. The debate on foundations' status, their influence and the role of foundations' self-feeding networks will be explored in this section, as they are linked to the debate on foundations' legitimacy.

#### *Foundations' philanthropic status and the tax debate*

The debate on foundations' legitimacy often relates to their nature: large private nonprofit organizations favoured by tax policies and not open to public scrutiny (Fleishman 2007; Anheier & Leat 2013). While concerns over the closeness to public scrutiny of foundations' decision-making processes will be addressed in the section on accountability, the role of fiscal policies is discussed here as a fundamental part of the debate on foundations' legitimacy. The effect of fiscal policies on foundations depends on each country's regulations. In the US, tax policies strongly favour philanthropy (Hudson Institute 2013; Anheier & Leat 2013; Birn 2014); deductible gifts to private foundations in the US amount to up to 30% of the donor's income (Worth 2014). In order to keep their charitable status, foundations are required by law to respect the Minimum Payment Requirement (MPR) to spend at least 5% of their investment assets annually (Renz 2012). While in other countries, like the UK or Germany, it is common to have favourable tax policies for individual donors who set up a foundation, there are no requirements for minimum spending, which often leads to the criticism that European foundations are 'sitting on their money, rather than spending it' (Anheier & Leat 2013, p.460). For this reason, some foundations, including the Wellcome Trust, give themselves a voluntary requirement rule. Moreover, they are required to apply their money to charitable purposes and are periodically controlled by a Charity Commission (Anheier & Leat 2013).

Many scholars warn policy-makers that although foundations are created by the generosity of private individuals, 'compared with direct giving, foundations are strongly favoured through tax preferences. When individuals contribute to a foundation, then, they cross an important line' (Porter & Kramer 1999, p.122). The line they cross is the one between the private

freedom to deploy their personal wealth and the fact that their action has a direct impact on societies (Fleishman 2007). Following this argument, not only do some scholars consider foundations ‘the most unaccountable organizations in democratic societies’ (Anheier & Leat 2013), but their private, tax-advantaged, donor-directed assets give them considerable public power, and ‘with growing wealth and income inequality, (foundations’) apparent tension with democratic principles only intensifies’ (Reich 2013, p.1). According to Birn (2014), ‘the very tax-exempt status of foundations and tax-deductibility of philanthropic and charitable donations is an affront to democracy’ (Birn 2014, p.16).

The tax debate puts foundations under increasing pressure not only concerning their legitimacy, but also on their effectiveness. In fact, some scholars have argued that foundations are a socially expensive way of using private funds for public purposes, and for this reason they should be considered promoters of inequality and pillars of plutocracy (Reich 2013) and need to demonstrate that their social benefit overcome their costs (Porter & Kramer 1999), that they have an added value to societies in the form of redistribution of wealth and fostering change (Prewitt *et al.* 2006), and that their objectives cannot be pursued in other ways (Anheier & Leat 2013). The debate on foundations’ effectiveness will be addressed later in this section. Fiscal regulation is not a block of the analytical framework in this research study, because it is more related to the country context where foundations operate, rather than on the dynamics of the decision-making process; although studies exist which have attempted to demonstrate a direct link between the fiscal regulation and the grant-making behaviour of US foundations (Barbetta *et al.* 2012). Nonetheless, to avoid mentioning this issue would represent a considerable gap in understanding the context in which foundations operate.

### *Foundations’ influence*

Most of the literature contributions focus on the negative effects of foundations’ influence in policy-making, questioning whether it is fair that large Western foundations set priorities for LMICs (Ollila 2005; Mc Coy *et al.* 2009; Williams & Rushton 2011a). Foundations have been periodically object of criticism since their inception, attacked for being an inappropriate use of private funds to influence public policies (Karl & Katz 1981; Hammack & Anheier 2013): at the global level this is regarded as even more critical due to the lack of a strong leading institution for health policies (Sridhar 2010). Consequently, by being so influential and with a low attitude to public scrutiny, foundations have been blamed for having the capacity to

distort recipient countries' priorities (Ollila 2005; Morfit 2011; Williams & Rushton 2011a). This would happen on one side for a lack of coordination between foundations and recipient governments' priorities (Ainsworth & Teokul 2000), and, on the other side, for the fact that foundations may prioritize resources into issues which are high on their own agendas and not necessarily correspond to recipient countries' priorities (Shiffman 2006). An example is the support to rich countries' institutions (especially Western universities or global health partnerships) rather than capacity building in LMICs, a critique applied specifically to the Gates Foundation (Sridhar & Batniji 2008; McCoy, Kembhavi *et al.* 2009). Also critics of philanthrocapitalism highlight that one of the most troublesome problems of this approach is the undue and overwhelming agenda-setting power of foundations such as the Gates Foundation (Rogers 2011; Ramdas 2011; Goren 2014).

Although the bulk of studies in this respect are currently focused on the work of the Gates Foundation, the distortion of priorities in recipient countries is far from being a new issue in philanthropy. As an example, the early work of the Rockefeller Foundation on yellow fever in the 1930-1940 decade in Colombia has been reported to cause a distortion in the Colombian context to the detriment of the national malaria control programme, up to the extent that it created a diplomatic incident (Mejía, 2009). Although the question of aid displacement in countries priorities is still controversial (Chinai 2003; Waddington 2004; Shiffman 2007; Shiffman 2008; Shiffman *et al.* 2009; Farag *et al.* 2009; Batniji & Bendavid 2012), the fact that foundations respond to a complex set of interests beyond recipient countries' needs in targeting their investments has old roots in the philanthropic literature and fuels the debate on foundations' legitimacy. Foundations have been considered since the end of the Nineteenth century as responding to their own countries' priorities, by being 'charitable arms of the new industrial elites' (Anheier & Leat 2013, p.452). Vested interests and a lack of public scrutiny have contributed to include foundations in the study of elite models, 'in which a small group of powerful individuals decide which diseases are relevant and the criteria used to make those decisions' (Geneau *et al.* 2010, p.1961). Recent contributions have shaken the roots of the legitimacy debate, even contesting the essence of foundations and their reasons for existing (Anheier & Leat 2013). Foundations, it is argued, are 'in perpetuity' organizations also fuelled by their representatives' 'acceptance of their own myths' (Anheier & Leat 2013, p. 461), in part generated by foundations' self-feeding networks, and also fostered by the political resistance to find a solution or think to alternatives. In other words, foundations may exist simply because of institutional inertia, political apathy (meaning that the elimination of foundations would ideally mean addressing a larger and politically much more challenging

problem than just not addressing it), and a general lack of public interest in facing this issue (Anheier & Leat 2013, p.462).

On the contrary, few contributions focus on the positive effects that the foundations' influential role may have in global health, for example in the contribution that these players may give to increase donors' coordination and alignment. Owen and colleagues, discussing the role of foundations in global health governance argue that 'the most important first step is for foundations to work more closely together in international forums', in order to advocate collectively and build synergies on global health issues (Owen *et al.* 2009, p.237). Other scholars propose a framework for action for global health interventions from all donors, including civil society (specifically, towards more population-wide health services), by reducing their fragmented action in LMICs (Das Gupta & Gostin 2009). Nonetheless, Williams and Rushton warn (with a specific reference to the size of the Gates Foundation) that until 'money talks' (Williams & Rushton 2011b, p.317) the agenda-setting power will rest in the hands of those with large resources with no real interest in coordinating or leaving their power to other organizations. While praising the advent of new donors such as foundations and partnerships to global health, Magnusson also warns that 'despite the much touted role of civil society and the private sector in global health governance, their capacity to refocus and coordinate global health strategies should not be over-stated' (Magnusson 2007, p.6). Thus, the academic debate on coordination and the potential role of foundations is still open: there is a considerable lack of studies on whether and how foundations link their influence and the potential to be recognized as leaders of coordination efforts in their decision-making. For this reason, influence represents a block in the analytical framework.

#### *Foundations' networks*

Different literature contributions show that the debate on foundations' legitimacy is linked to their attempt to seek visibility and influence (Aksartova 2003; Parmar 2012). In her analysis of peace grant-making of US-based foundations (McArthur, Carnegie, Ford and Jones foundations), Aksartova argues that foundations strive to maintain close ties to public agencies, research institutions and grantees' organizations and continuously feed this relationship, also because members of foundations' boards or staff come from these organizations:

...therefore, it is to be expected that when making funding decisions, program staff members are likely to favour institutions and activities that constitute the traditional

focus of foundation giving and that they are closely associated with in their professional lives outside of philanthropy (Aksartova 2003, p.29).

In order to do so, one of the main strategies applied by foundations is fostering circles of self-feeding networks. In his analysis of American foundations (the Ford, Carnegie and Rockefeller Foundations), Parmar (2012) argues that in the struggle to be recognized as legitimate players, foundations try to replicate themselves, initiating and fostering self-feeding knowledge networks with other players – including grantees - which support their work and in turn take advantage of it (Parmar 2012). The author gives network-building a strategic role in foundations' decision-making, even arguing that network-building, rather than solving social problems, is the goal of foundations (Parmar 2012, p.11). Thus, the author argues, it is convenient for both the foundation and the members of the network that the relationship is continuous and fruitful: this reinforcing loop creates a community – political elites, academic institutions, United Nations agencies, private consultants, NGOs, other foundations – interested in the perpetuation of the foundation work (Parmar 2012; McCoy & McGoey 2011).

Some critics warn that for academics and consultants who live on foundations' projects, the self-feeding network is a condition for sustainability, causing an increasing power in foundations that can create a monopoly of ideas (Bosworth 2011). (In)famous is the case of Arata Kochi, previous chief of the WHO malaria programme, who complained that the Gates Foundation's investments were seriously putting at risk the diversity of views among scientists (McNeil 2008; Bosworth 2011). Network-building can involve several people who may intervene as experts, in quality of advisors to the strategy, or to reviewers of grant applications, or even represent potential future grantees. Nonetheless, the extent to which advisors' and reviewers' contributions are determinant in foundations' decisions is an area which is under researched. For this reason, foundations' networks will be explored as a block of the analytical framework.

### ***2.5.2 Foundations' effectiveness***

As previously mentioned, foundations' effectiveness, legitimacy and accountability are often related in the foundations' debate: some scholars claim that in the attempt to be considered legitimate actors, foundations must demonstrate their effectiveness, intended as the response to recipient needs and the foundations' ability to show their social impact (Porter & Kramer 1999). It has also been reported that giving efficiently, together with effectively, has

been recognized as a strategic mandate for foundations, especially in the venture philanthropy era (Letts *et al.* 1999; Porter & Kramer 1999). This section explores the main debates around foundations' effectiveness, and in particular: the extent to which they respond to recipients' needs, the concept of comparative advantage, and the foundations' practice of partnering with private companies in order to reach their philanthropic objectives.

### *Needs and evidence*

Many concerns exist in the literature on the fact that global health philanthropic funding is aligned with the needs of recipients (Ollila 2005; Shiffman 2006; McCoy, Kembhavi *et al.* 2009; Esser 2009; Esser & Keating Bench 2011). The Global Burden of Diseases (GBD) has been considered in the last decades as a measure of needs against which assessing the alignment of donors towards specific sets of diseases (Murray 1994; Shiffman 2006). The disability-adjusted life years (DALY), on which the GBD is built upon, is an example of a measure which has been elaborated exactly to help policy-makers make difficult decisions in their allocation of resources: 'decision-makers who allocate resources to competing health programmes must choose between the relative importance of different health outcomes such as mortality reduction or disability prevention' (Murray 1994, p.429).

However, studies have demonstrated the poor correlation between the GBD and foundations' investments. In studying donors' country priorities in communicable diseases, Shiffman shows how foundations (its sample includes the Gates Foundation, the Rockefeller Foundation and the Wellcome Trust as major donors in global health) do not always align their priorities to the GBD predictions: other factors, beyond needs, can explain the prioritization of donors in communicable diseases (Shiffman 2006). Black and colleagues (2009) underline the poor correlation between the Gates Foundation funding and childhood disease burden, arguing that some neglected diseases like pneumonia and diarrhoea, are severely underfunded compared to their burden (Black *et al.* 2009). Other scholars underline how large the gap is between needs and funds in health aid allocations (MacKellar 2005). Another critical example of the discrepancy between needs and foundations' grants is in the field of health research, which is the core type of health funding that the Gates Foundation, the Rockefeller Foundation and the Wellcome Trust perform. The issue is known as the '90/10 gap', meaning that 'less than 10% of the global budget for health research and development is being spent on 90% of the world's health problems' (Global Forum for Health Research 2004). McCoy and colleagues (2009) analyzed the Global Health programme of the

Gates Foundation from 1998 to 2007, placing a spotlight on the percentage of the foundation grants directed to supranational organizations (40%), while 82% of the remaining amount went to US-based organizations, not considering alternatives which may support the institutional capacity building in LMICs (Mc Coy *et al.* 2009, p.1652).

These contributions reinforce considerations around the fact that needs are just one of the factors influencing donors' prioritization (Lewis 2003; Shiffman 2006), which can indeed respond to other factors. Von Schreeb and colleagues also argue that in deciding allocations for humanitarian health assistance, 'needs assessment data has a very limited role in the decision to fund while other, *not clearly defined* factors are more important' (Von Schreeb *et al.* 2008, p.440). Other factors may include visibility (Esser 2009) and quick and easily measurable issues (Birn 2009). Foundations are claimed to seek 'public visualization' of issues: visually 'tangible' issues – like condoms for the fight against HIV/AIDS – are much more appealing for donors than more intangible issues, even if they are more disruptive for public health (Esser 2009).

The debate on the focus on easily and quickly measurable issues has increased with the movement of philanthrocapitalism, due to the fact that a central point of the debate is that the business logic applied to philanthropy leads foundations to make decisions on a short-term logic, such as profit-oriented organizations do (Edwards 2010). Some scholars argue that, despite the rhetoric, foundations' grant-making shows a low propensity to be long-term orientated, as it would be expected dealing with public health issues and in general while acting in the public arena (Porter & Kramer 1999; Edwards 2009). By observing allocations of grant-making foundations into multi-stakeholder initiatives and extra-budgetary funds of UN agencies (such as the WHO and the World Bank), Sridhar (2012) has commented on the existence of a risk that mechanisms would emerge which can push donors, including foundations, to fund short-term goals (Sridhar 2012). Thus, it is argued, foundations risk concentrating more on easily measurable things (like vaccine development) which doesn't necessarily mean that they are the most effective ways to tackle public health issues (Birn 2005; The Economist 2006; Esser & Keating Bench 2011), generating also an unneeded overemphasis on metrics (Jenkins 2011; Bosworth 2011). Still, scholars have acknowledged that the process of resources allocation is highly political in any organization (Williams & Rushton 2011): what is under researched is the way foundations collect and use evidence to

inform their decisions. For this reason, needs and evidence will constitute a block of the analytical framework.

#### *Foundations' comparative advantage*

Comparative advantage is a concept derived from macro-economic theories and applied to organizational studies, used to define what brings organizations the greatest return in fulfilling their mission (Lemberg 2001, p.29). In strategic management, comparative advantage is one of the main concepts related to Resource-based View (RBV) theories (born in the business sector by Wernerfelt 1984) responding to the basic idea that organizations (firms) should base their strategies on their strengths. In other words, the concept suggests that organizations should concentrate on what they can do better than other organizations, or on the assets they have which distinguish them from other organizations (Henderson & Malani 2009). Foundations also have 'core competencies' (Tran 2011) which drive them in their specific market (philanthropy), and some scholars argue that they make their prioritization according to their perceived comparative advantage (Sridhar & Batniji 2008) and to the need of finding a 'niche' in the philanthropic market (Esser & Keating Bench 2011). Moreover, scholars have argued that comparative advantage also affects the relationship of foundations with other policy actors. For example, Owen and colleagues argue that foundations need to address specific policy issues if they want to 'exploit their comparative advantage at regional and global levels' (Owen *et al.* 2009, p. 242). For the Gates Foundation, the comparative advantage has been recognized by scholars in technology and innovation (Birn 2005; Sridhar & Batniji 2008). Other foundations may have a different perception of what is their comparative advantage. For the sake of clarity, it must be properly acknowledged that the concept has a long tradition in business studies (Barney 1986), as well as in the application of business-driven concepts to strategic management (Mintzberg *et al.* 1998, p. 274) even if the name used to describe it is 'competitive advantage'. Nonetheless, as previously mentioned, recent contributions which apply the concept to philanthropy and global health use the term 'comparative advantage' (Sridhar and Batniji 2008). For this reason, in this research study we use 'comparative advantage', although it seems that both terms are often used as synonyms.

Despite the few contributions reported above, it must be acknowledged that the debate on comparative advantages is not frequently addressed: there is a substantial lack of knowledge on what the comparative advantage is according to different foundations, and to what extent

this is relevant in making strategic decisions. For this reason, the exploration of the different perceptions foundations have of their own comparative advantages represent a block of the analytical framework.

### *Partnering with business*

Studies on foundations show that they are able to give a push to new ways of implementing projects by determining specific rules for accessing funds and stimulating the creation of social change and innovation (Prewitt 1999). Even in the field of global health and development, this is recognized as one of the main advantages of the intervention of foundations in global health (Marten & Witte 2008; House of Commons 2012). In particular, foundations have a function in promoting new approaches and ideas. An example of this is the role the Rockefeller Foundation recently played in the building up the movement of Universal Health Coverage (UHC), changing the perspective from primary health care (Birn & Fee 2013). The Wellcome Trust also was pioneer in developing and testing the anti-malarial artemisinin, which is considered a milestone for malaria research (The Lancet 2008). Scholars agree that foundations contributed to global health partnerships, one of the main innovations in global health in recent decades, in such a profound way (both financing and regulating) that many PPPs would probably not have got such relevance in the global health arena without the massive venture capital contributed by foundations (Buse & Lee 2005). Foundations bring new ways of doing philanthropy, partnering with business by leveraging additional private money from corporations and contributing to global health priority setting: finding a profit motive to achieve social good is part of the essence of philanthrocapitalism (Bishop & Green 2008; Global Health Watch 2011; Birn 2014).

However, potential partnerships with business must be carefully evaluated, depending on the nature of the business activity and its potential to undermine public policy, and contributing to the detriment of global health objectives (Lee 2011). In fact, scholars argue that foundations may take a responsibility in shaping languages and practices of private partners (Walt *et al.* 2009), but also in changing their policies – for example, by urging their partners to fight for inviolable labour standards (Birn 2005). The relationship between foundations and private partners is often debated in the context of COIs, which will be addressed in the following section. Surprisingly, less explored is the relationship between foundations and private companies as partners of foundations' initiatives, including the criteria foundations apply to the selection of private partners and the extent to which private partners' interests

may have a role in foundations' decision-making process. For this reason, this will constitute a block of the analytical framework.

### ***2.5.3 Foundations' accountability***

In their analysis of global health foundations and partnerships, Williams and Rushton argue that foundations (and partnerships) have acquired lot of power in global health policy-making without proper mechanisms to ensure they are accountable for this power (Williams & Ruhston 2011a). While a general definition of accountability is usually synonymous with 'answerability' and 'responsibility'<sup>2</sup>, several definitions of accountability exist in the literature and several frameworks have been elaborated in order to attempt an analysis of accountability practices (Brinkerhoff 2004; Collins *et al.* 2008; Eyben 2008). Nonetheless, none of these frameworks specifically refer to foundations. Three main issues will be explored in this section. The first relates the nature of foundations and their stakeholder configuration, which makes them free in their decision-making and not open to public scrutiny (Anheier 2005; Fleishman 2007). The other two debates concern potentially conflicting interests between foundations' mandates and the mandates of their private partners, and the debate on the extent of the power of foundations' leaders in decision-making.

#### *Transparency of decision-making*

Foundations are often questioned on their weak accountability, rooted in their nature and stakeholder configurations (Fleishman 2007), which in turn influences their decision-making mechanisms (Jegers 2009). In fact, unlike any other form of organization, foundations' survival is not dependent on either external sources (like other forms of nonprofit organizations), nor on political expectations or electoral cycles (like public organizations), nor is their survival directly influenced by competition (like private for profit organizations) (Anheier & Leat 2013; Hammack & Anheier 2013). This leads to a peculiar situation where foundations' staff are directly accountable to the trustees, and trustees are accountable to nobody (Porter & Kramer 1999; Fleishman 2007). This argument has caused many critics to consider foundations, as mentioned above, as 'relatively unregulated and unaccountable concentrations of power and wealth which buy talent, promote causes and in effect establish

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<sup>2</sup> Some common definitions of being *accountable* are: 'responsible for the effects of your actions and willing to explain or be criticized for them' (Longman Dictionary of Contemporary English) or 'liable to be required to give account, as of one's actions or of the discharge of a duty or trust' (American Dictionary of the English Language).

an agenda of what merits society's attention' (Arnove 1980), representing 'an institutional oddity in a democracy' (Reich 2013).

A risk recently expressed concerns that the private nature of foundations may give them the image of been 'apolitical', while in reality intertwining between commercial interests and international politics when acting on public interests, cannot be disentangled from political considerations (Marten & Witte 2008; Global Health Watch 2011; Williams & Rushton 2011b). Moreover, scholars argue that the 'a-politicization' of foundations when pursuing health goals, resides on a false premise 'that health goals can or should be divorced from state-supported, democratically accountable interventions' (Global Health Watch 2011, p.272). Disregarding how unsatisfactory political decision-making mechanisms may be, especially at the supranational level (the long debate on the UN reform is just a telling example), foundations' decision-making seems unlikely to get the sustainable support of political bodies and civil society (Edwards 2009; Reich 2013). This 'public-private clash' is a traditional critical point for nonprofits (Ferris 1993; Fleishman 2007; The Lancet Editorial 2009), regarding both foundations' grant-making choices and impact (Collins, Coates *et al.* 2008) and their investments' choices (The Lancet Editorial 2007; Burch, Wander *et al.* 2010; Stuckler *et al.* 2011).

Moreover, scholars claim that being accountable means not only providing information on what foundations do, but also avoiding being secretive about potential or real failures (Fleishman 2007). In 2008, Bishop and Green invited foundations to take pay closer attention to accountability and transparency, warning them that if this does not come about voluntarily, they run the risk of major disclosure being imposed through government regulations: the authors even argue that there is a need for a new social contract between foundations and their stakeholders (Bishop & Green 2008). As is reported, 'a lack of publicly available information on the decision-making processes of private foundations goes against the grain of Paris and Accra with their emphasis on transparency, accountability and policy coherence' (Tran 2011). As for the tax-related debate on foundations, the issue of transparency is here explored as a fundamental conceptual block of the debate around accountability, although it does not represent a factor directly influencing foundations' decision-making, but rather offers important contextual information.

### *Conflict of Interests*

The freedom of foundations in their decision-making and the absence of any form of public scrutiny has fuelled the debate on COIs (Global Health Watch 2011; McCoy & McGoey 2011). In their study on foundations' institutional relationships and COIs, Stuckler and colleagues (2011) use the analysis of foundations' financial sheets and networks to argue that foundations' missions and objectives often clash with the interests they have in private corporations, which are not generally considered to be champions of public health concerns (Stuckler *et al.* 2011). Endowment investments' trends are similar for the Gates Foundation and the Rockefeller Foundation: they both invest in pharmaceutical and food companies, such as Pfizer, Glaxo-Smith Kline, Coca-Cola, Pepsi-Co and McDonald's among others (Stuckler *et al.* 2011). Although the Global Health Watch 3 concentrates on the Gates Foundation only (Global Health Watch 2011), the paper by Stuckler and colleagues reflects how deeply rooted the problem is of COIs within foundations (the authors include also the Rockefeller Foundation in their sample) (Stuckler *et al.* 2011).

Not only do direct investments in food or pharmaceutical companies may deserve attention on a COIs point of view, but also indirect investments may offer fertile ground for debate. In fact, the study reports that despite its investment philosophy, the Rockefeller Foundation was indirectly investing in tobacco companies through different equity funds, while the Gates Foundation will soon become the largest single investor in Coca-Cola, combining its direct investments in the company with its investments in Berkshire Hathaway, which in turn is a large investor of the company (Stuckler *et al.* 2011). Implications fuel the underlying debate on ethics: foundations may invest in companies which are not considered socially responsible, whose business strategies are considered to be monopolistic (Global Health Watch 2011), nor take into account the impact of their core products in respect to global health (Stuckler *et al.* 2011). Some efforts have been made in this respect by philanthropists, such as Jeff Skoll, by investigating the social responsible practices of companies whose stocks are held by foundations (The Economist 2006). Major claims have been made to foundations concerning their lack of guidelines regarding taking into account the ethics of the companies they invest in (Odling-Smee 2007).

The debate around COIs is different from the debate on private partnerships explored above. In fact, in this case, the object of analysis would be the relationship between foundations and the destinations of their investments, while in the previous case it is the relationship between

foundations and their project partners. Despite that the same companies may be destinations of investments and project partners, there is a fundamental difference from a strategic management point of view. This research will analyze the mechanics of the decision-making process, and not the above stated financial implications. Also from an organizational point of view, the two areas are completely separated: the staff dedicated to the foundations' investments and asset management is separated from the staff who make decisions on the philanthropic activities, which constitute the core operative activities of the foundation. This missing link between strategic planning, grant-making and investment policies, which could be partially addressed with an analysis of foundations' financial sheets and stock options, may represent a limitation of the current study which will be further explored in the limitations section. Despite COIs not representing a block of the analytical framework, they have been addressed here since they form a relevant part of the current debate on foundations and their role in global health.

#### *Foundations' leaders*

The role of foundations' leaders is much debated in the discussion around accountability, especially with the naissance of philanthrocapitalism, which has seen an increase in the number of successful entrepreneurs deploying massive amount of resources for their communities (Bishop & Green 2008). The role of leaders has a double value for the foundations they represent: on one side, leaders give visibility to their foundation, acting as vehicles of their foundations' mission and views (Fleishman 2007; Bishop & Green 2008). On the other side, leaders set internal rules of decision-making and they are able to influence foundations' priorities. Both sides of the debate will be addressed here.

Foundations' leaders often have the necessary visibility to raise consensus and financial resources on neglected issues (Fleishman 2007; Bishop & Green 2008). Leaders stimulate the debate in national and international networks and practitioners' forums, as demonstrated by Bill Gates' speeches at the World Economic Forum, the UN General Assembly and the participation of the Gates Foundation to the H8 group<sup>3</sup>. In the philanthrocapitalist approach,

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<sup>3</sup> The Health 8 (H8) is 'an informal group of eight health-related organizations comprising WHO, UNICEF, UNFPA, UNAIDS, GFATM, GAVI, Bill & Melinda Gates Foundation, and the World Bank. It was created in mid-2007 to stimulate a global sense of urgency for reaching the health-related Millennium Development Goals and has focused on better ways to speed up efforts to bring lifesaving-health improvements to people worldwide" (UNAIDS, <http://www.unaids.org/en/resources/presscentre/featurestories/2011/february/20110223bh8>, last accessed December 2014).

foundations' leaders are seen as 'hyper-agents' of change (Bishop & Green 2008, p.12; Ulbert 2011), able to promote and trigger social change by mobilizing the public opinion (Fleishman 2007; Bishop & Green 2008). Media coverage and political support for issues relevant for foundations are a precise strategy of philanthrocapitalists (at least for the Gates Foundation, Bosworth 2011). As an example, the Gates Foundation has been reported to have spent up to 69 million USD since 2002 in funding journalism schools and news organizations to promote themes of global health and development (Doughton & Heim 2011) – and to wield a significant power on media coverage in the UK as well (Bosworth 2011).

The engagement of foundations' leaders with their foundations' activities and their attempts to expand their influence, have been explicitly underlined as central features of philanthrocapitalism in action (Jenkins 2011). Philanthropy has witnessed a new trend of successful entrepreneurs who start developing their own philanthropic agendas (Handy & Handy 2006; Dees 2008):

...entrepreneurial philanthropy is therefore viewed as being situated within a system of strategic governance networks where influential individuals from business, politics and development connect. It suggests that entrepreneurial philanthropists have the propensity to influence political, economic and social agendas in the UK and overseas (Gordon 2011, p.5).

However, the role of foundations' leaders nowadays is much contested. Foundations' leaders are a symbol of what Bosworth calls the 'cultural contradictions' of philanthrocapitalism (Bosworth 2011, p.382). In fact, through the use of their high visibility and grants, they are also criticized because they monopolize the market of ideas in such a profound way that does not give space to public scrutiny over the very essence and underlying assumptions of philanthrocapitalism (Bosworth 2011, p.384).

From an organizational point of view, foundations' leaders are responsible for steering and guiding the foundations' priorities and work, to design the most effective processes in order to guide the foundation's activity, and are fundamental in determining the organization's goals, though with different decision-making styles (Fleishman 2007; Bishop & Green 2008). However, the extent of leaders' discretionary power in decision-making is still under researched, and philanthrocapitalists have been repeatedly criticized for their 'whimsical

decision-making' (Bishop & Green 2008, p.69). Foundations' leaders can have a role in both priority-setting and grant-making, interacting with executives (directors), who in turn may have their own agendas or respond to decision-making mechanisms set by leaders. A recent Lancet editorial exemplifies this concern, reporting that Bill Gates's involvement in the Foundation has reduced the space for the President of the Global Health Program to 'exert independent leadership' (Horton 2011).

Finally, some concerns have been raised over the extent to which leaders may influence the adoption of a long-term or short-term view of their foundations. The difference between traditional foundations and new foundations is that the former are 'in perpetuity organizations', meant to exist forever (Bishop & Green 2008). New foundations, instead, are often set up with the idea of deploying all their resources in a short time to get the maximum impact. For example, the John Olin Foundation closed in 2005, since its founder 'had stipulated that all of his legacy should be spent within a generation of his death, a sunset model that kept it nimble, un-bureaucratic and true to its founder's ideas' (The Economist 2006, p.2). Implications fuel the debate on the risk that short-term funding approaches may be inconsistent with long-term public health goals. Further research is needed to explore the extent of foundations' leaders in the decision-making process, which is currently under researched. For this reason, the extent of leaders' influence in the foundation's decision-making process will represent a block of the current study.

## **2.6 The knowledge gap: analyzing foundations' decision-making**

The debate on foundations' lack of accountability, legitimacy and coordination in global health has raised so many concerns that the impetus has been taken up by foundations and within foundations themselves to respond to these pressures. An example of the first one is the Bellagio Initiative, a series of global consultations with the aim of deepening the collaboration between philanthropies and other donors to improve transparency and coordination (Publish What You Fund 2012; Bellagio Initiative 2012). An example of the second one is the effort made by the Gates Foundation in increasing information disclosure in terms of funding (the Gates Foundation scored 'moderate' in an assessment of donors' aid transparency, according to the Aid Transparency Index 2012, from Publish What You Fund 2012) and decision-making, as a series of podcasts realized within the foundation suggested

for some time<sup>4</sup>. Apart from voluntary international initiatives stimulating and promoting accountability practices in terms of information disclosure, there is perception of insufficient transparency in the policy-making process and the role foundations play in this respect (Buse *et al.* 2002).

After an overview of the main themes emerging from the literature on foundations and global health, this section specifically describes the implications of the trends described, offering the justification for the research study aim to explore factors influencing foundations' decision-making. Strategic and operational planning will be presented in this chapter as the way forward to operationally study foundations' decision-making. In particular, drawing upon the literature, this section defines a set of factors influencing foundations' decision-making, which will form the blocks of the analytical framework. A distinction between factors related to the outer or inner context of foundations is reported below, in anticipation of the description of the framework which will be addressed in the following chapter.

Some concerns explored in the analysis of the literature are raised in a dimension which goes beyond the foundation itself, emphasizing the foundations' relationship with its environment – grantees, other donors and other policy actors. These factors are related to the foundation's outer context, defined as 'the economic, social, political, competitive and sectoral environment' (Pettigrew 1992a, p.9). In this respect, exploring foundations' decision-making responds to an existing gap of knowledge on how foundations determine their own agendas, by setting their funding priorities in global health (Sridhar 2010; Esser & Keating Bench 2011). Consequently, exploring foundations' decision-making would help identify the factors influencing foundations priority-setting. For this reason, the analytical framework, derived from the literature review, aims at exploring the occurrence of the following factors into foundations' decision-making:

- the foundations' influence on policy-making, by looking at the different sources of influence activated by foundations investing in global health;
- the role of networks, in helping foundations both in the elaboration of strategies and in the review of grant proposals;
- the foundations' comparative advantage, how foundations define it and perceive their own one compared to other donors;

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<sup>4</sup> "Inside the Gates" podcast series is currently unavailable (last accessed May 2015).

- the foundations' consideration of recipients' needs and the way evidence is collected and used;
- the foundations' partnerships with private companies involved in foundations' activities;
- the role of foundations' leaders in influencing the decision-making process.

From a complementary point of view, other concerns explored above emphasize the foundations' inner characteristics, related to the organizational context rather than to their external environment. In this view, exploring foundations' decision-making would respond to an existing gap of knowledge on the factors related to the inner context of foundations (Pettigrew 1992a; Elbanna 2003). For this reason, the following factors are described below as they are strictly related to the foundations' inner environment, in particular:

- foundations' governance structures and decision-making rules;
- foundations' origins and funding ethos.

### ***2.6.1 Governance structures and decision-making rules***

According to the literature, foundations' decision-making is dependent on some factors related to the organization itself, such as the foundation's governance (The Lancet Editorial 2007) mandate and decision-making mechanisms (Sridhar & Batniji 2008). The three case studies offer an interesting comparison in this respect, with the difference between a young, family foundation with a small board formed by family members only (the Gates Foundation) and two old foundations with a more traditional model of board configuration (the Rockefeller Foundation and the Wellcome Trust). Also, the fact that the Gates Foundation has a living donor is expected to mark a difference with old foundations, since it leaves more space to the leader in changing the rules of decision-making (Fleishman 2007). Philanthropic foundations have a different level of disclosure on their governance and decision-making processes, which, as the analysis of the literature demonstrated, often lead to criticism on their performance in terms of accountability and transparency (Fleishman 2007; Anheier & Daly 2004). For this reason, the research study will explore the governance structures and decision-making rules of each case study, and the extent of their influence on the decision-making process. This is considered a necessary background, in preparation to deconstruct the decision-making processes.

### **2.6.2 Origins and funding ethos**

Scholars of nonprofit organizational studies have often argued that foundations' decision-making is dependent on foundations' culture, intended as its values, history, and often priorities of its original donor or current trustees' and some special assets, such as its 'resources, expertise, independence, and time horizon' (Porter & Kramer 1999, p.123). Others have underlined the importance of foundations' cultures in influencing foundations' behaviours (Anheier & Leat 2013) and have emphasised how history and tradition are important factors in the perception of the relevance of foundations (Birn & Fee 2013), referring to different foundations' 'paradigms, principles, and *modus operandi*' (Birn 2014, p.1). Consequently, foundations' history, origins and funding ethos cannot be excluded from the analysis of foundations' decision-making processes. In fact, history and origins may influence foundations' decision-making in a way which recalls the 'incrementalism' in public decision-making (Lindblom 1959), an approach which is common in nonprofit studies too: it refers to the fact that organizations evolve out of their experience, and make decisions according to mutual adjustments and continuous bargaining (Kearns 2000; Worth 2014). For this reason, the current study will report the interviewees' accounts on whether and how their foundations' history, origins, and funding ethos weigh on their decision-making.

### **2.6.3 Previous attempts to study factors influencing foundations' decision-making**

Despite that no suitable framework was identified in the literature review to specifically explore philanthropic foundations' decision-making behaviour, previous attempts to give explanations on factors influencing donors' priorities can be found in the literature on foreign aid, although these studies explore the motivations of an ensemble of donors to give aid to LMICs without focusing specifically on foundations (Périn & Attaran 2003; Perlman & Roy 2009; Jones *et al.* 2005). Few studies concerning donors' priorities are focused on health (MacKellar 2005; Ollila 2005; Shiffman 2006; Lane & Glassman 2007; Sridhar & Batniji 2008), while the majority of the studies focus generally on development aid. These studies include empirical analysis of bilateral aid flows (Drager *et al.* 1992) to attempt to understand the driving factors motivating donors' giving. These include political relations with the recipient countries (Drager *et al.* 1992), indicators of previous performance in poverty reduction or expected future performance (Jones *et al.* 2005), but also cultural (Lancaster 1999), diplomatic, strategic, geopolitical considerations from the side of the donor country (Jones *et al.* 2005; Drager *et al.* 1992; Lancaster 1999).

The studies mentioned focus on bilateral or multilateral aid, sometimes including private foundations together with other donors, but never distinctively analyzed (McKellar 2005; Shiffman 2006). Jeremy Shiffman has proposed a framework to study global health donors' decisions (Shiffman 2006). Shiffman's framework has been used to explain donors' behaviour in global health giving, by using communicable disease control as a case study. By analyzing grants from forty-two different donors, the author offers three sets of different drivers (called 'frameworks') which generate donors' funding priorities, arriving at the conclusion that donors' decisions are the results of an interaction between the evidence of the *recipient need*, the *provider interest* (linked to political or commercial interests in industrialized states) and the *global policy* framework - a sort of 'global peer pressure' originating from the interactions and the reciprocal influence of the agendas of many different donors (Shiffman 2006). However, the framework does not include factors related to the individual agendas of donors, since they are analyzed all together – bilateral donors, international financial institutions, multinational pharmaceutical companies and philanthropic foundations (among which the Gates Foundation, the Rockefeller Foundation and the Wellcome Trust).

A few contributions focus specifically on foundations alone (Lewis 2003; Moran 2011). As reported, some scholars have underlined the importance of the donor's capacity, mandate and decision-making mechanism in affecting funding priorities (Sridhar & Batniji 2008), introducing key concepts linked to the individual agendas of donors, such as the one of comparative advantage (Sridhar & Batniji 2008; Esser & Keting Bench 2011). One study underlines that 'understanding how foundations make their grant-making decisions vis-a-vis grantees is indispensable for a fruitful analysis of foundations' behaviour' (Aksartova 2003, p.26). In an interesting essay, Esser (2009) analyzes global health donors' decision-making processes, reporting that foundations' decision-making processes are more sensitive to factors related to their inner context, such as maintaining the organizations' mandates and budgets, rather than seeking a cooperative and collaborative priority-setting process in global health policy-making (Esser 2009). Contemporarily, the movement of philanthrocapitalism has extensively underlined the role of foundations' leaders in foundations' priority-setting process (Bishop & Green 2008).

These studies have shown that there is both a sense that priority-setting and grant-making which are distinct but complementary pieces of the decision-making process, and that there is a sense that factors related to foundations' internal environment can be determinant in

foundations' decisions and behaviour. In particular, scholars have acknowledged that the management and operations of the decision-making processes are under researched (Anheier & Toepler 1999; Porter & Kramer 1999; Aksartova 2003; Anheier & Leat 2013). For this reason, the research study rests on the field of strategic management as the discipline through which to operationally study foundations' decision-making. The following section will present the distinction between the strategic planning process and the grant-making process, which will be analyzed respectively in Chapter 5 and Chapter 6 of the research study.

## **2.7 Strategic management: a way to de-construct the strategic planning process and the grant-making process**

If the Nineties were the years when most changes occurred in philanthropy, they were also the era where the nonprofit sector witnessed a notable growth and was faced with increased competition among nonprofits organisations for funding, and increased demands for accountability (Worth 2014). Due to these pressures, the study of management – typically applied to business and the public sector – has been recognized as fundamental for the effective management of nonprofits (Drucker 1990). In the past century, different frameworks have been proposed to explore the phases of decision-making, either from a more psychological and individual approach (Dewey 1910), or from an organizational point of view (Witte 1972; Pettigrew 1979; Mintzberg *et al.* 1973). Drawing on the field of management studies, more than on cognitive psychology, strategic management is here used as the preferred field of study for this research, due to its close links with organizational decision-making (Papadakis 1993). Despite this, there are still few studies which explore foundations strategic management, as strategic management is a discipline primarily applied to the business sector, and less (even if more than in the past) to public sector organizations (Hansen & Ferlie 2014; Ferlie & Ongaro 2015).

Despite different schools of thoughts exist on strategic management, it can be generally defined as 'an integrated approach to managing the organization that is based on the strategic plan and includes the entire cycle of strategy formulation, implementation and evaluation' (Worth 2014, p.161). Under the umbrella of the strategic management field of study, strategic planning is intended as a *process* which implies 'a deliberate, disciplined approach to producing fundamental decisions and actions that shape and guide an organization' (Bryson 2011, p.7). The strategic process frame is adopted here, in view of the fact that different powers and different factors combine in a decision the outcome of which

may be unpredictable (Ferlie & Ongaro 2015, p. 84). Although there is not a unique and universally accepted definition (Allison & Kaye 2005), strategic planning can be seen both as a process which aims at the delivery of a product (a strategic plan) or it can be more subtle, producing an approach or funding view (a strategy) even if not deliberately put on paper (Worth 2014). It implies gathering, analyzing and synthesizing information, clarifying the mission and the goals to be pursued, exploring alternative solutions and reflecting on the future implications of the strategy chosen (Bryson 2011, p.8). The goal of the strategic planning process provides the guidelines 'to direct resources and talent into the highest priority activity' (Koteen 1997, p.27). For this reason, strategic management links the strategy with the operational side of the decision: operational planning is then defined as 'the actions taken to implement the strategic plan' (Worth 2014, p.161), also called 'operating plans, developed to implement the strategic plan' (Bryson 1988, p.78). For the foundations studied in this research, grant-making is the core activity. Consequently, the operational planning analysis will be represented by an exploration of their grant-making process.

The current research study makes use of the concepts of strategic planning and operational planning to break down the foundations' decision-making process. For both processes, the occurrence of the above identified factors will be explored. As a final but fundamental remark, the description of both strategic planning and grant-making processes will not depend on the analysis of the literature in this respect, but is based on the analysis of interviewees' accounts. The reason for this choice is that it is not the aim of this research study to explore how the foundations' decision-making is aligned with an *ideal* process from a strategic management point of view, but rather to fill a knowledge gap on how these processes *really* work in the foundations under study. In this respect, the processes here under study respond to what Mintzberg and colleagues call unstructured processes: 'decision processes that have not been encountered in quite the same form and for which no predetermined and explicit set of ordered responses exists in the organization' (Mintzberg *et al.* 1973, p. 246). The description of strategic planning and grant-making processes for each of the three foundations will be done with this in view, since it is instrumental to testing the analytical framework.

## Chapter 3

### Study design and methods

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The study of management applied to nonprofits is not to make them more like business, but rather to enable them to be more true to themselves and their mission (Drucker P. in: Bishop & Green 2008a, p.95).

#### **3.1. Overview of the chapter**

The analysis of the literature has shown that a knowledge gap exists on foundations' decision-making. In the first section, this chapter presents the analytical framework used to assess the occurrence and relative importance of different factors influencing foundations' decision-making. Furthermore, the chapter describes the research design and methods for data collection and analysis, including the literature review, the documentary review and the criteria for the identification of the three case studies. The following sections focus on in-depth interviews, as they are the key method used for data collection. The final sections addresses the rationale for interviews, the interviewees' recruitment process, the data analysis and the criteria for ensuring the rigor and quality of the research process.

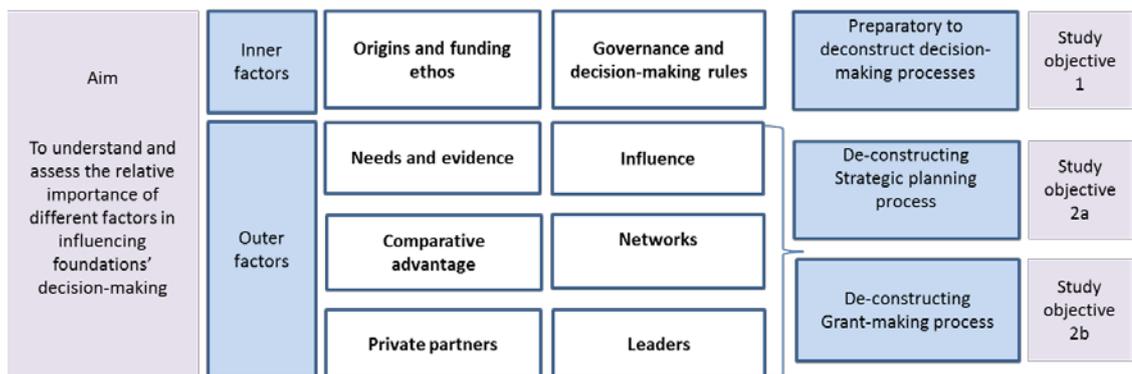
#### **3.2. A conceptual framework to study factors influencing foundations' decision-making**

The literature review offered an overview of the main themes related to foundations' action in global health, and outlined the need to study foundations' decision-making. According to the researcher's knowledge, no studies have so far developed a method to specifically frame foundations' decision-making, although the literature has often offered justifications for the study of foundations' decision-making processes, both concerning their priorities (Sridhar & Batniji 2008; Esser & Keating Bench 2011) and their grant-making (Aksartova 2003). Consequently and stemming from the analysis of the literature and the knowledge gaps

identified, the researcher has derived an analytical framework which will be used in the current research study (Figure 3.1).

Figure 3.1 reconnects the factors composing the blocks of the analytical framework with the aim and specific objectives of the research study. The eight factors, represented by the white boxes, stem from the literature as previously described, either pertaining to the inner or to outer context of foundations, and influence foundations' decision-making. The decision-making process, as suggested by the strategic management approach adopted in this research study, has been operationally subdivided in strategic planning and grant-making; the occurrence of these eight factors in both strategic planning and grant-making processes responds to the study objectives and will be analyzed in the research study.

**Figure 3.1 The analytical framework**



### **3.2.1 Origins and funding ethos**

The literature review showed that history, origins and funding ethos can influence foundations' decisions and behaviour in the global arena (Anheier & Daly 2004; Birn 2014). Despite this, little research addresses the importance of these factors in contributing to explain foundations' decision-making behaviour. This block of the analytical framework will explore the extent to which factors related to the foundations' inner context are relevant in influencing foundations' decisions. In particular, the descriptive analysis of the case studies will report the main funding trends and development of foundations' investments. This will be complemented by the implications that different history, origins and funding ethos may have in foundations' decisions, as they have emerged from interviewees' accounts. This will

respond to the sub-research questions: *To what extent might different origins and funding ethos determine the way decisions are made?*

### **3.2.2 Governance structures and decision-making rules**

The literature showed how governance structures and decision-making rules influence the foundations' decision-making process (Fleishman 2007). This block of the analytical framework will explore the extent to which governance structures and decision-making rules are relevant in both the strategic planning and the grant-making process. In particular, the descriptive analysis of case studies will offer a description of the governance configurations of the foundations under study, which will be completed by relating the implications of different broad contributions on decision-making which emerged from interviewees' accounts. This will respond to the sub-research question: *To what extent the governance structure and decision-making rules have an influence on the final strategic and grant-making decisions?*

### **3.2.3 Needs and evidence**

The literature review showed how foundations' response to needs has been challenged and identified a knowledge gap on how foundations identify the needs to focus on (Shiffman 2006; Esser & Keating Bench 2011). This block of the analytical framework aims at exploring whether and how foundations incorporate the needs of recipients in their decision-making: how foundations collect evidence, from which sources and how this has an impact in foundations' strategic planning. This will respond to the sub-research questions: *To what extent the foundation's decisions are based on needs? How evidence is collected and used to inform foundations' decisions?*

### **3.2.4 Comparative advantage**

The literature review has suggested that comparative advantage is a factor influencing foundations' own agendas (Sridhar & Batniji 2008; Owen *et al.* 2009). Nonetheless, almost nothing is known about what foundations consider their comparative advantage and how the consideration of their comparative advantage influences their decisions. The exploration of this factor will respond to the sub-research questions: *What do foundations perceive as their own comparative advantage? Do considerations on own comparative advantage occur in foundations' decision-making and in their relationship with other donors?*

### **3.2.5 Private partners**

The literature review has shown that the relationship between business and philanthropies is much broader than just an investment related issue, and the opportunity to partner with business may be a relevant factor in foundations' decisions (Global Health Watch 2011). Nonetheless, the relationship between private partners and foundations is under researched. Through this block of the analytical framework, the researcher will focus on the relationship between foundations and private partners in the decision-making process. This will respond to the sub-research questions: *Do partners' objectives and mandates have a role in influencing foundations' priorities? And how are private partners selected?*

### **3.2.6 Influence**

The literature review has suggested that influence plays a role in foundations' decision-making (Esser 2009; Williams & Rushton, 2011a). This block of the analytical framework will seek to understand to what extent foundations perceive that they are influential in setting policies, goals and trends at the global level and which leverages they activate, more or less explicitly, to achieve an influential position in the global health policy-making arena. This will respond to the sub-research questions: *Is influence a goal in foundations' decision-making, and which are the sources of influence that foundations activate to be influential in global health policy-making?*

### **3.2.7 Networks**

The literature review introduced and critiqued the role of networks of experts in contributing to foundations' decisions (Parmar 2012). This hypothesis looks at how external contributions, typically represented by the role of advisors or reviewers, are incorporated into foundations' strategic planning and grant-making processes, and to what extent this influences foundations' decisions. This will respond to the sub-research questions: *To what extent are networks relevant for the elaboration of foundations' strategies? And to what extent the strategic planning and grant-making decisions are internally driven or relies on external contributions?*

### **3.2.8 Leaders**

The literature review underlined how the role of leaders is pervasive in foundations' decisions (Fleishman 2007; Bishop & Green 2008). This hypothesis will assess the extent to which leaders are relevant in both foundations' priority-setting and grant-making, assuming also that factors motivating foundations' priorities are driven by the passion of their leaders, their commitment and their personal beliefs about the role of philanthropy in the world. The research will then look at decision-making models applied by foundations' under study. This will respond to the sub-research questions: *To what extent leaders influence the decision-making, both in strategic planning and grant-making processes?*

### **3.3. Research design and data collection methods**

The purpose of this research study is not to quantify the occurrence of decision-making factors or to measure their comparative relevance with quantitative techniques, but to explore *whether* and *how* different factors are connected to foundations' decision-making, according to the way they are described in interviewees' accounts. For this reason, this research study relies on a qualitative approach (Green & Thorogood 2009c, p.5). Moreover, this research study is not normative in its nature. It does not seek to identify what constitutes the *right* way of making decisions, as opposed to a *wrong* way of doing so, but rather to contribute to fill a knowledge gap on factors expected to influence foundations' decision-making, improving the understanding around foundations' behaviour in the current global health context.

This is a qualitative study which uses in-depth interviews as the key method for data collection (Green & Thorogood 2009b). The research applies a comparative or multiple-case study design (Yin 2009) and multiple methods for collecting data (Table 3.1). Case studies have been extensively used as a suitable method in cases where the research is primarily qualitative, when the researcher has a little control over the phenomenon studied, and the phenomenon is contemporary and within a real-life context (Yin 2009, p.2). The criteria for the selection of case studies are described in the following section. Methods for data collection included:

1. a review of the scientific and grey literature to inform the study;
2. a review of foundations' documents and websites, including grant databases;

3. forty-six in-depth interviews, of which thirty-eight with foundations' staff and previous staff, and eight with experts in the field of global health and philanthropy - including academics, consultants, employees from WHO and employees from other foundations.

**Table 3.1 – Overview of methods, purposes and main connection to thesis chapters**

<b>Method</b>	<b>Purpose</b>	<b>Main connection to thesis chapters</b>
<b>Literature Review</b>	Find knowledge gaps	Chapter 2-3
	Help identification of case studies	Chapter 2-3
	Help elaboration of analytical framework	Chapter 2-3
<b>Documentary analysis</b>	Acquire information on selected case studies	Chapter 4-6
	Familiarize with foundations' language	Chapter 4-6
	Help elaboration of the topic guide	Chapter 3-6
	Help data triangulation	Chapter 4-6
<b>In-depth Interviews</b>	Collect primary data from key-informants	Chapter 4-6
	Help testing and refining analytical framework	Chapter 4-7
	Help data triangulation	Chapter 4-6

### ***3.3.1 The literature review***

The literature review had the primary aim of informing the study by exploring the current debate around foundations and their role in global health in order to identify the main knowledge gaps on foundations' decision-making. Furthermore, the review helped to identify case studies and elaborate the analytical framework. A review of the literature was systematically performed, including a search of academic literature complemented by non-academic contributions ('grey literature' such as reports, magazines and newspapers articles). Seven databases were consulted: PubMed, Global Health, Embase, Scopus (which includes 100% Medline), Web of Science, Social Policy and Practices and Business Source Complete

(which includes 100% Econlit). Doctoral degree theses were also researched using the EThOS database.

The search strategy was performed by looking for contributions on foundations' decision-making in global health or development. The search strategy is reported in Table 3.2 below. The starting point of the years range was initially set from 1900, due to the fact that the beginning of the last century has been recognized as the period where modern foundations have been created (Anheier 2005). However, the year range of contributions was also dependent on the year range covered by the databases used for the research. Language filters were set to include contributions in English, French, Spanish and Italian, of which the researcher has direct knowledge. Additional contributions were also included through first-hand searches of relevant journals and books from the University of London library catalogue, after reviewing the lists of references from retrieved contributions.

**Table 3.2 – Search strategy: keywords used and databases**

<b>Keywords</b>	
<b>For foundations</b>	foundation* OR philanthrop* OR donor* OR charit*
<b>For global health</b>	(global OR international OR world ) AND (health OR development)
<b>For decision-making</b>	decision-making OR priority-setting OR agenda-setting OR priorit*
<b>Databases and Year Range</b>	
<b>PubMed</b>	1900-to present
<b>Global Health</b>	1910-to present
<b>Embase</b>	1947-to present
<b>Scopus</b>	1960-to present
<b>Web of Science</b>	1970-to present
<b>Social policy &amp; practice</b>	1900-to present
<b>Business Source Complete</b>	1900-to present
<b>EThOS</b>	1900-to present

The first selection has been performed by reading titles and abstracts in order to exclude contributions considered inconsistent with the research study topic. The second selection implied reading the chosen contributions' full text. Inclusion criteria in both steps were evidence of a description of foundations' decision-making process, or a description of factors related to decision-making within private foundations investing in global health. Thus, articles with a local rather than global focus, or without a specific focus on private foundations and their decision-making or prioritization process, were discarded.

Moreover, background information on foundations was drawn from grey literature sources, like newspapers' and magazines' articles, working papers and reports from international think tanks. This body of grey literature was selected directly from the search on academic databases: in fact, Business Source Complete and Scopus also include grey literature contributions. Moreover, the researcher performed a specific search for professional magazines' articles which were considered particularly relevant to the object of the study. In particular, the monthly editions of Alliance Magazine, to which the researcher has autonomously subscribed in 2011, proved a relevant source of information on the most debated issues in the contemporary philanthropic community. Moreover, statistics on international foundations, policy briefs and reports were searched through specific foundations' databases (such as the US Foundation Center and the EFC).

#### *The selection of case studies*

Together with acquiring background information and identifying knowledge gaps, the literature review aimed to help identify suitable case studies. The scope of the researcher was to identify the most relevant foundations investing in global health. This research focuses on three of the most relevant private donors to global health: the Bill & Melinda Gates Foundation, the Rockefeller Foundation and the Wellcome Trust (basic facts on the case studies are reported in Table 3.3 below. A more detailed version of the Table is provided in Chapter 4, as an overview of case studies description). The three foundations conform to the definition outlined in the literature chapter, they are: non-governmental, nonprofit, possessing a principal fund of their own with their own governing body (board), and promote activities serving the common welfare (The European Foundation Center 2014). Furthermore, all the three case studies selected have grant-making as their core activity, which helped render them more comparable in the study of decision-making processes. Finally, the

selected foundations have global health research as their core, or one of their core funding areas. The criteria for the selection of case studies were as follows.

First, based on the working definition given in the literature review chapter, the review of the literature, especially grey literature, helped with the identification of initial lists of foundations, given the fact that there is no existing database which lists all foundations in the world. Some countries or some regions specifically provide lists of foundations sampled in their territory, but no database is available for global comparisons. Second, in order to identify the most relevant foundations, two criteria related to the financial dimension were initially considered: the size, meant as the total value of foundations' assets, and the expenditures in global health, referring to the amount of grants committed to global health related issues. Considering the size, the results of the search enabled the identification of the Gates Foundation and the Wellcome Trust as the two largest foundations in the world. Specifically, the Gates Foundation, possessing an endowment of 36.3 billion USD, is by far the largest private foundation in the world (The Foundation Center 2011). The Wellcome Trust, with around 22 billion USD in 2010, is the second largest foundation in the world (United Nations Office for Partnerships 2005; The Lancet 2008). Considering the expenditures, both foundations have considerable investments in global health. The Gates Foundation is the major private donor for global health (IHME 2012) and has a Global Health Department which spends almost 3.4 billion USD yearly on grants. The Wellcome Trust, although with a funding focus mainly targeted at the UK, has had global health, neglected disease and health and medical history in its panel of priorities since its inception in 1936. It has a whole set of health initiatives addressed to LMICs, which fall under its global health research efforts, and which have increased from 5% up to 15% of the Trust expenditures in only five years (Wellcome Trust 2014).

Finally, the relevance of foundations in global health was also completed by looking at the foundations' active role in global health. In fact, scholars acknowledge the importance of the foundations' convening power, advocacy role and their connections with policy-makers, in spite of their lower financial investments (Marten & Witte 2008; Birn & Fee 2013; Birn 2014). According to this criterion, the Gates Foundation still scores first place for consideration of its power in policy-making arrangements and the extensiveness of its network (Youde 2010), but the Rockefeller Foundation is considered extremely relevant for its historical presence in the field of global health and its longstanding contribution to global health promotion and global

health education over the last century (Birn & Fee 2013; Birn 2014). This characteristic is similar for the Wellcome Trust too, which reconfirms its position among the major global health donors (The Lancet 2008). It is specifically this third criterion which enables the Rockefeller Foundation to be included in the sample of case studies, and while this organisation has much smaller investments compared to the other two foundations, it is still within the fifteen largest US foundations in terms of asset size (The Foundation Center 2011).

**Table 3.3 – Main facts about the three case studies (2011)**

	<b>Gates Foundation</b>	<b>Rockefeller Foundation</b>	<b>Wellcome Trust</b>
Year funded	2000	1913	1936
Asset (billion USD 2011)	36.3	3.59	22
Yearly spending (USD 2011)	Approx 2.6 billion	141 million	Approx. 940 million
% of spending to Global Health	57%	Approx. 17%	Approx. 15%

The choice to compare three different case studies, rather than selecting only one and performing a single-case study has been made for the intrinsic value that comparison can give to the study of real-life phenomena in depth (Yin 2009). The three foundations selected have similar characteristics, as the criteria for their selection show, they are grant-making foundations and among the largest and more relevant foundations investing in global health. However, they differ in other aspects, as data reported in Table 3.3 shows. The Rockefeller Foundation and the Wellcome Trust are older foundations compared to the Gates Foundation. The size of their assets and yearly spending in global health is also extremely distant. Furthermore, the Gates Foundation and the Rockefeller Foundation are US-based and the Wellcome Trust is UK based, thus responding to a different country regulation regime and philanthropic tradition. These differences are expected to bring enrichment to the interviewees' accounts and analysis. Expected differences are also likely to emerge during analysis – such as a difference in governance structures or grant-making processes (Ricciuti 2015).

### 3.3.2 *The documentary analysis*

Once the case studies were identified, an analysis of reports and policy documents of the selected case studies was conducted with the purpose of acquiring background information on the foundations and on the factors influencing their decision-making. Both primary documentary data, such as constitutions and bylaws, and secondary documentary data, such as descriptive accounts of the foundations' history, have been collected. Consequently, information on the eight factors composing the analytical framework were searched according to the selection criteria detailed below. Moreover, this documentary analysis has allowed the researcher to become familiar with the foundations' language, a necessary step for the elaboration of the topic guide and useful to facilitate the contacts for the preparation of fieldwork. Finally, the documentary analysis had the objective of facilitating the triangulation of information collected through interviews – which means the involvement of different sources of data in order to get to a richer description of the phenomenon under study (Seale 2010) to help the researcher crosscheck the results for consistency and reduce the bias of a single research methods (Spicer 2010, p.297).

The search method for foundations' documents included three steps:

1. a web search of all foundations' available documents;
2. a selection of relevant documents;
3. a thematic content analysis of documents selected (Green & Thorogood 2009c, p.198).

Before going into the detail of each step of the documents' collection, selection and analysis, a premise on the strengths and limitations of combining these two different methods is worth being addressed here, related to the fact that the time horizon considered for the documentary analysis and for the interviews is different. In fact, the documentary analysis is addressed to explore foundations' history and origins, spending trends and destinations, governance structures and funding principles, thus including data referred to the entire life of the foundations under study. On the contrary, interviewees have been asked questions related to the present or the very near past, due to their direct knowledge of the phenomenon under study. In general, combining documentary analysis on archival data with direct accounts of informants referring to the present or near past offers an enriched analysis of the evolution of ideas and topics through time: as a rough but valid distinction, while documentary sources report data, interviews add up personal opinions, feelings and depth (Pettigrew 1990). Moreover, temporality is an essential feature of the study of organizational

behaviors, in line with the historical institutionalist tradition which sees strategy as strongly contextually based, and historical records needed also to combine prospective and retrospective information (Pettigrew 1977; Pettigrew *et al.* 2001) and to assess strategic change against path dependent processes (Steinmo 2008; Gomez 2011). This combination in the time span of the analysis brings both strengths and limitations.

While the fact that a person directly witnessed or even participated in the phenomenon described (in this case, the decision-making process) does not mean his or her account is completely accurate, it is often the only way to get the information wanted. This is valid for the documentary analysis too: some documentary sources, obtained through the foundations' archives, simply represent the only place where information is available (Mason 1996). In fact, with the only exception of the Gates Foundation due to its recent creation, informants having direct information on the origins of the Rockefeller Foundation or the Wellcome Trust are not available anymore. In this sense, the strength of using documentary sources referred to the past is that it often represents the only source of evidence. Moreover, the use of archival documentary sources can be used as a mean of triangulation. However, in this sense, the strength of using archival data (getting to data which are no available otherwise) becomes a limitation: informants are able to help the triangulation of archival data only partially, since they are referred to a far past. Thus, people may have memory failures, or simply ignore parts of the organization's history.

The last advantage of using archival sources is that they help identify the genealogy of ideas (Gidley 2010), giving a glimpse of how a specific topic or discourse was brought about from its origin to nowadays. For example, documentary sources on the history of the Wellcome Trust and the Rockefeller Foundation have shown how specific funding approaches were discussed at the foundations' origins, how historical turmoils have changed them to some extent (for example the years of the Second World War), and how the same priorities have been developed through time, resurging or changing together with the changes in institutional structures. Again, the Gates Foundation represented an exception in this sense, both because it does not publish any original record or document (i.e. it does not have a constitution or bylaws as they are intended for the two oldest foundations), and because informants directly participating in the foundation's constitution process are alive, and some of them included in the sample of interviewees.

### *The documents' collection*

A web based search of foundations' documents was performed, with the objective of obtaining relevant information on the factors forming the blocks of the analytical framework to be triangulated against the oral source of information represented by interviewees' accounts (Gidley 2010, p.253). The foundations' websites were thoroughly scanned – from the home pages to all sub-pages, in a range period going from October 2011 to February 2012. The researcher built an Excel sheet database for each of the three foundations (extracts of the databases used are attached in Annex 1), reproducing the map of the foundations' web sites, in order to keep track of the web links where information was found or downloaded, and used it interactively throughout the duration of the PhD programme to track updates in the websites' construction and documents' alimentation<sup>5</sup>. All available documents were downloaded in pdf format and saved in a specific folder, and all web links were saved in the Excel database when pdf documents were not available.

### *The documents' selection and analysis*

All downloaded documents were read fully and grouped according to the kind of information reported, to help the consequent thematic content analysis. By reading the full text of documents, the researcher subdivided them into three categories in order to help their classification: financial related documents, performance related documents, and governance related documents. This subdivision was inspired by a framework previously employed by scholars to test the online disclosure of foundations (Saxton & Guo 2011; Ricciuti & Calò 2014). In particular, the *financial* dimension is related to documents on both financial performance and grants' expenditures, while the *performance* dimension is related to what the foundation is attempting to achieve – mission, vision, activities, outputs, outcomes, and so on (Saxton & Guo 2011, p.273). Finally, since the study of the governance structure is an essential part of the research constituting a block of the analytical framework, a *governance* dimension was added, grouping all documents related to the governance structure, rules of decision-making, composition and power of boards, and staff related policies. Table 3.4

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<sup>5</sup> Several changes have occurred in the Gates Foundation's, the Rockefeller Foundation's and the Wellcome Trust's websites from 2011 to 2014. These changes have been either related to a change in the website architecture, or to a change of the organizational structure. All data presented in Chapter 4 refer to the end of 2011 – beginning of 2012, just before fieldwork begun. Nonetheless, the researcher has kept the Excel databases of the three foundations up-to-date, so that it was possible to reflect changes during time, acknowledging that at the time of writing, some information may be out-of-date or incorrect.

below includes the documents which turned out to be most relevant for the analysis, while the full list of downloaded documents is available in Annex 2. All documents not falling under one of the three categories were discarded. The selected documents grouped by the above mentioned categories have been analyzed through a thematic content analysis (Green & Thorogood 2009c).

A limitation of the method used for documents' collection is that it is based only on the online availability of documents: this method relies on the assumption that foundations disclose all relevant information on their websites, even if they have or may have other channels of communication towards their stakeholders (Saxton & Guo 2011). This consideration leads to a second limitation: websites may contain wrong or out-of-date information if they are not appropriately maintained. Nonetheless, the researcher supports the view that disclosure has to be measured on the basis of the documents available to all stakeholders: therefore websites are reasonable sources to be analyzed, due to the diffusion of internet-based practices by nonprofits (Hackler & Saxton 2007). Moreover, the limitation of getting out-of-date or incorrect information was countered by mean of interviews with key informants which helped triangulate information – even though only to some extent, as previously mentioned in the description of the strengths and limitations of combining these two methods. Finally, face-to-face interviews allowed the researcher to collect any printed material considered useful for the research objectives and not available online, but all foundations' informants confirmed the website as their main communication channel with all their stakeholders.

**Table 3.4 – List of the main foundations' documents selected**

	<b>Gates Foundation</b>	<b>Rockefeller Foundation</b>	<b>Wellcome Trust</b>
<b>Financial dimension</b>	Financial Report, 2011-12 Grants' database, 2011-12 Fact Sheet, 2011	Financial Statement, 2012 Grants' database, 2011-12	Financial Statement, 2011 Grants' database, 2011-12
<b>Performance dimension</b>	Annual letter from Bill Gates, 2011-12 Annual Report, 2011 Strategy life cycle, 2011	The timeline, 2011-12 Annual Report, 2010 The funding approach, 2011	Annual Report, 2010 The funding ethos, 2011 The Strategic Plan, 2010 Self-evaluation and

	Overview of Global Health strategy, 2011 Grantee Perception Report Summary, 2011 Funding Areas and Advisory Panels, 2011	The Strategy, 2011 The funding cycle, 2011 Topics and funding areas, 2011	monitoring progress, 2011 Focus areas, funding areas and types of funding, 2011
<b>Governance dimension</b>	The Leadership, 2011-2012 The Guiding Principles, 2011 The investing philosophy, 2011 Ethical conduct and Conflicts of interest policy, 2011	The Charter, last amended 1998 The Bylaws, 2010 Social investing guidelines, 2011 Code of conduct and conflicts of interest, 2011	The Constitution, last amended 2010 The Governance framework, 2011 Investment policy, 2011 Code of conduct and conflicts of interest, 2011

### 3.4. Interviews

This research study relies on in-depth interviews with key informants as the primary method for data collection. The majority of studies on foundations' grants and allocations use quantitative analysis to draw conclusions on the deployment of their funds based on the analysis of grants' databases (Shiffman 2006; McCoy *et al.* 2009). There is a considerable lack of studies which use qualitative methodologies by directly interviewing key informants from foundations. According to the study aim to explore foundations' decision-making, interviews have been chosen as the preferred method for data collection for two sets of reasons, both referring to decision-making as the phenomenon under study, and to interviews as a method for qualitative inquiry.

The first set of reasons refers to the phenomenon under study: the decision-making process. Several methods can be used to study decision-making, like direct observation, the study of organizational records, or interviews (Mintzberg *et al.* 1973, p.248). Direct observation, through political ethnography for example (Schatz 2009), would be a powerful method to apply to top executives of foundations, but also extremely demanding, in view of the fact that it is extremely difficult to set the time and space boundaries to decision-making. In fact, a

decision can span over months or years, and it can be taken in formal settings (e.g., board meetings) or in informal settings, even through bilateral or unofficial communications between players of the decision-making process. The study of organizational records would also fail to respond to the objective of studying the decision-making process, due to the fact that 'strategic decision processes seldom leave reliable traces in the files of the organization' (Mintzberg *et al.* 1973, p. 248). For these considerations, in-depth interviews were chosen as the preferred method.

The second set of reasons, which confirms interviews as the preferred method, rests in their characteristics as a methodological tool itself: interviews allow the researcher access to individuals' knowledge on the foundations' decision-making process to a level of depth and complexity which is not possible to achieve through other methods (Byrne 2004). In particular, in-depth interviews values people's knowledge and experience, and for this reason, they have been chosen as the most suitable method to deepen the understanding of data collected through the documentary analysis and to test the analytical framework. In this sense, interviews helped the identification of main emerging themes and allowed data triangulation.

The semi-structured format was preferred to an unstructured format since it allowed for an easier cross-case comparison (Miles & Huberman 1997), as well as to keep the link with the analytical framework, from which the topic guide originated (Annex 3). Probing questions were also used to uncover the informant's knowledge on some factor which had not been explicitly addressed in other questions (McCracken 1988). However, a final open question was added to the list of questions, where interviewees were asked to add whatever information they found important for the topic of the interview, but was not previously touched on in answering the other questions. This last question was explicitly preceded by the possibility given to the interviewee to turn the recorder off. In fact, unrecorded questions may allow interviewees to lose their inhibitions generated by the physical presence of a recorder (Harvey 2011). 'Off the record' information was not used for the analysis, though it enriched the researcher's knowledge of the topic (Harvey 2011).

Before starting the fieldwork period, three pilot interviews were conducted, two of them with people knowledgeable on interviewing skills (an internal researcher at the researcher's university and a researcher from another country's university), and one with a foundation

representative (a senior program officer of a foundation not included in the panel of the case studies). This was done to get a feedback on the clarity of concepts and words used in formulating questions and assessing how well questions reflected the research objectives (Seale 2010). Furthermore, the pilot interviews helped refine the topic guide, which was adjusted for the second time after a first round of ten interviews was conducted (April 2012). At that time, very preliminary research findings were discussed with the supervisor and the associate supervisor, and the order of some questions was shifted to allow interviewees to follow the flow of arguments more easily.

Finally, all the ethics procedures foreseen by the London School of Hygiene and Tropical Medicine (LSHTM) Regulation were accomplished (the approval letter from LSHTM Research Ethics Committee is available in Annex 4). The researcher drafted a Research Information Sheet and a Consent Form (Annex 5) which were sent to every interviewee before the interview, with the description of all precautions taken to guarantee both participants' *anonymity* - the research participant's identity and responses cannot be identified (Given 2008) - and *confidentiality* - information shared with the researcher will not be disclosed with other research participants able to identify the source of information (Given 2008) – both during and after the interview. Steps to ensure anonymity and confidentiality were taken as follows:

- anonymity was guaranteed by substituting interviewees' names randomly with progressive numbers, in both the title of transcriptions' files and in all documents reporting findings;
- confidentiality was guaranteed by sharing no information about the interviewee with anyone, including other participants in the study.

Despite the precautions taken, anonymity and confidentiality may on occasion be difficult to maintain. This happened, as the researcher came to know during the fieldwork period, where some interviewees talked with their colleagues about the research topic and the interview they had conducted. Nonetheless, this was not considered particularly critical, since it was due to a voluntary choice of the interviewees, and not to a researcher's fault in the data generation process or in correctly complying with ethics procedures.

### ***3.4.1 The interviewees' selection criteria, recruitment process and final sample***

This section reports the steps followed by the researcher to identify the ideal sample of interviewees, the recruitment process and the description of the final sample of interviewees. For each step, the rationale and method is described.

#### *The ideal sample*

Since qualitative interviews were chosen as the preferred method for the study to access the informants' experience and knowledge of the foundations' the decision-making process, the interviewees' recruiting was initially based on purposive sampling, where 'participants are selected on the basis of having a significant relation to the research topic' (Tonkiss 2004, p.199). In particular, the criteria for the selection of interviewees were based on their specific knowledge of the decision-making mechanisms and of the global health funding area. Concerning the former aspect, people at the foundations' top positions - board members, chief executive officer (CEO), directors, deputy directors – would be the perfect candidates since, according to foundations' documents, they are at the nodes of the decision-making process, and at the same time they have oversight and a degree of responsibility on the grant-making process. Concerning their knowledge on the global health sector, and consistent with the objectives of the study, the researcher initial sample included people who had global health as their main area of expertise (for example, directors working in education, agriculture or other funding areas were not included in the sample).

However, the researcher had to face two problems at this point. The first problem was that the foundations under study publish a list of names, available on their websites, which may be limited or not comparable among the three foundations. For example, deputy directors are never included in the list of people representing the leadership of foundations, in any of the three case studies. Also, foundations may use different terms to refer to the same roles and responsibilities (for example, senior programme officers or associate directors). The second problem was that, with the only exception of the Gates Foundation, which has a Global Health President, it was difficult to identify the head of global health activities at the Wellcome Trust and the Rockefeller Foundation by simply looking at foundations' websites. In fact, often people work concurrently on several different projects pertaining to different funding areas, so health related topics may be part of their activities, but not the major ones or the only ones. Finally, a third consideration was that formal positions within the organization do not always correspond to people's roles: organograms are a limited image of

the organizational reality, and since the researcher's objective was to identify people with a specific knowledge and competence of both the decision-making process and global health, a deeper level of inquiry was needed, rather than a simple look at the organogram.

### *The recruitment process*

To overcome these difficulties, the researcher expanded the purposive sampling technique to a snowball sampling (Byrne 2004), asking informants to help identify further informants. In particular, the researcher was inspired by a mapping exercise typical of the studies on network analysis (Lewis 2006). The first step was done through asking 'outsiders' (people working outside foundations, mainly academics or external experts), who were the most relevant people in the foundations' decision-making. These outsiders were represented by approximately forty people from LSHTM and other research centres or think tanks, who suggested some names eligible to be contacted as interviewees. The outsiders were selected because of their previous experience within foundations, or because they were at that time working with the foundations or foundations' grantees. Outsiders also suggested other outsiders and previous foundations' employees, as a way to enrich the views of the foundation's decision-making process, considering the added value that these people could give to the data collection: consultants who used to work with the selected foundations in the past, academics who have a specific research interest linked to the research focus, previous employees who had witnessed the elaboration of foundations' strategies or the changes and evolutions in the foundations' grant-making process. They were also chosen to balance and triangulate information coming from documentary analysis and personal views of insiders (Seale 2010).

Outsiders helped the researcher to become familiar with the main themes related to foundations and global health and gave insights and suggestions for the elaboration of the framework. Furthermore, outsiders also suggested the inclusion of a wider panel of foundations' insiders to be interviewed: not only foundations' staff, but also people who contribute at some stage of the decision-making process within the foundation even without being full-time employees, like members of expert review groups, interview committees, advisory panels – depending on the foundation's governance structure and the decision-making process. Finally, by recognizing that organograms are not a complete source of information, some interviewees suggested other potential staff who were not in a top position in the organogram (for example, senior programme officers), but were still

recognized as leaders in the global health decision-making process. For example, three interviewees were frequently suggested by other informants because of their long experience and knowledge of the foundation and its evolution, disregarding their formal position.

Every time an informant was suggested by other informants, the researcher drafted a frequency map (Lewis 2006). Every person mentioned was listed in an Excel spread sheet together with the list of people who mentioned him or her. When a person was suggested by two, three or more people, the researcher classified the person as a 'high priority key informant' to be contacted for interviews. Finally, at the end of every interview, the interviewees were asked to suggest other names, and interviewees were continuously recruited through snowball sampling. The research process iterated between data generation and data analysis, as it will be described in a later section. Thus, when pieces of information started to become redundant and no new points of view were emerging from the coding process, nor new names were mentioned from interviewees as further potential interviewees, the researcher interrupted the process of recruiting interviewees (Green & Thorogood 2009b). When the participants were selected, access to them was gained through contacts with the academic environment where the researcher is located. The outsiders who gave advice in the first stage of recruitment allowed the researcher to use their names as an 'entry point' to people at the top positions of foundations. In this sense, they played the role of gatekeepers, having the power, by using their names, to facilitate the access of the researcher to selected key informants (Walsh 2004, p.229). Thus, an email to all potential informants was sent out, starting around five months before the fieldwork period.

### *The final sample*

A total of forty-six interviews were finally conducted, eight with external experts and thirty-eight with foundations' key informants. Table 3.5 summarizes the final sample of interviewees, including the number of people contacted, those who refused to participate in the study, those who never replied and those who accepted.

**Table 3.5 – The final sample of interviewees**

	<b>Gates Foundation</b>	<b>Rockefeller Foundation</b>	<b>Wellcome Trust</b>	<b>External experts</b>	<b>Total</b>
Contacted	34	27	31	11	103
No reply	11	9	10	3	33
Refused	11	6	7	0	24
<b>Accepted</b>	<b>12</b>	<b>12</b>	<b>14</b>	<b>8</b>	<b>46</b>

At the end of the recruitment process, the panel of people identified presents some differences among the three case studies. Table 3.6 summarizes the different profiles of the 38 foundations' interviewees in terms of gender and roles, although, in order to respect anonymity, the roles are not specific but grouped in three wider categories: board members, executive positions (which include CEOs, presidents, directors and deputy directors), others (senior programme officers or below). The final sample includes four board members, twenty-two top executives and fourteen senior programme officers and others within the foundations. Concerning the external experts, five of them were men and three women, while four of them were academic and four of them were consultants.

**Table 3.6 – The profile of interviewees**

	<b>Gates Foundation</b>		<b>Rockefeller Foundation</b>		<b>Wellcome Trust</b>		<b>Total</b>
	Male	Female	Male	Female	Male	Female	
<b>Board members</b>	–	–	1	1	2	–	<b>4</b>
<b>Top executives</b>	4	1	8	2	5	–	<b>20</b>
<b>Others</b>	3	4	–	–	1	6	<b>14</b>
<b>Total</b>	<b>7</b>	<b>5</b>	<b>9</b>	<b>3</b>	<b>8</b>	<b>6</b>	<b>38</b>

### ***3.4.2 Conducting the interviews***

While interviews with external experts were primarily conducted during the first year of study (2011), the thirty-eight interviews with key informants took place both face-to-face and via phone or Skype during a nine-month fieldwork period from February to October 2012.

The average duration of interviews was forty-five minutes. A summary of methods used to undertake key informants' interviews is given in Table 3.7.

**Table 3.7 – Number of informants, recordings and way of interviews' conduction**

	Recording allowed	Recording refused	Recording allowed but file corrupted	Total
Face-to-face	20	0	3	23
Skype	9	5	1	15
<b>Total</b>	<b>29</b>	<b>5</b>	<b>4</b>	<b>38</b>

In particular, all interviews at the Wellcome Trust were conducted face-to-face, due to the fact that the researcher was living in London at the time of data collection and all people were available to meet in person. A first round of interviews was conducted between February and April 2012 and a second round between July and October 2012. For the Gates Foundation, interviews were conducted face-to-face in Seattle between June and July 2012, during the researcher fieldwork in the US. Skype interviews were conducted between July and October 2012. For the Rockefeller Foundation, most of the interviews were organized face-to-face in New York (in June 2012), while the others were conducted from July to October 2012 via Skype, after the researcher's return to Europe. All interviews were digitally recorded, with the exception of those informants who did not allow it. In those five cases the researcher made use of her personal notes. The same applied to the four cases where recording was allowed, but the original file was corrupted. For phone interviews, the researcher used her personal mobile phone as a digital recorder, since it has high quality recording options. For Skype interviews, all interviews were recorded through the Ahtek Skype recorder, which allowed high quality recordings of both audio and video formats.

#### *Reflexivity issues in interviews' conduction*

Conducting interviews was the most exciting experience of the whole research study. For this reason, the following paragraphs aim at reporting the most interesting or challenging situations the researcher had to face. In particular, some issues relates to *reflexivity* - meaning the influence that the researcher can bring to the research study, based on the fact that 'researchers are part of the social world they study' (Hammer & Atkinson 1995, p.16).

There is widespread recognition that issues related to the identity of the researcher influence data generation and interpretation (Bell 1999). The researcher's background in public management and nonprofit management and her training in social and public health research will have influenced the elaboration of the topic guide as well as the interpretation of results. Furthermore, issues relevant to the researcher's age at the time of interviews (29 years old), her origin (European) and her affiliation (LSHTM) will have all influenced the relationship with the interviewees and the interpretation of results. Some of these accounts have been noted down on memos, used to record private thoughts on the research themes, but also feelings or ideas, treated as 'informal records of thinking aloud, never as finished research productions' (Richards 2009, p.80). Memos were also useful as a point for analytical reflection in a later stage of data analysis and writing-up (Green & Thorogood 2009b). The researcher has kept some memos both on paper notes, and sometimes transcribed these on NVivo 10.

The first consideration refers to the specific characteristics of 'elite' interviews – a type of interview initially applied to the study of political science, in particular for interviews to politicians and policy-makers, and then extended to interviews to CEOs, presidents and vice presidents of different organizations (Pettigrew 1992b; Harvey 2011). Interviewing very senior members at the top of powerful organizations implies an inversion of the power position between interviewer and interviewee, so that interviewees are in a relatively powerful position vis-à-vis the researcher (Green & Thorogood 2009b). Practical implications of this inverted power relation were evident in the fact that sometimes people dedicated less time to the interview than it was previously agreed without mentioning it before (*'Sorry, I have only thirty minutes, is it fine, right?'*, from the researcher memo note, May 2012), or some informants were explicit in mentioning that they were doing the interview voluntarily because they believed in the value of the research, but their time was very limited since they were very busy. Moreover, especially during the first interviews where the researcher was less experienced, some questions were not answered and the researcher was not able to prompt follow-up questions very easily, an ability which came later in the research study process, with the experience acquired in interviewing skills and with a stronger knowledge of the contents.

Reflexivity issues also emerged related to the identity of the researcher, like her age. To some extent, being a young researcher in a context where most interviewees were powerful,

middle or senior men, was challenging at the beginning, while after having acquired some confidence and stronger interviewing skills, the researcher's perception was that her age was considered both in a slightly positive or slightly negative fashion. An informant pointed out the researcher's lack of experience in the field of global health, relating it to the age (*'Well, probably you don't know that...I can tell you, I was there at that time, but you are too young...'*, from the researcher memo note, May 2012). On the contrary, a very senior informant commented on his positive feeling in transferring his knowledge to a young researcher (*'I used to do research myself... It's good to see young people passionate about these topics'*, from the researcher memo note, April 2012).

Other reflexivity issues emerged on country-based differences: one informant explicitly referred to the fact that the researcher was European (as opposed to American). In a discussion around foundations' accountability, this informant (from one of the US based foundations) said: *'why you always want to transform us into public institutions?'* (from the researcher memo note, June 2012). Initially, the researcher thought that *you*, which was said in a vaguely negative way, was related to a professional category (*you* academics or researchers), but, later during the interview, it was clearer that this comment was referred to *you Europeans* as opposed to an American tradition of philanthropy, which strongly supports the private freedom of foundations' leaders in decision-making. This comment had also influenced the way the researcher interpreted the data: it strengthened the observation that factors related to different cultures may have a very relevant weight into the way foundations perceive their role and position in the society.

Finally, the affiliation of the researcher had an impact for reflexivity. Generally speaking, being affiliated to LSHTM seemed an enabling factor to get first access to key informants, thank to the position of LSHTM among health research schools and its respected scholars. Only two informants, both from the Wellcome Trust, explicitly admitted they accepted to be interviewed because the researcher was from LSHTM and the relationship with the School was very positive: *'Honestly, if you were from another university, I am not sure I would have said yes'* (from the researcher memo note, May 2012). This piece of data gave further strength to the researcher's interpretation of the role that self-feeding networks play on the foundations' perceptions of their external environment.

### 3.5. Interview data analysis

The researcher performed data generation and data analysis in a parallel fashion. The data analysis started immediately after the first interviews had been conducted, and continued during the fieldwork period. It consisted of a thematic analysis, following the steps proposed by Braun and Clarke (2006) and the coding process suggested by Saldana (2009). Table 3.8 reports all the steps the researcher took to increase the rigor of the analysis, from the interviews' transcription to the analysis.

**Table 3.8 – Steps to keep rigor in interviews' data collection and analysis**

	Steps	Tools used	People involved
<b>Data collection</b>	1. Familiarizing	For Interviews: Recorder and Notes	Researcher
		For transcription: NVivo 10	Researcher
		For the review of transcripts: NVivo 10 and transcripts converted in electronic format	Researcher with an English mother tongue reviewer
<b>Data analysis</b>	2. Initial coding	Transcripts in electronic format, codebook, memos	Researcher with the help of an experienced researcher on two transcripts
	3. Focused coding: searching for categories and themes	NVivo 10, codebook	Researcher with the help of another researcher (different from previous) for 12 transcripts
	4. Reviewing and refining themes	NVivo 10, codebook	Researcher
	5. Writing-up	NVivo 10, codebook, Transcripts in electronic and paper format, memos	Researcher

### ***3.5.1 Familiarization with data***

Preliminary to the analysis, the researcher transcribed all the interviews. The transcription process, extremely time- and effort-consuming, represented an integral part of the analysis rather than a prelude to it (Bird 2005). It helped both the refinement of the framework, as well as an invaluable insight into full data analysis – making the initial coding procedure easier. All interviews have been transcribed by the researcher within twelve hours from their conduction, based on the recordings or on the researchers' notes where recordings were not available, in order to remember as much as possible of the tones and expressions of the person interviewed. Transcription was done using the software NVivo 10. In particular, hesitation has been expressed with '...' and 'mmm' and capital letters were used to report the use of loud voice or particular emphasis. All interviews were double listened to increase trustworthiness, as a fundamental part of ensuring rigor in qualitative research (Poland 1995), and to further facilitate the familiarization with the concepts and views expressed. After the second listening, most transcripts still had some gaps to fill, mainly due to two reasons. Few of them were linked to the quality of the audio file, while most of them were due to a misunderstanding of the language used by the interviewees, who frequently used idioms and slang, particularly difficult for the researcher whose mother tongue is neither British English nor American English. All the gaps in transcripts have been checked and filled out by the researcher with the help of an English native-language researcher, who studied and lived for many years both in the UK and in the US. In this sense, the researcher lived transcribing as an interpretative act (Lapadat & Lindsay 1999), where few expressions have been deducted from the recordings, and hesitations and emphasis have been transcribed as previously described. Interviews transcripts have been cleaned up that way to their final form: with no fills and ready to be printed out for the initial manual coding.

### ***3.5.2 Initial coding***

The interviews were coded through a qualitative thematic content analysis approach, thus analyzing the content of interviewees' accounts 'to categorize the recurrent or common themes' (Green & Thorogood 2009a, p.198). A coding scheme (a list of code names to apply to the data, Green & Thorogood 2009a, p.201) was developed and enriched throughout the analysis while emerging codes occurred (Green & Thorogood 2009a). Initial coding has been done by reading through all the interviews' transcripts in paper format, and write down first ideas on margins (Braun & Clarke 2006). As mentioned, annotations have been kept in memos which have been continuously updated throughout the whole process of analysis.

The memos were used both as a way to increase the rigor and transparency of the analysis and as pointers for analytical thinking (Green & Thorogood 2009a). The initial coding activity was also strengthened by sharing two transcripts with a supervisor who was asked to code independently, and then compare the codes with the researcher's ones. Only after most transcripts were coded manually, did the researcher begin to use a specific coding software (NVivo10). The purpose of this has been to keep the richness of the information collected and allow for greater transparency at the same time (Ryan 2009), which is considered a fundamental element to ensure rigor in qualitative analysis (Seale & Silverman 1997). Moreover, NVivo10 allowed much quicker retrieval of data and of the coding scheme that was generated (Lewins & Silver 2007).

### ***3.5.3 Focused coding: searching for categories and themes***

As initial codes are often provisional and comparative, a focused coding activity was also performed, re-arranging coding categories and starting to identify themes. First-level codes were broader and descriptive (for example, 'Influence') while second-level codes were more analytical since they came from a breaking-up of codes in smaller units (for example, 'Influence' was broken up in 'In global health agenda-setting', 'Sources of influence', 'Reasons for influence' and so on). At this stage, both split coding and simultaneous coding were done at the same time (Saldana 2009). After a number of interviews were read through and coded with the described method, a 'cut and paste' technique was used to collect all extracts under the same code and get a fuller sense of it (the researcher always kept track of the source: interview, page, line). A 'code book' was drafted, with a list of all codes and categories originating from the analysis. At this stage, a second researcher, different from the previous one, was involved in pre-coding, coding and identifying potential themes in a sample of transcripts, with the purpose of increasing the rigor of the analysis.

### ***3.5.4. Reviewing and refining themes***

Once this data pertaining to the same code were collected together on the same page, then the researcher began to look at similarities to identify broader themes. Themes were continuously sought and refined. Emerging relationships were also noted down, both between codes and across the three case studies. The continuous refinement of themes included a clearer definition and their re-connection to the framework, representing the final and most significant stage of interpretation.

### **3.5.5 Writing-up**

As it is typical in qualitative analysis, writing-up was an integral part of the analysis and interpretation, and not a final conclusive task (Braun & Clarke 2006). Writing-up started as soon as the first coding was done, since it allowed a deeper reflection around themes and their relations, and it engaged the researcher in the creative process towards making sense of the data. Moreover, it has represented a continuous brainstorming over some methodological issues.

### **3.6 Validity, reliability and replicability**

The case study methodology faces some of the typical constraints of qualitative methodologies which refer to the concepts of validity and reliability (Yin 2009; Seale 2010). Both validity and reliability are conventional benchmarks of rigor of qualitative analysis, related to trustworthiness and authenticity of the research (Lincoln & Guba 1985). *Validity* refers to how the picture emerging from the study is close to reality – to say it in other words, how the researcher's account represents the phenomena under study (Seale 2010, p.72). *Reliability* refers to the capacity of the research study to produce the same results if used on different occasions with the same object of study: in other words, reliability is related to the consistency with which the research produces its results (Seale 2010, p.72). Strategies to address validity and reliability were put in place both during the data analysis and during the data collection, to try to maximize the potential of the case studies chosen (Yin 2009). The main strategy to ensure rigor of the analysis was providing transparency on methods, always keeping the codebook and the research memos and continuously updated.

Other validity checks were made on *construct validity* - the coherence of the case studies chosen with the lines of inquiry (Seale 2010, p.73). To try to maximize this, the researcher used multiple sources of evidence in order to reach the most effective logical link and consistence between the inquiry and the case studies. Data emerging from interviews was triangulated with what emerged from other sources, like the foundations' documents (using the same codebook) and the literature contributions, in a continuous effort of methodological triangulation (Seale 2010). In particular, during the coding process, both interviews and documents were coded using the same coding framework, useful to cross check information (Bryman 2004). Also, member checking was used, which refers to the

possibility of testing findings and conclusions with informants, and it is one of the most common quality control process used in qualitative research (Lincoln & Guba 1985; Harper & Cole 2012). The researcher had the opportunity to apply a member check to findings in occasion of the presentation of her research poster in Capetown, at the Third Global Symposium on Health Systems Research, from 30 September to 4 October 2014. In particular, two members from the same foundation were engaged in the presentation of the whole research method and findings. For other foundations, two members (one for each) were involved via email in a discussion on findings and conclusions. Moreover, the researcher has planned to organize a focus group with selected informants who have participated to the research study, to offer a comparison on their priority-setting and grant-making processes. This, suggested by some informants at the end of their interviews in the UK and in the US, sounded like an excellent opportunity to both give feedback to informants and to test the validity of findings with people from the three foundations. Finally, *internal validity*, referred to the problem of making inferences within the case study (Seale 2010, p.73), is not easy to be addressed with exploratory case studies, because a measure of inference is required. The elaboration of the analytical framework helped maintain the link between observed phenomena (the data collected) and their interpretation during the data analysis (Yin 2009).

Particular attention has been given to the *reliability* of the analysis – ‘the consistency with which the research procedures deliver their results’ (Seale 2010, p.73), especially considering this study was not a team research project, as most of the analysis was carried out by the researcher alone. Reliability has been addressed by keeping track of all the data collected and expressing, as clearly as possible, the link between the data and the framework used. For documentary sources, the Excel database represented a useful tool to retrieve original sources of data, also keeping track of all the subsequent changes. For interview data, the researcher kept all interviews’ recordings, transcripts and notes. Then, as previously mentioned, recorded interviews were transcribed verbatim and transcriptions were double-checked against the recordings. The code book and the memos have been also kept and updated throughout the whole analysis.

Finally, reliability is strictly interconnected with the generalizability or the *replicability* of the research, intended as the possibility of repeating the study research in other contexts (Seale 2010). According to the case study methodology, generalizability is possible (Flyvberg 2006) and it is always analytical rather than statistical (it is possible to replicate the study in other

contexts) (Yin 2009). It is clear that the study of a contemporary and contextual-related process, like decision-making, will never be the same for other contexts. As far as possible, reliability was addressed by linking the results to the analytical framework used, allowing the replication of the study in other organizational settings with the same characteristics, for example other foundations. In fact, the researcher believes it is not possible to generalize the study findings looking for a comparison in foundations' structures, history and organizational contexts, but it is possible to use the same framework, which originated the topic guide, to study foundations' behaviour and decision-making processes in other contexts. As an example, the researcher is currently engaged in applying the same analytical framework on a study which compares the role of Italian, French and Spanish foundations in understanding social innovation and promoting community welfare (Ricciuti & Fosti, 2015).

## Chapter 4

### The case studies

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Wealth without virtue is no harmless neighbor (Sappho, Fragment).

#### 4.1 Overview of the chapter

Chapter 4 begins the presentation of the research study findings. As mentioned in the Introduction, every finding chapter is composed of a descriptive part and an analytical part. This chapter responds to Objective 1 of the research study: to understand and assess the importance of the origins and activities, governance structure, spending trends, and destinations, in foundations' decision-making. For each case study, the chapter offers a overall background description of foundations' areas of activities and investments, followed by a specific focus on origins, governance structures, spending trends, and destinations. After that, the chapter analyzes how different foundations' origins and funding ethos may contribute to explaining different decision-making behaviours. In particular, it responds to the sub-research questions concerning the first two blocks outlined in the analytical framework, as reported in the Table 4.1. Finally, the chapter's concluding section raises specific issues as a basis for further discussion and implications in Chapter 7.

**Table 4.1 Framework and questions related to Specific Objective 1**

Factors	Questions
Origins and Funding ethos	<i>To what extent may different origins and funding ethos determine the way decisions are made?</i>
Governance structures	<i>And to what extent does the governance structure and decision-making rules have an influence on the final strategic and grant-making decisions?</i>

In this chapter, and in the following findings chapters, all information focuses on the global health investments of the foundations under study. Further information on the three foundations is reported in the Annex section. While the descriptive part is primarily based on documentary data analysis, the analytical part focuses on interview data analysis. However, some interview data is reported also in the descriptive part, where they have been considered useful for data triangulation. All data reported have been updated to February 2012, when the interviews commenced. Interview data was collected between February 2012 and October 2012. Unless otherwise specified, interviewees' accounts refer to the period when they were collected. In order to accomplish the anonymity requirements, interviewees' accounts are referenced with letters and numbers in brackets: letters correspond to the initials of the foundations' name (GF for the Gates Foundation, RF for the Rockefeller Foundation and WT for the Wellcome Trust). This allows the reader to easily identify which foundation the interviewee is from, even if his or her role is not disclosed for reasons of anonymity; each number corresponds to a different interviewee and the numbers' order is random. Italics are used only for direct quotes. In the other cases, where no direct quotes are reported, this is due to the fact that informants gave their consent to be quoted only indirectly.

Table 4.2 provides an overview to facilitate the comparison among the three case studies, by reporting basic facts about the three foundations under study according to data collected through documentary analysis. The data will be analysed and commented on in the following sections.

**Table 4.2 - Basic facts about the Gates Foundation, the Rockefeller Foundation and the Wellcome Trust**

	Gates Foundation	Rockefeller Foundation	Wellcome Trust
Founding year	2000	1913	1936
Number of employees	957*	Over 190*	–
Asset (billion USD)	36.3*	3.59 *	Approx. 22*
Yearly Spending (bln USD, 2010)	2.6*	141*	Approx. 940*
% of total spending going to	57%**	Approx. 17%**	Approx. 15%**

Global Health			
N. of grants given per year (only Global Health)	273 (2010)***	250***	1278***
Total grants commitments since inception (bIn USD)	25.36*	14 (2011)****	–

**Source: For the Gates Foundation:** \* The Gates Foundation, 2011c. \*\*The Gates Foundation, 2011d. \*\*\*The Gates Foundation, 2011a. **For the Rockefeller Foundation:** \*The Rockefeller Foundation, 2010a. \*\* The Rockefeller Foundation, 2012a. This figure refers only to the four initiatives which include global health grants at the time of analysis: Transforming Health Systems Initiative and Linking Surveillance Disease Networks. \*\*\* The Rockefeller Foundation, 2012a. \*\*\*\* The Rockefeller Foundation, 2011a. **For the Wellcome Trust:** \*The Wellcome Trust 2010a. \*\* The Wellcome Trust, 2010b. The percentage of spending that goes to Global Health is here intended as the percentage of the Trust's spending which goes abroad (outside the UK). \*\*\* The Wellcome Trust, 2010b.

## 4.2 The Gates Foundation

'Guided by the belief that every life has equal value, the Bill & Melinda Gates Foundation works to help all people lead healthy, productive lives. In LMICs, it focuses on improving people's health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people—especially those with the fewest resources—have access to the opportunities they need to succeed in school and life' (The Gates Foundation 2011c). With this official mission statement, its endowment of 36.3 billion USD, its total grant commitments since inception of 25.36 billion USD and 2.6 billion USD of total 2010 grant payments (The Gates Foundation 2011c), the Gates Foundation is the largest philanthropic foundation in the world. It employs 957 people in the Seattle headquarter and its other four offices: two regional offices in China and India, an East Coast Office in Washington D.C., and a Europe Office in London (The Gates Foundation 2011c).

The Foundation's last considerable restructuring occurred in 2006 (The Gates Foundation 2011e). At this time, four core areas were defined: US Program, Global Health (led in 2011 by Tadataka 'Tachi' Yamada), Global Development and Operations. Every programme area used to have a policy and advocacy team dedicated to raising awareness of problems and solutions

to motivate change (The Gates Foundation 2011d)<sup>6</sup>. All funding programmes are led by a President, who takes part in the Management Committee of the Foundation (The Gates Foundation 2011f). At the end of 2011, the Global Health Program leadership team was formed by twelve people and the new President, Trevor Mundel (The Gates Foundation 2011g): interviews were conducted during the period of change between Yamada and Mundel.

At the time of its inception, the Gates Foundation could count on the two merged foundations assets as well as a new contribution of 16 billion USD from Bill and Melinda Gates. In 2006 Warren Buffet made a well-known pledge to the Gates Foundation, for a total amount of 10 million shares of his company Berkshire Hathaway Inc. (The Gates Foundation 2011e). At that time, the total value of the gift amounted to approximately 31 billion USD, to be deployed to the Foundation in annual instalments (The Gates Foundation 2011c)<sup>7</sup>. The endowment assets are currently managed by the Bill & Melinda Gates Foundation Trust, created in 2006, whose trustees are the Gates couple together with Warren Buffet (The Gates Foundation 2011f). In their role as trustees, they are responsible for the foundation's investment strategy. In this respect, the Gates Foundation investment policy states the chairs vote proxies consistent with good governance principles and identify companies which fall under negative screening. Moreover, the Foundation does not invest in tobacco companies' stocks (The Gates Foundation 2011k). No other details are offered on how partners' screening and selection occur. As anticipated in the literature review chapter, according to US law, the Foundation has to respect the MPR rule, which requests foundations to spend at least 5% of the average monthly value of their endowment for charitable expenditures (Barbetta *et al.* 2012)<sup>8</sup>.

The Gates Foundation does not have a strategic paper *per se*, but different strategies for every funding priority (The Gates Foundation 2011g). Information on the overall foundation's strategy can be acquired from different sources. The Annual Letter from Bill Gates, released

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<sup>6</sup> Interview data revealed the Foundation was going through a considerable restructuring process in 2012: at the time of data collection, the advocacy and policy activities of the Foundation were in the process of merging all together into a unique stand-alone funding programme, the Global Policy and Advocacy Programme.

<sup>7</sup> The first instalment's total amount was of 1.6 billion USD, the second (2007) of 1.76 billion USD, the third (2008) of 1.8 billion USD, the fourth (2009) of 1.25 billion USD and the fifth (2010) of 1.6 billion USD.

<sup>8</sup> Charitable expenditures include both grants paid out to organizations and administrative expenses incurred by the Foundation in its charitable activity.

for the first time in 2009, has both the role of a strategic paper, indicating priorities for future activities, and an assessment paper, communicating the results achieved (The Gates Foundation 2011h). Several speeches by the co-chairs help in the delineation of a strategy, as well as their blog posts (the Gatesnotes, personal blog of Bill Gates, and Impatient Optimists, the official blog of the Foundation). Every funding program has specific areas of focus. The Foundation operates in different geographical locations, subdivided by topics. Topics and geographical locations pertaining to the Global Health Programme are represented in Table 4.3 below. A complete overview of all topics and geographical locations for all the funding programmes of the Foundation is provided in Annex 6.

**Table 4.3 – Global Health Programme: focus areas and geographical scope**

	Africa	Asia	Oceania	Europe	North America	South America
Diahorrea		x				
HIV/AIDS	X	x		x		
Malaria	X		X			x
Pneumonia and Flu	X	x			x	
Tuberculosis	X	x				x
Neglected Diseases	X	x	X			
Family Planning	X	x		x	x	
Nutrition		x				x
Maternal, newborn and child health	X	x				
Tobacco Control	X	x				
Vaccines	X			x		
Health Science and Technology	X	x	X	x		x
Polio	X	x			x	

**Source: Elaboration of the researcher from The Gates Foundation, 2011i.**

Detail of the Global Health funding program with the information on the main grantees of the Foundation, the number of grants for each global health topic and the amount of funding is given in Annex 7. The priority of the Global Health funding program is to focus on those

health problems that have a major impact in LMICs, but have been given too little attention and funding. As one informant reported, although the Foundation was born out of the concept of leveraging technology and innovation, the philosophy of the Foundation is shifting to support sustainable ways to improve the delivery of innovative solutions where they exist, while investing in research and development for new interventions (drugs, vaccines and diagnostics) where they are missing (GF/18). In order to do this, the Foundation supports a considerable number of partnerships and networks to advance a specific health related cause (The Gates Foundation 2011g). Several grantees of the Foundation are represented by universities, research centres and NGOs to develop networks and partnerships for the development of products and solutions. Some examples are the Collaboration for AIDS Vaccine Discovery (CAVD) and the Consortium to Respond Effectively to the AIDS/TB Epidemic (CREATE) for AIDS and TB, the Malaria Vaccine Initiative (MVI) managed by PATH and the Roll Back Malaria partnership (RBM) for malaria, the Foundation for Innovative Diagnostics (FIND) for malaria and TB. Other examples are the Scaling Up Nutrition movement (SUN) and the 1,000 Days partnership to advance work on nutrition, and the White Ribbon Alliance and the Partnership for Maternal, Newborn & Child Health (PMNCH) for maternal and child health among others. The Foundation has also launched the Grand Challenges in Global Health Initiative, which is addressed to funding early-stage research to work on scientific and technological innovative solutions to urgent health problems (The Gates Foundation 2011g). The Grand Challenges represent the sole of the foundation's initiatives where it has partnered with the Wellcome Trust, which funded three projects led by UK investigators.

#### ***4.2.1 Origins***

The first consolidated donations of Bill and Melinda Gates started in 1994, when they gave an initial amount of 94 million USD to form the William H. Gates Foundation, managed by Bill's father. At that time the mission of the Foundation was twofold and very specific: address global health and community needs in the Pacific Northwest. In 1997 a sister foundation was created, the Gates Library Foundation, targeting education in the United States. In 1998 the first gift to global health issues was made with a grant of 100 million USD to the Bill & Melinda Gates Children's Vaccine Program, followed by a 25 million USD grant, in 1999, to IAVI and an initial grant of 750 million USD to GAVI (formally launched in 2000), respectively designed to accelerate the delivering of vaccines to children in LMICs and to help combating the AIDS epidemic. The Bill & Melinda Gates Foundation officially began activities in 2000 from the merger of the William H. Gates Foundation and the Gates Learning Foundation. In

2008, Bill Gates left Microsoft in order to fully dedicate to the Foundation's work (The Gates Foundation 2011e).

The Foundation quickly expanded its global health funding in 2001, by sustaining GAVI, IAVI and the Global Microbicide Project. In 2002 the Foundation committed 50 million USD to support the launch of the Global Alliance for Improved Nutrition (GAIN) and the year after the Grand Challenges in Global Health initiative was launched with an initial endowment of 200 million USD. Successive grants to the Grand Challenges initiatives occurred in 2005 with a provision of 436.6 million USD for projects in more than 30 countries around the world (The Gates Foundation 2011j). The Foundation considerably expanded its role in the following years, announcing major grants in global health to continue its work against malaria, through the development of vaccines, new drugs and mosquito control methods. Malaria eradication became, and still is, one of the major priorities of the Foundation with a total commitment of 1.4 billion USD as of 2008. Also, TB officially entered into the Gates Foundation's priorities in 2006, when Bill Gates announced the commitment of 900 million USD over the following 10 years to address the TB issue, helping the launch of the Global Plan to Stop TB. Polio eradication entered in the priorities' portfolio of the Foundation in 2009, when the Foundation committed 255 million USD to eradicate polio in a joint initiative with other governments and international private donors. At the 2010 World Economic Forum, Bill and Melinda Gates called on governments and private sector for a 'decade of vaccines' by pledging 10 billion USD over the following 10 years towards providing and developing to vaccinations (The Gates Foundation 2010c). 2006 was also the year when, with an initial commitment of 150 million USD, the Alliance for a Green Revolution in Africa (AGRA) was launched; a partnership with the Rockefeller Foundation to help Africa-based organizations supporting farmers to overcome poverty. Finally, the Foundation considerably increased its public voice and advocacy role through the launch of the Giving Pledge, an initiative directly born out of Bill Gates and Warren Buffett in 2010, which invites the world's wealthiest people to commit most of their wealth to philanthropic causes. Currently 130 followers of the world's wealthiest people have pledged their wealth to the idea (The Giving Pledge 2014).

#### ***4.2.2 Governance structure***

The current governance structure of the Gates Foundation resembles a family foundation. The steering committee is formed by three co-chairs, who are all family members: Bill Gates, his wife Melinda and Bill's father, William Gates Sr (The Gates Foundation 2011f). In their role

of co-chairs, they are responsible for shaping and approving the Foundation's strategies. The Management Committee includes the CEO and all Presidents of funding programmes, including administrative chiefs. After this, directors, deputy directors, programme officers and the rest of staff constitute the rest of the organizational structure. The work at the Foundation is organized into a matrix structure. Cross-functional teams develop projects in different areas, often across different departments, depending on the technical competences of staff (GF/16).

The Gates family set out the Foundation's strategies according to fifteen Guiding Principles (The Gates Foundation 2011l). At the time of writing, the Guiding Principles of the Gates Foundation are not in place anymore (nor the related webpage). For this reason, the principles are reported in Annex 8. Nothing is reported on the Foundation's website or available documents about the decision-making mechanism, the different roles (if any) of the co-chairs, the duration of their role or the periodicity of their meetings (a table with a comparison of the rules of governance in the three foundations is provided in Annex 9).

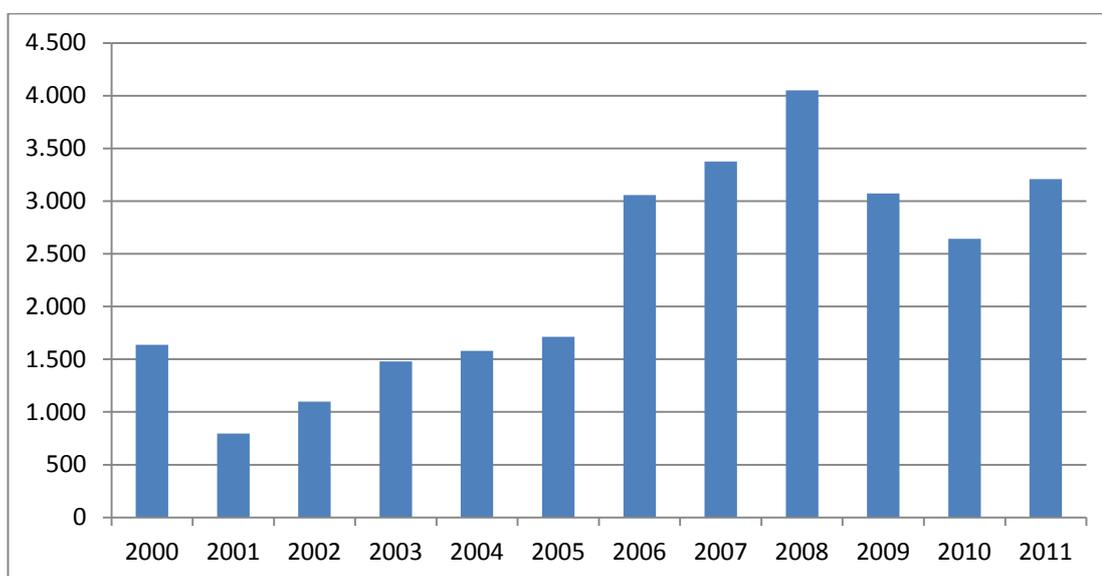
The Foundation's top executive is the CEO, who sets strategic priorities, monitors results, and facilitates relationships with key partners for the funding areas (The Gates Foundation 2011m). At the time interviews were starting, all the previous CEOs and the current one were past employees of Microsoft. The CEO also used to select the advisory panels together with the trustees. The first Advisory Panels were set in 2007 to support the work of each of the three funding programs. Hundreds of advisors were involved in review of programs, strategies and grants' applications (Yamada 2009), being experts with different backgrounds and experiences and working directly with program presidents in order to offer independent assessments on the strategies and help in the evaluation of results (their task was not to review specific grant proposals). The Global Health Advisory Panel used to meet twice a year and 'includes independent global health experts from Africa, Asia, Europe and North America' (The Gates Foundation 2011g p.3). The advisor was a paid position of three years, which implies participating in two panel meetings a year but being available periodically to advise program presidents (The Gates Foundation 2011b). Nonetheless, interview data revealed that stable Advisory Panels do not exist anymore at the Gates Foundation, and advice is sought out on a more random, case-by-case basis, and depending on the health issue and private partners involved (GF/16, GF/30, GF/35). External reviews are required on an individual basis, and reviewers do not constitute formal bodies anymore. Only specific funding programmes,

like the Grand Challenges, have formal advisory panels who review and comment on grants' proposals (GF/39).

### 4.2.3 Spending

This section reports a snapshot of the Foundation's grants as analysed by the researcher through documentary analysis. The major spending trends of the last decade of the Foundation are shown in Figure 4.1 below. Spending corresponds to the total grant expenditure as indicated in the financials sheets, which includes: grants and charitable activities, program costs, operations, and taxes. The Foundation reached its peak of funding in 2008, after the separation between the Trust and the Foundation occurred. After 2008, a slow decrease in funding is evident, although the relative weight of Global Health funding has not decreased, and still remains the major programme of the Gates Foundations for relative importance.

**Figure 4.1 The Gates Foundation annual spending of the last 10 years (mln USD)**

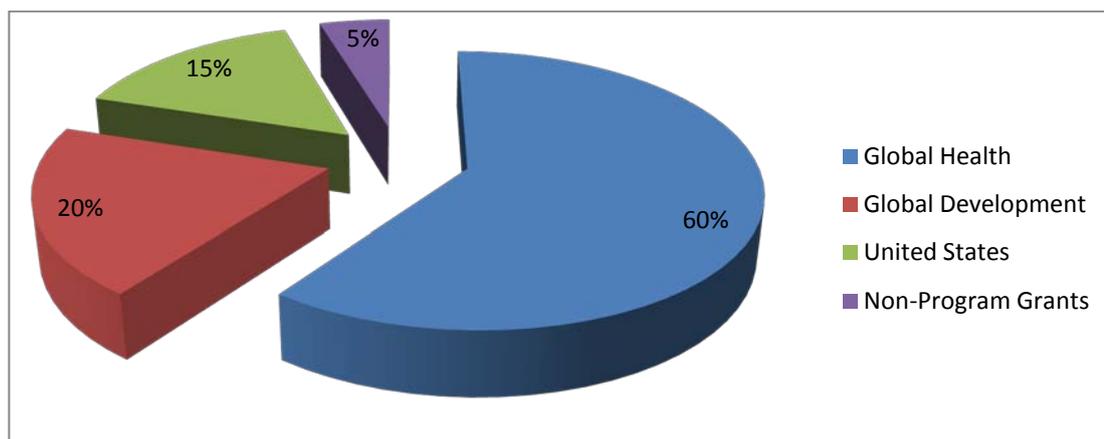


**Source: Elaboration of the researcher on data collected through the Gates Foundation Annual Reports from 2000 to 2010 (The Gates Foundation 2010a).**

The spending structure of the Gates Foundation for the fiscal year 2010 (ended December 31) is represented in Figure 4.2 below. Spending refers to actual payments made in the year: Global Health spending amounts to 1.49 million, almost 60% of the total foundation's spending. A further breakdown of the Global Health 2010 grant payment is reported in Figure

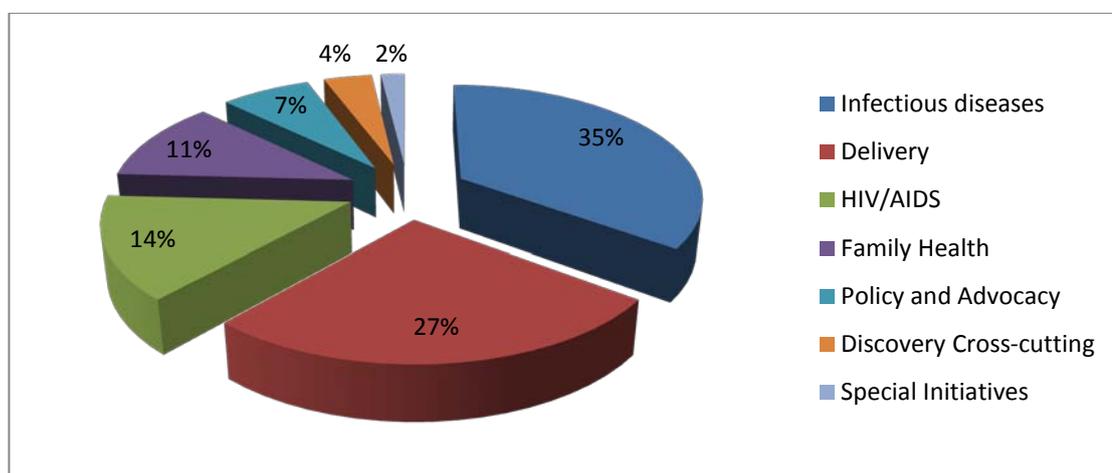
4.3. Infectious diseases take up the lion's share of the foundation's Global Health Funding, followed by Delivery, which, as reported by foundation's informants (GF/3, GF/4), has acquired more importance in the last few years, with Melinda Gates' deeper engagement with the Foundation's work.

**Figure 4.2 Breakdown of the Gates Foundation 2010 Spending per area (%)**



*Source Elaboration from The Gates Foundation, 2010a.*

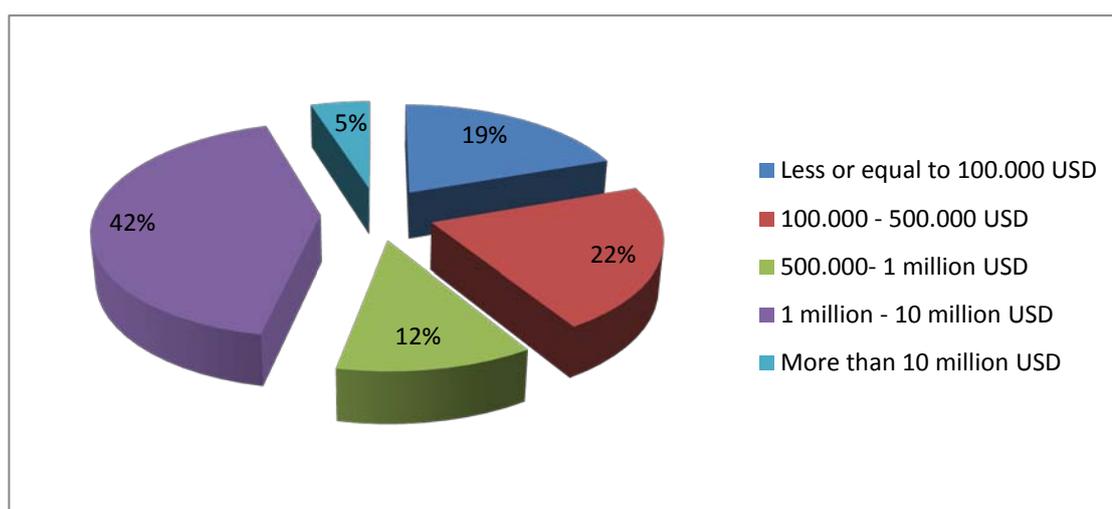
**Figure 4.3 – Global Health 2010 spending details**



*Source: Elaboration of the researcher from The Gates Foundation, 2010a. Note: 'Infectious diseases' groups grants for malaria, TB, pneumonia, enteric and diarrheal diseases, neglected and other infectious diseases. 'Delivery' groups grants for polio and vaccines. "Family health" groups maternal newborn and child health, family planning and nutrition. 'Policy&Advocacy' does not include advocacy and policy related spending embedded in programme grants.*

Figure 4.4 reports the grant size of the Global Health Programme of the Gates Foundation based on an analysis of grant payments - from 1 Jan 2010 to 30 April 2011. 144 grants were given, for a total amount of USD 557.8 million in only 16 months. 28 grants (19,4%) were under or equal to 100.000 USD; 31 grants (21,5%) were between 100.000 and 500.000 USD; 17 (11,8%) were between 500.000 and 1 million USD; 60 (41,6%) were between 1 and 10 million USD and 7 grants (4,9%) were over 10 million USD.

**Figure 4.4 Global Health Programme grants' size range**



*Source: elaboration of the researcher from The Gates Foundation, 2011a. Note: Grants period: 1 Jan 2010 to 30 April 2011.*

### 4.3 The Rockefeller Foundation

'The Rockefeller Foundation supports work that expands opportunity and strengthens resilience to social, economic, health and environmental challenges – affirming its pioneering philanthropic mission since 1913 to promote the well-being of humanity' (The Rockefeller Foundation 2011a). With this official mission statement, the Rockefeller Foundation is the oldest foundation that has made a specific effort to fund global health initiatives and has a long historical tradition in the field of health and education, and is still globally recognized for its legacy in the field of public health (The Lancet Editorial 2006; Birn & Fee 2013; Birn 2014). With its endowment of approximately 3.3 billion USD, it is currently in sixteenth place among US Foundations in terms of asset size, but still in the top five foundations for giving to global health (The Foundation Center 2011)<sup>9</sup>. Spending around 141 million USD every year, the

<sup>9</sup> Data are registered at the end of the fiscal year 2009.

Rockefeller Foundation holds headquarters in New York, as well as two regional offices in Thailand and Kenya and a Conference Centre in Bellagio, Italy.

Reflecting the increasing activities and diversification in funding priorities, in 1928 the Foundation consolidated its structure into the first five funding Divisions, again restructured in 1963: Conquest of Hunger; Population and Health; Education for Development; Equal Opportunity: Arts, Humanities and Cultural Values (The Rockefeller Foundation 2011a). While the focus areas had remained rather similar since its inception, the funding programs have adapted from time to time, even though in 2006 some rumours made the global health community think that the Rockefeller Foundation would abandon public health as one of its focus (The Lancet Editorial 2006) – possibly due to the loss of competitive ground in the global health field (Jimenez 2007).

At its inception on May, 1913, the Rockefeller Foundation received its first instalment of 35 million USD, plus 65 million USD the year after. In 1999, for the first time, the value of the Foundation's endowment exceeded 3 billion USD. Today, the endowment is the result of investments made from the original gifts from the founder, who 'intended the Foundation to work in perpetuity' (The Rockefeller Foundation 2012b). The Social Investing Guidelines are a two sheets-policy document embedding the investment approach of the Rockefeller Foundation and designed to steer the Foundation's investment choices. The Foundation manages its investment portfolio in four ways: through investments with social value (for example, in renewable energy companies); through socially targeted investing (such as Program Related Investments); through shareholder advocacy (voting proxies in a way which is consistent with the organization's values); and through negative screening (i.e., the Foundation does not invest in companies whose primary activity is related to tobacco) (The Rockefeller Foundation 2012b). Like the Gates Foundation, the Rockefeller Foundation must respect the MPR rule as a fiscal requirement.

After the arrival of the new President in 2005, the Foundation underwent a deep restructuring processes. The Rockefeller Foundation has traditionally been organized into a unit and departments structure, where directors of each unit possessed overall responsibility for their unit: they used to develop the strategy, set the budget and lead the activities. The structure has changed towards a heavily centralized model, where units and departments have been abolished, and replaced by an initiative-centred model. In this new model, the

structure has been turned into a matrix rotating team type of organization (RF/34), where cross-functional teams develop projects in different areas depending on their technical competences (RF/33). Each initiative now has its topical decision-making organ in the Executive Committee (EC), chaired by the President, for the approval of both the strategy and the budget allocation.

Five related issue areas form the Foundation’s target at the time the interviews were taken: Basic Survival Safeguard, Global Health, Environment and Climate Change, Urbanization, Social and Economic Security (The Rockefeller Foundation 2011b)<sup>10</sup>. These five issues areas are tackled through ten initiatives, designed to pursue specific goals of each issue area in a broad range of locations, both in the US and abroad (The Rockefeller Foundation 2011b). The relationship between issue areas and initiatives and their geographical scope is shown below in Table 4.4, although only for the global health related initiatives. A table including all the initiatives and issue areas of the Foundation is provided in Annex 10. Nowadays, the Foundation expresses its founding principles as one of the fundamentals approaches to its work (‘working at the intersections’), together with using a pilot project approach before acting on a wider scale (‘work in exploration’), informing public policy (through supporting research, advocacy and coalition-building), seeking enabling environment (by building networks, fostering innovation and boosting partnerships approaches) (The Rockefeller Foundation 2011b).

**Table 4.4 The global health related funding, initiatives and geographical scope**

	Africa	Asia	Global*	Developing Countries*
Linking Global Disease Surveillance Networks	x	x	X	
Transforming Health Systems	x	x	X	x
Advancing Innovation Processes to Solve Social Problems	x	x		x
Harnessing the Power of Impact Investing	x	x	x	x

**Source Elaboration of the researcher on The Gates Foundation 2011b. Note:** \*They are crosscutting areas including also Africa and Asia.

<sup>10</sup> In 2013, the Global Health issue area has been substitute by “Advance Health”, including four initiatives: Transforming Health Systems, Linking Global Disease Surveillance Networks, Harnessing the power of impact investing and AGRA (Update from The Rockefeller Foundation, 2011b, accessed April 2013).

The main global health related programs, with the main grantees and the amount of funding are reported in Annex 7. Universities and research centres represent the core destination of the Foundation's grants, as well as some of the major UN agencies such as WHO and the World Bank. Concerning the type of funding, the Rockefeller Foundation carries out its initiatives through two types of funding. The large majority is represented by traditional grants, while an innovative way of funding is promoted by Program Related Investments (PRIs). The Foundation had introduced PRIs by the early Nineties. Unlike grants, PRIs can be structured in many, as loans, equity investments or guarantees: they are tailored to the needs of the recipients, giving them access to capital usually on more favourable conditions than the market ones, and at the same time guaranteeing a return to the Foundation itself (The Rockefeller Foundation 2011c).

#### ***4.3.1 Origins***

The Rockefeller Foundation was born from the will of John Davison Rockefeller (1839 – 1937) a business magnate and early philanthropist who initiated the first relevant philanthropic gift in 1889 towards the foundation of the University of Chicago. In 1901, he established the Rockefeller Institute for Medical Research, which is now the Rockefeller University. The Rockefeller Foundation was then officially initiated in 1913. The first grant of 100,000 USD went to buy the first headquarter of the American Red Cross in Washington, DC. The bulk of the funding activities of the Rockefeller Foundation were initially devoted to education – colleges, schools, research institutions, and libraries – which still remains one of the main focus areas – both the promotion of access to higher education in the US and support for the creation of public health schools globally (The Rockefeller Foundation 2011a).

While the early work of Sir Rockefeller Sr. was directed to education, health was added as a fundamental priority of the Foundation's funding effort since the first meeting of the Trustees. The first school of public health was funded at the John Hopkins University, followed by Harvard University and the University of Michigan. Spending more than 25 million USD over the following two decades, the Foundation helped to establish of schools in Europe, Canada, South America, Turkey, Japan, Greece, The Philippines, and other countries for a total contribution of 357 million USD (in current dollars). In the Fifties the Foundation began to make grants to family planning projects, first to Harvard University and then to the Johns Hopkins University. In these years maternal and child health were high on the

Foundation's agenda and in 1955 India was the first country which officially adopted a family-planning program (The Rockefeller Foundation 2011a).

In the case of the Rockefeller Foundation, the reach of its activities were 'global' since its inception. Neglected diseases became a systematic priority in the late Seventies, when a network of international biomedical research groups was established, studying the diseases of LMICs, including sleeping sickness, leprosy, malaria, schistosomiasis, hookworm, river blindness, and childhood diarrhoea. From 1935 up to the Fifties, the Foundation spent nearly USD 14 million (current USD 200 million) in the fight against yellow fever. In ten years, 360 trained researchers collaborated on the project in more than twenty-five countries. In 1988, the Foundation joined with the WHO in funding a major tropical disease research program. Their work in partnerships brought the Foundation to help in the establishment of the MMV, the Global Alliance for TB Drug Development, the International Partnership on Microbicides, the Paediatric Dengue Vaccine Initiative, and the Centre for the Management of Intellectual Property Rights in Health Research and Development (The Rockefeller Foundation 2011a).

The Nineties represented a decade of working in partnerships for the Rockefeller Foundation (The Rockefeller Foundation 2011a). The Foundation joined with UNDP, UNICEF, WHO, and the World Bank to establish the Children's Vaccine Initiative (CVI) to protect the world's children against viral and bacterial diseases. Moreover, its action in HIV/AIDS research led the Foundations to bring together industry, philanthropy, development and health agencies to collaborate in the development of a HIV/AIDS vaccine. This led to the establishment of the International AIDS Vaccine Initiative (IAVI), an initiative oriented to the accessibility and affordability of HIV/AIDS vaccines in LMICs. Other similar initiatives are jointly financed on malaria, tuberculosis (TB) and dengue fever. Major initiatives were also set up in the last decade, such as the Joint Learning Initiative on Human Resources for Health (2003), the Climate Change Resilience Initiative (2007), the Global Impact Investing Network (2009), the Asian Cities Climate Change Resilience Network (2009), and the Transforming Health Systems Initiative (2009).

#### **4.3.2 Governance structure**

The current governance structure descends from the original one. At the time of the Foundation's inception, nine trustees 'together with such persons as they may associate with

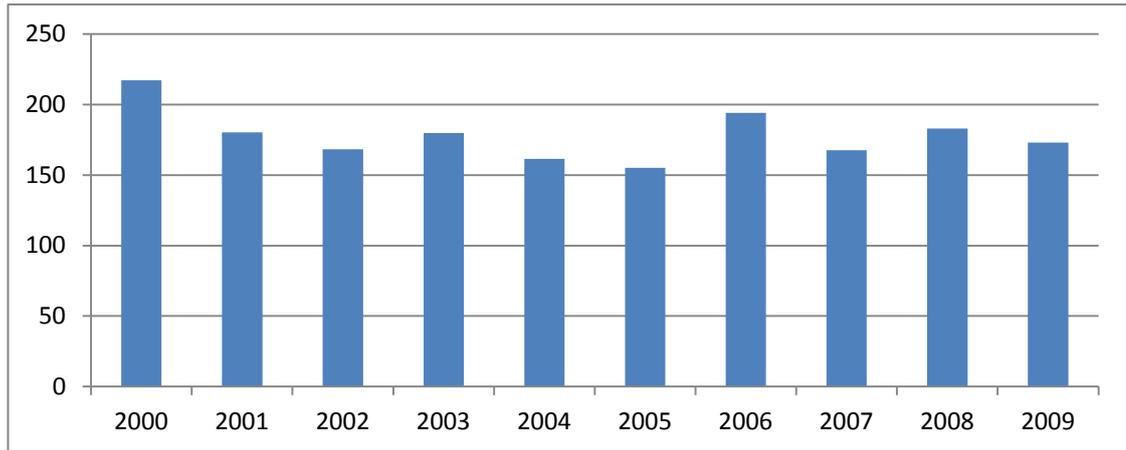
themselves and their successors' had the task of receiving and administering funds 'to promote the well-being of mankind throughout the world' (The Rockefeller Foundation 2011a). During their first meeting, the Trustees voted for the founder's son, John D. Rockefeller Jr., to be president. Today, the Rockefeller Foundation is guided by the Board of Trustees, which is formed by no fewer than twelve members with a ten-year mandate, plus the Foundation's President serving as an *ex-officio* member. The Board of Trustees is responsible for overseeing the Foundation's overall activities: programs and strategy, budgets and expenditures, policies and guidelines, the investment strategies, allocations, and the overall Foundation's performance. The governance rules of the Foundation are described mainly in four governing documents: the Charter, the Social Investing Guidelines, the Bylaws and the Code of Conduct, which are all approved by the Board of Trustees and apply to the whole Foundation, from Trustees to Board Members and staff (the comparative table on governance rules is provided in Annex 9). The Board of Trustees performs its decision-making authority on a committee basis. Committees are flexible in their formation, but consist of five main groupings: the Executive Committee, the Investment Committee, the Budget and Compensation Committee, the Audit Committee, and the Trusteeship Committee (The Rockefeller Foundation 2010b).

At the time when interviews were conducted, the Executive Team and the Senior Leadership were formed by five and sixteen members respectively, tasked with guiding the Foundation's activities through eighteen different Departments. The philanthropic activity of the Foundation is guided by the Foundation's Initiatives department, counting approximately thirty employees and carrying out the bulk of activity on funding programs (The Rockefeller Foundation 2011d). The organizational structure counts managing directors, leading the execution of initiatives, associate directors, and the staff.

### **4.3.3 Spending**

The major spending trends of the Foundation since 2000 are shown below in Figure 4.5. Spending is represented by the total Grants Expenditure as indicated in the financials sheets, which includes grants and charitable activities, program costs, operations, and taxes. A peak in funding is showed in 2006, which is the year of a change in the Presidency, while overall funding has followed approximately the same trend in the last ten years.

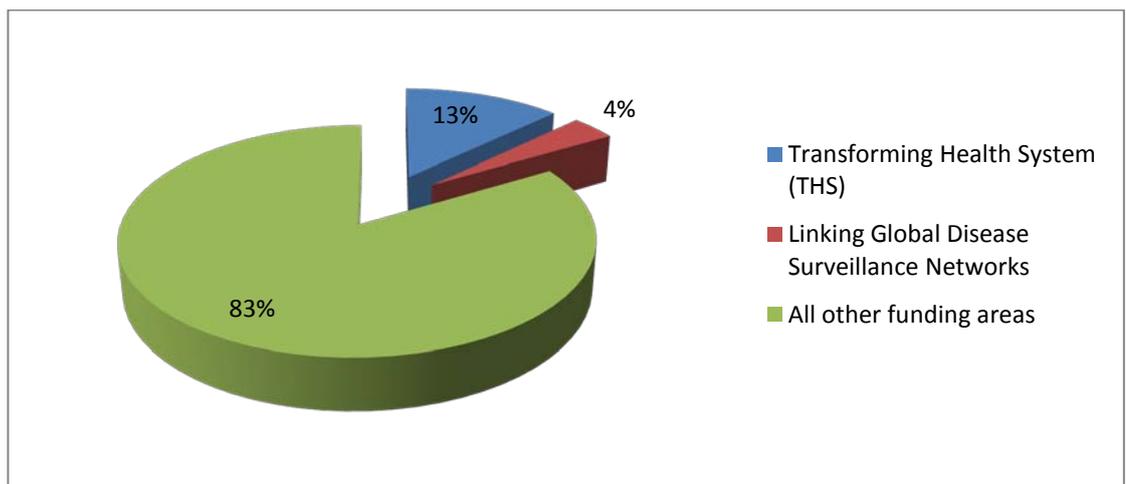
**Figure 4.5 - The Rockefeller Foundation annual spending of the last 10 years (mln USD)**



**Source: Elaboration of the author on data from the Rockefeller Foundation 2010a.**

According to the researcher’s analysis of 2010 grant payments, the Rockefeller Foundation has given a total of 382 grants, of which 100 were under 100,000 USD, 222 between 100,000 and 500,000 USD, 38 between 500,000 and 1 million USD and 22 over 1 million USD. Moreover, 63 out of the 382 total grants (more than 16%) were directly related to Global Health initiatives, specifically 49 grants (around 13%) to Transforming Health Systems and 14 grants (almost 4%) to Linking Global Disease Surveillance Networks (Figure 4.6).

**Figure 4.6 – Breakdown of the Rockefeller Foundation 2010-11 spending per area (%)**



**Source: elaboration of the researcher on 2010 grants (from January 2010 to September 2011), retrieved from The Rockefeller Foundation, 2012a. Note: Only the number of grants has been used, and not the total amount, because it was not possible to filter single grants by initiatives or by years.**

#### 4.4 The Wellcome Trust

'We are a global charitable foundation dedicated to achieving extraordinary improvements in human and animal health. We support the brightest minds in biomedical research and the medical humanities. Our breadth of support includes public engagement, education and the application of research to improve health. We are independent of both political and commercial interests' (The Wellcome Trust 2011a). With this official mission statement, the UK-based Wellcome Trust is the second biggest global charitable foundation in the world and the first in Europe (Association of Charitable Foundations 2014), with an endowment of approximately 22 billion USD (13.9 billion pounds). Despite this, it is given much less publicity than the Gates Foundation, deserving the title of 'unsung hero' in health research (The Lancet Editorial 2008). Having spent around 940 million USD in 2010, the Wellcome Trust has over 500 employees based in London and a conference centre at the Sanger Institute in Hinxton, Cambridge (UK) (The Wellcome Trust 2010a).

At the time of interviews, the Trust has three main focus areas: Science funding, Technology Transfer and Medical Humanities and Public Engagement (The Wellcome Trust 2010c). It is organized into six different funding areas, with International Funding as a cross-cutting area (in *italics* in Table 4.5). Unlike the US-based foundations, all areas of the Wellcome Trust relate to health issues, from different perspectives and, for this reason, all areas are reported in the following tables. Every area has its specific way of managing applications: the decision-making bodies for each area are the related committees and subcommittees, described in Chapter 6 which explores the Trust's grant-making process.

At its inception in 1936, five Trustees were the sole shareholders of the pharmaceutical company Wellcome Foundation Ltd, accumulating the Trust's endowment from its profits. It was actually only in 1954 that the Trust officially came to own 100% of the company in the form of shares. During the following twenty years, the Trust began to increase its funding independently from the Foundation, becoming the world's largest grant-making charity, by making the largest non-government stock exchange deal ever made. In 1995, the Trust sold its remaining 39.5% interest in the Wellcome Foundation to Glaxo plc, leading to a takeover and the formation of GlaxoWellcome plc. This increased the Trust total assets to 6.8 billion pounds (The Wellcome Trust 2011d). Not bound by any regulation imposing a minimum spending like in the US, the Trust has given itself a return-on-investments objective: the

overall objective is to seek total return in inflation-adjusted terms over the long term of at least 6% per year (The Wellcome Trust 2010a, p.6). Apart from the Constitution and related documents (Articles and Memorandum of Associations), a whole set of policies (currently twenty-five) govern the behaviour of both executive leadership and staff in their daily activities as well as strict criteria to make investments (The Wellcome Trust 2011f). As for the other two foundations, the main global health related topics, the primary grantees and the amount of funding of the Wellcome Trust is reported in Annex 7. Consistently with the Trust’s investigator-driven funding approach, main grantees are researchers in universities and research centres, primarily in the UK. The Trust funds about 250 people a year, broadly called investigators. Table 4.5 below reports the main funding areas and types of funding available from the Trust.

**Table 4.5 Funding Areas and Types of Funding available**

Types of Funding	Funding areas					
	Biom. Science	Techn. Transfer	<i>International</i>	Public Engagement	Medical Humanities	Society & Ethics
Investigator Awards	x		x		X	x
Fellowships	x		x	x	X	x
PhD funding and undergrad	x					x
Studentships				X		
Post-fellowships						x
Translation Fund		X				
Health Innovation Challenge Fund		x				
Sustaining Health		X	x			
Seeding Drug Discovery		X				
Affordable Healthcare in India		X				
Pathfinder Awards		x				

Global Health Trials Scheme			x			
Arts Awards				X		
People and Society Awards				x		
Biomedical Ethics Awards						
Strategic Awards	x		x		x	x
International Engagement Award				x		
The Hub Award				X	x	x
Broadcast, games and film awards				x		
Capital funding				X		
Small grants					x	x
Other personal & university awards	x				x	x

**Source Elaboration of the researcher on data retrieved from The Wellcome Trust, 2011b and 2011c.**

#### **4.4.1 Origins**

Henry Solomon Wellcome was an American who moved to London in 1880 with his fellow countryman, Silas Borroughs, to start a pharmaceutical business. After the death of Silas Borrough in 1885, Henry Wellcome unified all his commercial interests and scientific, historical and cultural collections in a registered company in 1924, which he named the Wellcome Foundation Ltd. This entity was partly a pharmaceutical company and partly a philanthropic organization, with a capital of one million pounds (The Wellcome Trust 2011d). The Wellcome Trust was officially created in 1936, from the will of Henry Wellcome which left five Trustees the task of distributing the profits of the company to advance medical research and history. It was only around the mid-Fifties that the Trust began to grow considerably and expand its funding activities. Parallel to this, the Trust experienced an increase in the variety of its investments portfolio and assets, making it the second largest foundation in the world.

In its first decade of life, the Trust's funding was directed to support talented researchers rather than industry, by favouring structural interventions, such as laboratories and equipment. Like the US-based foundations, the geographical distribution of funds was global<sup>11</sup>. After the first twenty years of activity the stated policy of the Trust (as acknowledged in the first Report, dated 1957) was not to compete with state funding, but rather to 'fill the gaps' of public funding, a core principle of its strategy (The Wellcome Trust 2011e). Moreover, the Trust has continuously called on government to augment research funding, since the Trustees have always agreed that it was main responsibility of the government to provide university research infrastructure, and planned a future a shift in their strategy to provide support for individuals. Consequently, the Trust began to shift its funding from structural interventions to career support and academics, through fellowships and short-term grants as well as the creation of the first History of Medicine Department in UK based at UCL, London (The Wellcome Trust 2011d).

While the Trust continued to support veterinary and tropical medicine, new 'neglected' issues were targeted from the Seventies, such as dermatology and mental health. Concerning tropical diseases, a fruitful partnership was established with the WHO and the Rockefeller Foundation, until this issue too was considered well-funded from these other initiatives and the Trust shifted more attention to strengthening research and the university system (The Wellcome Trust 2011d). The Trust was the sole private funder for tropical medicine research in the UK, engaging in science policy by implementing a strategy of partnerships with other charities and institutions, both in UK and abroad, like the WHO and the Rockefeller Foundation. The Trust funds at that time were increasingly international, especially towards Australia, New Zealand, South Africa and Ireland, as the majority of its profits are made overseas (The Wellcome Trust 2011d).

From the beginning of the Nineties, the Trust became more and more involved in policy-making, contributing to the development of national scientific research policies and collaborating with the Government at various levels. In contributing to this, the Trust launched the 750 million pounds Joint Infrastructure Fund (JIF) and the 1 billion pound Science Research Investment Fund (SRIF) – both addressed to build new facilities and

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<sup>11</sup> The Trust counts as 'global health' all the spending for health research to LMICs, which goes to Africa, Asia, Central and Southern America (The Wellcome Trust 2014, pp.7-8).

upgrade research equipment in partnership with the UK Government. Moreover, the Trust contributed to establishing a national institution, the Academy of Medical Sciences, funded major university-based centres of excellence, and co-funded the Clinical Research Facilities to strengthen clinical research within the NHS (The Wellcome Trust 2011d). While 15% of the Trust's spending in 2006 was directed to the Sanger Institute, the Trust kept alive its support for tropical medical research, in particular in South-East Asia and Africa. It expanded its international work significantly, including relevant partnerships with LMICs governments to support researchers' development and training and several initiatives to support capacity building of African institutions (The Wellcome Trust 2011d). Beyond this, the Trust funds five Major Overseas Programmes, in Kenya, Malawi, South Africa, Thailand and Laos, and Vietnam (The Wellcome Trust 2014).

#### ***4.4.2 Governance structure***

Like the Rockefeller Foundation, the current governance structure of the Trust descends from its original mandate. The first meeting of the five Trustees appointed by Solomon Wellcome's will to take charge of the Trust took place on 13 January 1936. They were given the duty of distributing the Wellcome Foundation's profits for the support of medical research and the history of medicine. They had neither staff nor an office and capital assets of only 74,000 pounds. Due to its long history, several organizational changes have occurred within the Trust. Following the increasing complexity of the Trust's activities, a decision was made to set up a new administrative scheme to support the 'new' Wellcome Trust (different from what Wellcome had indicated in its will). The new administrative scheme came into force in 1981, allowing the Trustees to re-organize their committees' structure (The Wellcome Trust 2011d). In the late Eighties and beginning of Nineties many institutional changes also occurred: the Trust gave itself a new Constitution, which created a company – The Wellcome Trust Ltd. – and the Trustees became Governors. The last major structural changes occurred in the late Nineties: not only did the Trust publish its first 5-years plan ('Planning for the Future: 2000-2005'), but it also adopted another new Constitution, with new rules for the Board, the establishment of the Executive Board and funding committees (The Wellcome Trust 2010d; The Wellcome Trust 2011d).

Currently, the Wellcome Trust is a privately endowed, independently registered UK charity, whose only trustee is The Wellcome Trust Ltd. It holds two charitable companies responsible for the activities at the Wellcome Trust Genome Campus at Hinxton (Cambridge): the

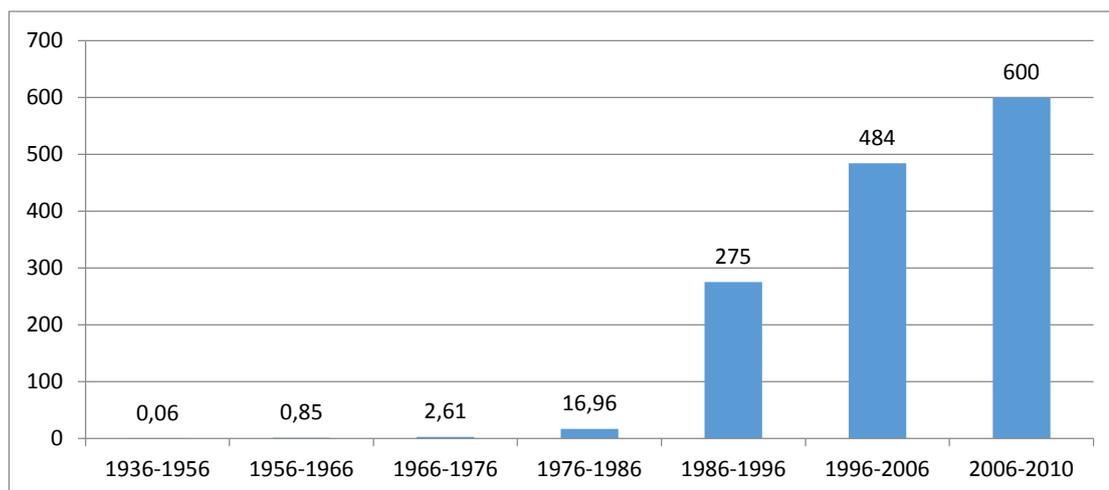
Genome Research Ltd., responsible for the Wellcome Trust Sanger Institute; and the Hinxton Hall Ltd., responsible for the Wellcome Trust Conference Centre. The Trust has also established the Wellcome Trust Trading Ltd., a trading subsidiary to handle non-charitable trading at the Wellcome Trust Conference Centre (The Wellcome Trust 2010a).

The decision-making authority on the Trust's overall objectives and functioning relies on a committee basis. Committees include external members such as academics and experts (comparative rules of governance are reported in Annex 9). The Board of Governors is the steering committee of the Trust, now composed of ten members, and has the ultimate responsibilities for decisions on the charitable objectives of the Trust (The Wellcome Trust 2003). The Executive Board manages the day-to-day activities of the Board and is composed of 8 members: the CEO or Trust Director plus seven other Directors drawn from the different funding divisions. Finally, the Management Structure is composed of six Divisions.

#### ***4.4.3 Spending***

Figure 4.7 shows the increasing spending trend of the Trust since its inception. Over the 1956-1966 decade the Trust substantially increased its expenditures, giving 8.5 million pounds to biomedical research and the history of medicine. At its 50<sup>th</sup> anniversary in 1986, the Trust total grants' allocations amounted to 169.6 million pounds, giving it the status of largest private source of medical research in the UK (The Wellcome Trust 2011d). Mainly due to the Trust's changes in asset policy and the creation of a 'new' entity in 1995, the Trust's annual charitable spending increased from 275 million to 484 million pounds in 2006, equalling the UK MRC budget and giving it the status of biggest private charity in the UK for medical science, and an increasingly influential actor for medical research at the global level.

**Figure 4.7 The Wellcome Trust average annual spending since inception (mln pounds)**

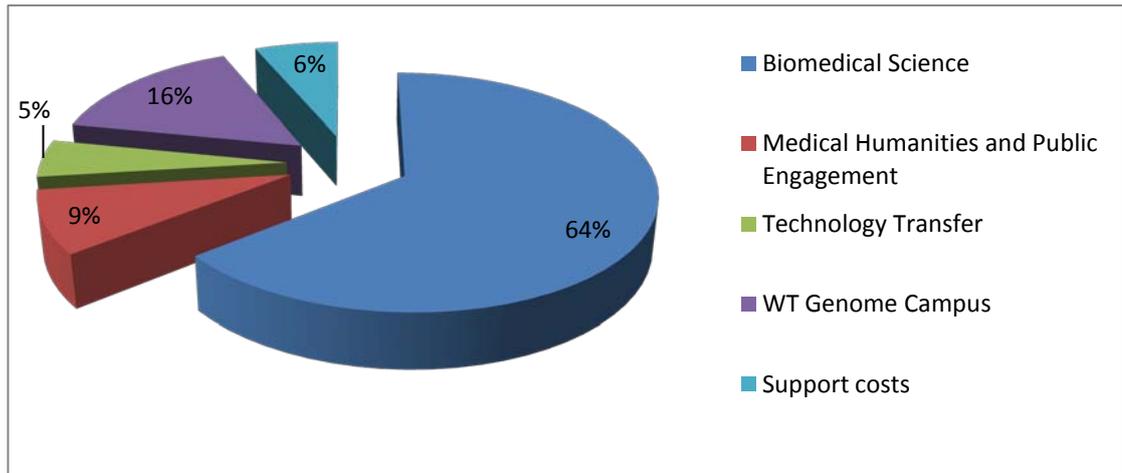


**Source: Elaboration of the researcher on *The Wellcome Trust, 2011d*.**

Today, the Trust's average spending is over 600 million pounds per year (The Wellcome Trust 2010a). More specifically looking at 2010, the Trust's total charitable spending that year was 678 million pounds, of which 436 million pounds was awarded to Biomedical Science, 35 million pounds to Medical Humanities and Public Engagement, and 59 million pounds to Technology Transfer activities. The remaining amount went to the Wellcome Trust Genome Campus (105 million pounds) and 43 million pounds for support costs (Figure 4.8).

Based on the analysis of the Trust's grants' database, the Wellcome Trust has given a total of 1,278 grants, of which 511 were under 100,000 USD, 475 between 100,000 and 500,000 USD, 146 between 500,000 and 1 million USD, 121 between 1 million and 5 million USD and 25 over 5 million USD (Figure 4.9). Unfortunately, most of the information relating to the focus area of grants is absent, thus it is extremely difficult to disaggregate which grants are addressed to global health issues and which are addressed to domestic issues (The Wellcome Trust 2010b).

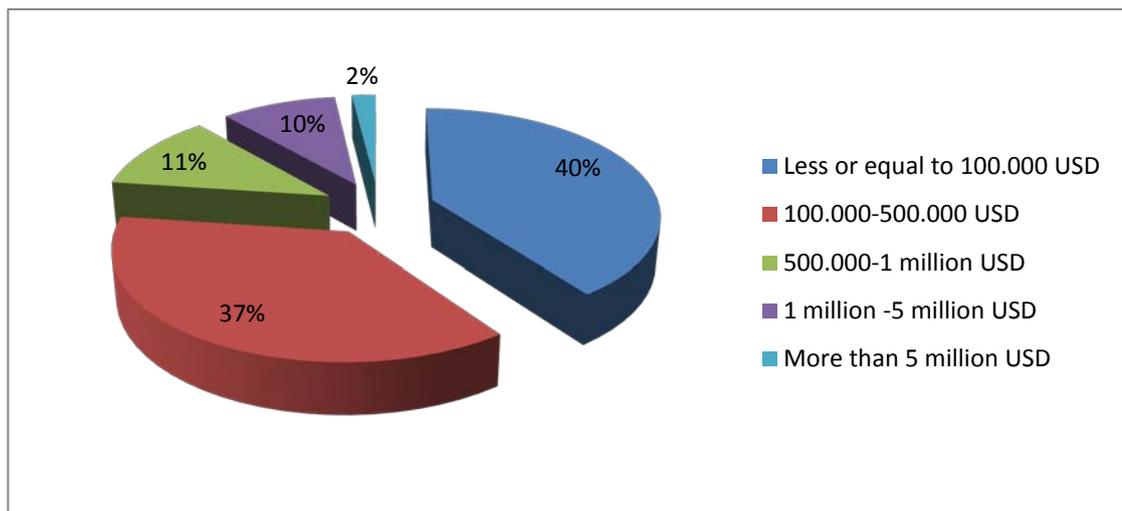
**Figure 4.8 Breakdown of the Wellcome Trust 2010 spending per area (mln pounds)**



**Source:** *Elaboration of the researcher on data collected through The Wellcome Trust 2010a.*

**Notes:** *As previously mentioned, the analysis goes from October 2009 to September 2010.*

**Figure 4.9 – Global health funding issues grants’ size range**



**Source:** *Elaboration of the researcher from The Wellcome Trust 2010b.*

#### **4.5 Assessing the relevance of factors in influencing foundations’ decision-making behaviour**

The previous sections provided descriptive information on the three case studies selected, exploring, after an overall background description, their origins and activities, their spending and their governance structures. The three foundations are extremely different in these respects. While the Gates Foundation is a young family foundation with a living donor and a very small and flexible board, the Rockefeller Foundation and the Wellcome Trust are old

foundations with more consolidated structures, traditional board configurations and committee structures. Nonetheless, while the Rockefeller Foundation's President is also a member of the board, the management committee and the governors are separated in the Wellcome Trust. Consistent with the analytical framework, this section explores the relevance of the outlined factors in influencing foundations' decisions through a comparison among the three case studies. The comparative exercise emerged from interview data analysis, on which this section is primarily based: in fact, in-depth interviews have stimulated the researcher to investigate the extent to which internal factors can explain major differences in foundations' decisions. The following section focuses the analysis on origins and funding ethos, while the second section focuses the analysis on foundations' governance structures. The conclusive section raises issues which offer the basis for the discussion in Chapter 7.

#### ***4.5.1 Origins and funding ethos***

This section addresses the extent to which different foundations' origins and funding ethos may shape their decision-making behaviour. In particular, the analysis in the following section explores two main issues which emerged from interviewees' accounts. First, despite possessing the same vision and mission statements, different origins and funding ethos may explain foundations' in-perpetuity versus short-term orientation. In-perpetuity refers to the fact that foundations are meant to exist forever, perpetuating their mission over time, as opposed to a short-term orientation of funding, which sees foundations' leaders spending their capital rather quickly to achieve maximum impact (Bishop & Green 2008). Second, different origins and funding ethos may explain foundations' capacity-building funding versus product/solutions funding and fundamentally undermine the collaboration between foundations. Capacity-building refers to investments addressed to fostering recipients' capacities, either institutional or individual, and to change public systems, often opposed to a product or solutions orientation of funding which refers to hard technological and vertical intervention on which the foundation has a higher control (Birn 2005).

##### *In-perpetuity vs. short-term orientation: same missions, different views*

Documentary data reported on the origins and mission statements helped understanding the differences that exist between old foundations compared to new ones. Since Andrew Carnegie's *Gospel of Wealth*, old founders like John Rockefeller believed they were creating institutions which could last forever, fostered by the view that the essence of foundations was the redistribution of wealth towards less fortunate people (Carnegie 1889).

Consequently, foundations would ideally last until inequalities and redistribution issues ceased to exist in our world. Nonetheless, the literature has also shown that, more than a century later, foundations are constantly pressured to demonstrate their impact to justify their existence. This creates a tension which foundations face in different ways, as explored below.

The in-perpetuity-or-not debate was a recurrent theme during interviews. Informants from the Wellcome Trust and the Rockefeller Foundation often underline the intention of their founders in setting up an institution which would work for the benefit of world populations and would potentially always exist, marking a distinction with new foundations, as very vividly expressed by a respondent from the Trust: 'we are meant to be a trust which stays forever, Gates is spending his money within a defined period, so in forty years' time Gates is not any longer meant to be operating the world, whereas the Wellcome Trust hopefully would be there' (WT/40). The governors of the Trust have the task to preserve the in-perpetuity principle embedded in the founder's vision across time. The Rockefeller Foundation social investing guidelines also contain the explicit reference to the in-perpetuity of the Foundation (The Rockefeller Foundation 2012b, p.1), which also has originated from the original founder's heritage. On the contrary, accounts from the Gates Foundation's informants are extremely interesting in showing how the eruption of this new global foundation has responded to the need of translating the leaders' will into the most suitable organizational form, a foundation, to make 'as near term as possible impact' (GF/31). The origins of the Gates Foundation and the scope for which it was created in the beginning, are in strong opposition with the long-term view expressed by old, traditional founders.

Despite this, interviewees' accounts and documentary data reported show that there is no evidence of a significant difference in mission statements between the Gates Foundation, which has a living founder, compared to the other two foundations, whose mission statements was elaborated by a long dead founder. The Rockefeller Foundation and the Wellcome Trust have inherited their missions from an original founder who enshrined his interests and views on the future and sustainability of the foundation in a document, traditionally the will, often incorporated in the foundations' constitutions or charters (RF/7, WT/40). These documents explicitly delegate the trustees or governors to steer the foundation according to the founder's principles, but leaving them enough leeway to consider issues that evolve and emerge over time (RF/34, WT/40). This leaves room for

decision-makers to have a say over the extent to which priorities are defined from time to time. An example concerning the Wellcome Trust is given by their recent choice to increase their focus on medical humanities. The history of medicine is explicitly mentioned in Wellcome's will and today, as a respondent points out, 'the Wellcome Trust is one of the actually few funders worldwide in history of medicine' (WT/25). Despite this, this area of investments has not been a top priority of the Trust for many years, only experiencing resurgence recently (The Wellcome Trust 2010c). In fact, while the vision of the Trust has remained the same, the mission statement has been reformulated accordingly, from 'the Trust funds science to improve human and animal health' to 'the Trust support the brightest minds in biomedical research and the medical humanities' (WT/25). Similarly, the Rockefeller Foundation offers a good example of how, within the boundaries of a broad mission statement, leaders have the space to focus on different priorities and to change them from time to time, even abruptly, as reported by Foundation's informants (RF/33, RF/36). At the Gates Foundation, co-chairs have recently shifted from a product-based approach to a higher focus on delivery and implementation (GF/35), especially by focusing on boosting the demand for services, and not only the supply (GF/5).

These examples show that while different origins may explain the in-perpetuity vs. short-term view horizon of the foundation, this is not particularly relevant in the choice of the priorities: leaders have the freedom to change priorities, whether they are the original founders, like the Gates' couple, or they are invested in the role of trustees or governors from an original founder's will. This is possible because mission statements are broad enough to leave room to decision-makers to adapt and change priorities according to the needs that emerge over time. The extent to which the leaders' discretionary power is exercised in the decision-making process will be analyzed in the two following chapters reporting findings.

#### *Capacity-building versus product funding: undermining collaboration*

The description of foundations' origins, activities and grant destinations have shown that although the three foundations studied have global health as one of their focus areas, they may fund different disease issues and have different types of grantees. According to the evidence collected through interviews, funding ethos plays a fundamental role in the way decisions are made within foundations (WT/11, WT/40, RF/13, GF/31). This argument was frequently used by interviewees to highlight a difference between the foundation they represent and other foundations. As an informant from the Rockefeller Foundation stated,

‘the focus of the Gates Foundation is mostly on developing products, while we are much more focused on translating and on the delivery part...’ (RF/13). Although this has been changing recently, the focus on product development is reported to be the view of Bill Gates, marking a strong distinction with the tradition of the old foundations which have long invested in health systems and the creation of public health schools all around the world (WT/29).

The Wellcome Trust respondents also demonstrated a very different approach from both the Rockefeller Foundation and the Gates Foundation informants when asked about their view of funding, either called explicitly funding ‘ethos’ (WT/11), ‘vision’ (WT/29), or often referred to as the ‘culture’ (WT/12, WT/40) of different foundations. Despite all foundations under study investing in health research, the Wellcome Trust has always had ‘an ethos of picking and investing in people’ rather than in projects or products (WT/11). It has always believed that supporting people’s invention and discovery allows for greater innovation and creative approaches (WT/19). The recent shift of the Trust from project-based grants to strategic awards reflect the long-term view aimed at building the capacity of researchers (WT/8). One of the Trust’s informants stated, ‘we prescribe certain routes where we feel we can enlarge the scope of the individual while they are on their training curve, to get different experiences that would enhance their quality as researchers’ (WT/40). Particularly concerning their overseas programmes, the Trust’s informants describe funding capacity-building in LMICs as a sign of investment in these countries’ institutions, universities and research capacities (WT/15, WT/39). Through its overseas programmes, the Trust funds several LMICs investigators to strengthen their research capacity: the ownership of interventions from recipient countries’ governments and research institutes is considered as a fundamental asset of the grants given for the Wellcome Trust (WT/26, WT/39). In fact, the major overseas programs of the Trust are now embedded in local institutions, as reported with the H3Africa Initiative, which was described as a very long process, involving Africans from the beginning to the final draft of a white paper signed by all Africans involved (WT/26). No similar funding ethos has emerged from the Gates Foundation or the Rockefeller Foundation’s informants’ accounts. Often grantees of the US-based foundations are organizations that foundations previously played a fundamental role in their creation, such as partnerships (RF/36). Strategies in both foundations have a more top-down orientation, although with respective differences as will be described in the following chapter. These differences also had direct consequences on the grant-making models adopted by these foundations, which will be described in Chapter 6.

The different funding ethos is frequently described as a fundamental factor undermining the collaboration between funders (WT/29, RF/10). One programme officer from the Wellcome Trust reported that the Trust had tried to make efforts to harmonize priorities with recipient countries' priorities, to share similar reporting standards and forms, and to make the life of grant holders simpler, but this alignment effort stalled because the foundations themselves failed to align their funding priorities or the way grants were managed (WT/39). The lack of dialogue and collaboration was reported explicitly by the Rockefeller Foundation's informants referring to the Gates Foundation (RF/7) and by the Wellcome Trust's informants referring to the US-based foundations in general (WT/12) and the Gates Foundation specifically (WT/11, WT/29). The main reason for this lack of collaboration is reported to be rooted in a different culture, as stated by a Trust's informant reporting the difficulties in collaborating with the US-based foundations: 'I would agree that our different models are both right, it's sort of the culture of the organization which is important...' (WT/39). In particular, when challenged about which sorts of differences were felt as particularly important for the Trust to overcome in view of a collaborative effort, an informant of the Trust explained the difficulties in partnering with the Gates Foundation not on the issues (which are equal in some cases, like vaccine development for LMICs or fighting NCDs to some extent), but exactly on the ethos described above. By acknowledging that the Gates Foundation's mission is to develop tools and products with an impact on the short term, the informant reported Gates to be less interested in the 'creative element of people' (WT/29). Another informant from the Trust finds this view unnatural for foundations, affirming that 'Gates is sometimes paradoxically closed to just commissioning research' (WT/11). On the opposite side, for US-based foundations, commissioning research is a natural way of interpreting their role, as an informant of the Rockefeller Foundation vividly describes 'they think of an area to fund, and then go find people who can provide answers' (RF/7).

Finally, only a few informants attribute the different capacity building or product orientation of funding to the country context. In comparing the Gates Foundation's model with the Wellcome Trust model, an informant stated that: '...in the US they sort of tend to feel more driven if there's an agenda developed, then going to find the right people to fit in and deliver on this agenda...we are more British, more reserved, and less pushy, the Trust fundamentally responds to what comes in the door' (WT/12). Also an informant of the Rockefeller Foundation offered a country related interpretation to explain different foundations' ethos. By describing the transition from the old Foundation's president to the new one in 2006, the

informant reported that the previous president was British, so had a greater sense of international perspective of funding, while the current president comes from an Ivy League University, has a stronger domestic sense, several connections with the political elites in Washington, a greater sense of policy leverage and at the same time a far greater sense for innovation (RF/1). Although only these few accounts refer to a country-related differences, they raise an interesting point for reflection, as will be further addressed in the discussion chapter.

The previous analysis shows that different funding ethos may explain both the grant destinations and the different foundations' attitudes towards grantees, especially concerning a capacity-building orientation towards a more product development or solutions orientation of funding. Also, this results in consequences for the people-oriented as opposed to commissioned-research approach. This is further developed in Chapter 6 which contains in-depth reflections on the internal or external contributions given to the grant-making process. Furthermore, a different funding ethos may also provide an explanation for the lack of collaboration between different donors. Finally, different funding ethos may be partially explained by a country related culture, which is suggested to be substantively different, from the UK and the US approach. This offers an interesting implication for future research avenues and will be discussed in more detail.

#### ***4.5.2 Governance structures: board configurations and board members' knowledge***

This section will address the extent to which board configurations may explain differential involvement of board members in foundations' decision-making. In particular, it suggests that board members' knowledge and the power they have to input into foundations' discussions are relevant, and not simply their configurations. However, since board powers are strictly connected to their influence in the way decisions are made, and to the extent of leaders' influence in the decision-making process, the exploration of board powers will be offered in the two following finding chapters, which respectively deal with the strategic planning process and the grant-making process. This section responds to the questions outlined in the analytical framework by offering two points for further reflections explored in the discussion chapter.

The two older foundations have quite similar board configurations compared to the Gates Foundation, which possesses a more flexible, less structured governance model which has evolved in recent years. At the Gates Foundation, co-chairs are the funders, and constitute the only members of the board together with another the Gates' family, which makes the Gates Foundation a family foundation. The Rockefeller Foundation and the Wellcome Trust possess a more traditional board configuration, with a certain number of board members (ranging from ten to fifteen members), a formal subdivision in board's committees and rotating nominations. These formal differences were not reported to be particularly critical in the foundations' decision-making. What was asserted to be critical for decision-making was the degree of knowledge of the foundations' activities and the involvement the board members have in decision-making.

The Gates Foundation's board members were reported to have a strong technical knowledge, being deeply involved in the contents of the Foundation's activities and in the choice of methods applied to select grant priorities and investments (GF/3, GF/4, GF/35). In contrast, the Rockefeller Foundation board members were prominent and well known people in various fields of activity, which were not necessarily related to the Foundation's work. As explained by a Rockefeller Foundation informant, 'it's the patent of old US foundation, to have boards with illustrious people' (RF/7). Finally, almost all Wellcome Trust governors have a strong connection with the core field of activity of the Trust, although they are not involved in all the decision-making steps such as the Gates couple (WT/21, WT/29). Furthermore, the information reported in the descriptive section also suggests that a relevant difference exists between the case studies in the extent to which external knowledge and advice, such as the one offered by Advisory Panels, is used to set strategies, by complementing board members' role in setting priorities. These differences have relevant implications for the extent of board members' influence in the real decision-making process, which will be further explored in Chapter 7. The brief analysis given suggests that the reality of decision-making, including board powers and the extent of leaders' technical knowledge and involvement, helps explain the foundations' decision-making processes better than the formal governance structures. For this reason, further analysis on boards' power and leaders' knowledge will be detailed in the following chapters, which discuss what concerns the strategic planning process and the grant-making process, respectively.

## 4.6 Conclusion

This chapter has responded to the first specific objective of the research study – understanding the origins, funding ethos and governance structures of foundations in order to assess the importance of these factors for foundations’ decision-making behaviour.

The first conclusion is that different origins may explain the in-perpetuity or short-term view of the foundation. However, it is the leaders’ freedom that is most relevant factor in the choice of priorities, whether they are the original founders or they are invested in a role incorporated into a charter or constitution. Foundations’ mission statements are so broad that they leave room to decision-makers to adapt and change priorities according to the evolving needs of the time. In fact, the difference between living or dead founders seems to bring more relevant implications not on the mission statements’ formulation or flexibility, but on the extent to which the leaders’ discretionary power is exercised in the decision-making process, which will be analyzed in the two following chapters.

The second conclusion is that different funding ethos and views may explain both the grant destinations and the different attitude towards grantees, especially concerning short-term versus long-term funding, and a capacity-building orientation towards a more product development or solutions orientation of funding. Also, this introduces consequences for the people-oriented or commissioned research approach, which will be further developed in the exploration of the grant-making process. More importantly, this difference in approaches is often reported as the first explanation for the lack of collaboration between foundations, even investing in the same focus areas. Some informants suggested that different funding ethos are related to the cultures between countries (specifically the US compared to the UK), although this area deserves further exploration.

The third conclusion is that different board configurations are not relevant for decision-making: rather, the knowledge of board members and the power they have to input into foundations’ decision-making is most relevant. This argument will be further explored in the following chapters, which will thoroughly analyze the strategic planning process and the grant-making process, including providing an explanation of different leaders’ role in influencing decision-making.

## Chapter 5

### The strategic planning process

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Complex problems and their solutions are influenced not just by grantees, but by the behavior of many different nonprofit, for-profit, and governmental actors as each entity pursues its own strategy. No funder has the resources to compel all other participants to follow its preferred strategy. This is why strategy must be co-created and co-evolve among multiple organizations, rather than be shaped independently (Kania *et al.* 2014, p.30).

#### 5.1. Overview of the chapter

While the previous chapter provided a description of the case studies and explored the role of internal factors in contributing to explain different foundations' decision-making behaviour, this chapter responds to Objective 2a of the research study: to understand and assess the relative importance of different factors in foundations' strategic planning. For each case study, a description of the strategic planning process is given, taking into account the different steps of the process as they were reported by interviewees. As in the previous chapter, unless otherwise specified, interviewees' accounts refer to the period when data was collected. After that, the chapter responds to the research questions outlined in the analytical framework, by assessing the relative importance of different factors in the strategic planning process. The factors addressed and the relevant research questions are provided in Table 5.1 below. Finally, the concluding section will raise specific issues which will be further discussed in the following chapter and present some implications to be further explored in Chapter 7.

**Table 5.1 Framework and questions related to Specific Objective 2a**

<b>Factors</b>	<b>Questions</b>
Needs and evidence	<i>To what extent the foundation's decisions are based on needs? How evidence is collected and used to inform foundations' decisions?</i>
Comparative advantage	<i>What do foundations perceive as their own comparative advantage? Do considerations on own comparative advantage occur in foundations' decision-making and in their relationship with other donors?</i>
Private partners	<i>Do partners' objectives and mandates have a role in influencing foundations' priorities? And how are private partners selected?</i>
Influence	<i>Is influence a goal in foundations' decision-making? Which are the sources of influence that foundations activate to be influential in global health policy-making?</i>
Networks	<i>To what extent networks are relevant for the elaboration of foundations' strategies? To what extent the strategic planning decisions rely on external or internal contributions?</i>
Leaders	<i>To what extent leaders influence foundations' decision-making? To what extent the strategic planning decisions rely on external or internal contributions?</i>

## **5.2. The strategic planning process at the Gates Foundation, the Rockefeller Foundation and the Wellcome Trust**

Consistent with the theoretical approach of strategic management adopted, this research study makes use of the strategic planning process to break down the first part of the decision-making process: from priority-setting to strategy formulation. Some commonalities may be identified in the way foundations' respondents describe the formulation of their strategic decisions. First of all, consistent with the strategic management approach, they all describe strategic planning as a process, which rests on some steps to follow in order to get to a final decision. Moreover, the strategic planning is described as a circular process, interconnected with the grant-making process by a continuous feedback loop between the two processes. Despite these commonalities, each foundation has its own way of prioritizing resources and its own language to drive information internally, like identifying 'tipping points' for the Rockefeller Foundation or pursuing a 'theory of change' and a 'theory of action' for the Gates Foundation (RF/10; RF/33; GF/5; GF/35). That is why a description of the strategic

planning processes in the three foundations is reported as is in interviewees' accounts. This deconstruction is preparatory to the assessment of the importance of different factors in the process, which will be addressed in the following section.

### ***5.2.1 Strategic planning at the Gates Foundation: pursuing a theory of change***

The Gates Foundation has been a particularly interesting case study with respect to its strategic planning process, due to the fact that the researcher got the chance to interview informants involved in the first years of the foundation's prioritization, as well as people currently involved in the process. As reported in the previous chapter, the vision of the Gates Foundation is to help all people lead healthy, productive lives. Starting out from this view, the rationale for prioritization of the Gates Foundation needed to be set. As reported from an informant working at the Foundation close to the time of its inception, the priorities 'were pretty clearly articulated by Bill' and the role of the top executives was to 'translate his interest, his theory of change, into an actual strategic plan' (GF/31). In order to do this, a lot of discussion occurred to realise the leader's principles and define the conceptual boundaries of 'global health' and of 'diseases of developing countries' as the focus areas of the Foundation for the years to come (GF/31). The diseases of developing countries include both the so-called neglected diseases, but also diseases which are common in high income countries too, such as cancer or cardiovascular diseases. The choice was made to focus on neglected diseases: 'the rationale for that was that the foundation was set up very much upon Bill's belief that innovation, often technical innovation but not only, was the key to overcoming global inequities' (GF/31). Keeping innovation as a pivotal criterion for prioritization, the working definition of the diseases in developing countries to be targeted by the foundation was quite straightforward: 'those diseases that were not shared by developed countries, such as maternal mortality, so that there was no market force motivation to invest there (...) because the global innovation system is directed at the diseases of the wealthy' (GF/31). Innovation was therefore the criterion through which all theories of change embraced by the foundation, emerged. As reported by the same informant, 'we embraced the idea that innovation was a way to...you know...teach[ing] people how to fish as opposed to giving them fish' (GF/31).

After having identified the wider target for prioritization – neglected diseases – it was necessary to identify which diseases specifically were going to be tackled and find a measure against which to make a funding decision. The Foundation uses the GBD as the place to collect initial evidence of the needs to be tackled. The highest priorities of the burden of

diseases, together with the potential to generate innovation, were targeted as the priorities where the foundation would invest (GF/31). This was coupled with the recognition of ‘what exactly the Foundation was going to do to solve things’ (GF/31), meaning the need to define its own identity: whether to be an operating foundation, running its own managed projects and laboratories, or to be a grant-making foundation. The latter was the choice of the founder.

After that, a method was set up to guide prioritization. A fairly detailed process was developed to analyse ‘the probability of success of an innovation at addressing the burden of disease’ (GF/31). The foundation developed a set of metrics, called ‘fractional benefit’, elaborating an analytical model to prioritize the most impactful interventions against the burden of diseases. The probability of success was then defined as ‘both the likeliness that a grantee could achieve something and the likeliness that they can achieve something in a particular timeframe’ (GF/31). The sensitivity to respecting a specific timeframe is reported to be something that Bill Gates felt very strongly about, as reported by the informant: ‘the foundation was not about the coming of a new academic research funding grantee agency, but really was about trying to make as near term as possible impact in burden of disease as possible’ (GF/31).

However, interviewees’ accounts show that beyond the GBD indicators, the interest and discretionary power of the Foundation’s leaders is extremely relevant to decide on which topics to focus on (GF/3, GF/4, GF/31). First of all, leaders chose which source of evidence they want to apply. A vivid example has been given on the competition of two sources of evidence, specifically WHO and IHME data. Instructions on which data source has to be used for internal evaluations at the Gates Foundation were reported to be unclear (GF/3). This phenomenon is reported as a critical issue because it increases the risk that foundations end up ‘cherry-picking’ data (GF/3), opening up concerns around the responsibility of foundations in using data, as well as the transparency of the evidence collection. Secondly, leaders were reported to set priorities rather devise them independently from external contributions, where staff based in offices outside Seattle are executing on a strategy that has been already set in Seattle, as was reported by a respondent referring to the Foundation’s staff based in China and Africa offices (GF/4). Although a Global Health Advisory Panel used to exist at the beginning of the Foundation’s work, it was described as a sounding board, with the role of discussing products which had been developed and accepted internally, rather than really contributing to working products (GF/4). The panel no longer exists, and the only explanation

offered by informants for this was that external advisors increase the risk of losing alignment with the Foundation's strategies: as an ex-programme officer of the Foundation explained, 'like any organization, you always run the risk of external advisors advising on things that they want you to do...' reporting a tension between the need to find advisors 'who have a big picture enough on one side, but out of the internal politics of their own institutions' on the other (GF/18).

This does not mean that external contributions to the strategy are not used at all: external advice is required especially where highly technical inputs are needed, falling outside the competences of the Foundations' staff. For example, in the process of developing the Vaccine strategy for the Foundation, a draft strategy was shared with WHO, GAVI, CDC and their input was reported to be reflected in the evolution of the strategy, which took more than a year to be developed (GF/35). Additionally, the strategy on Delivery was shared with DfID, but that was reported to be rare, rather exceptional (GF/4). A part from this, where external advice exists, it was reported to be very random and informal rather than standardized as part of the strategy process. Overall, as reported by an informant, the Foundation is not influenced by 'the rest of the world' (GF/4). When external advice is requested, it is usually asked of previous grantees or people who have connections with the co-chairs. The perception of most respondents is that personal relationships at the highest levels count considerably in deciding which evidence to use.

After more than ten years, the criteria to identify priorities descends from this original prioritization. Evidence is balanced around discretionary decisions: as recognized by many of the Foundation's informants, the priorities of the Foundation are the priorities of Bill and Melinda, what they choose, like, or want to do (GF/3, GF/4, GF/18, GF/30). Even the Foundation's directors, in this respect, are reported to have little meaningful delegation of decision-making. As an informant from the Foundation reported, the most relevant drivers which influence the Foundation's strategies are internal to the organization, and the most relevant of all is Bill Gates, who is reported to take a leading role on where he wants to put an emphasis (GF/18).

However, Presidents have considerable autonomy in designing and structuring the processes. The Global Health Presidents of the Foundation have initiated a re-engineering of the processes, starting from the previous President who was reported to have introduced the Critical Path Method (CPM), a project planning method frequently used in private companies

(GF/28). As reported by an informant in the Foundation, when the current Global Health President came in 'he was surprised there was no kind of transparent, systematic way of identifying which of these products we think are going to be important' (GF/3). Consequently, they set about defining the criteria used to rank how the most important products were defined: products had to have a high probability of success, to have a big impact and a good value for money, assessed by measures of cost and cost-effectiveness. In particular, as reported by a Foundation's informant, 'Bill is very much focused on the cost per DALY metrics' (GF/3). These three criteria – probability of success, impact, and cost-effectiveness – are ranked on a three-by-three matrix and generated a wish list for grant-making, as will be further explored in the following chapter. From this prioritization, strategies are formulated to address each identified issue. By October 2011, the Foundation possessed 26 strategies, which were reviewed annually by the co-chairs and the CEO. Every three-to-five years, a deeper analysis of the strategies takes place, called a 'strategy refresh' (The Gates Foundation 2010b, p.2).

If these are the first steps of the internal prioritization, interviewees' accounts were useful to collect insiders' comments on the strategy formulation, complementing documentary data analysis. First, the visits that the co-chairs make in the grantees' project sites in LMICs were reported to have a high impact on priority-setting: they were reported to be extremely relevant not only for monitoring the grants' advancement, but also for influencing the co-chairs on the priority-setting process and to formulate future strategies (GF/5, GF/35). Additionally, the identification of funding gaps had a discernable influence on the process. As reported by several informants, the Foundation monitors what other donors are doing in this respect, and evaluates what it can do to make a difference (GF/2, GF/31). If a specific disease or funding issue is reported to respond to the prioritization criteria, but is already heavily funded by other donors, it would not enter into the foundation's priorities' list, unless a partnership with donors who are working on that same issue is established (GF/3). This has happened, for example, when the Foundation sought a collaboration with DfID and the United States Agency for International Development (USAID) on their neglected tropical diseases (NTD) programmes (GF/16). The risk-taking approach is embedded in the Foundation's prioritization: as an informant reported, Bill and Melinda's resources can be used to fund issues that do not require being held to public account, which is exactly the role a grant-making foundation should play (GF/2).

### ***5.2.2 Strategic planning at the Rockefeller Foundation: identifying tipping points***

The Rockefeller Foundation has proven a particularly interesting case study, although for reasons which were different from the case of the Gates Foundation. The Rockefeller Foundation faced a radical change in its governance and organizational structure following the arrival of the new President in 2005: this offered a unique opportunity to study a foundation which has very old roots going through very new processes. The President began a process of reorientation of the strategy and the whole structure of the Foundation which lasted until the end of 2005. For this reason, interviewees often refer to a 'pre-Rodin' or a 'post-Rodin' organization (RF/10, RF/14, RF/ 20).

As reported in the previous chapter, the vision of the Rockefeller Foundation since 1913 has been to promote the well-being of humanity around the world. Moreover, the 2010 Annual Report mentions the twin pillars of the Foundation's strategy: building resilience and supporting more equitable growth (The Rockefeller Foundation 2010a, p.2). In fact, a renewed interpretation of the Foundation's vision was inserted by the new President into the vision statement at the time of data collection: 'this is our 21st century interpretation of the Foundation's pioneering, and enduring, philanthropic mission to promote the well-being of humanity' (The Rockefeller Foundation 2011f).

As explored in the previous chapter, the pre-Rodin structure was formed by units. For each unit, the rationale for prioritization, as well as the budget, largely depended upon the Directors' inclinations. As a board member reported, 'the board and the president influenced that process by whom they selected to be director, but then that director really was the person who set the goals, the strategy and implemented those goals and strategies' (RF/10). This is the reason why more than one informant at the Rockefeller Foundation defined the pre-Rodin Foundation as a 'director-driven organization' (RF/7, RF/10). The criteria for prioritization were dependent on the director's expertise, background and personal agenda: 'directors were not only viewed as experts, but they were experts, and therefore were not second guessed' (RF/10). The directors used to have considerable authority to both develop the strategy and allocate funds within the unit, thus being responsible for decision-making (RF/10). At the time of interviews, the degree of autonomy of directors had completely changed. The degree of knowledge and expertise possessed by each unit was now 'de-authorized', since departments were abolished and the organization was turned into a matrix rotating team type of organization, typical of strategy consulting (RF/34). The execution phase is the stage in which managing directors regain a modicum of authority, 'but that's in

part because we have already pretty much identified how the money is going to be spent' (RF/10).

For each initiative, the criteria for prioritization, the decision on the strategy and the budget allocation depends on the President. Overall, the strategy development is a 'foundation wide or at least foundation wedge, with the President and the executive team playing a very key role in that process' (RF/10). An example was offered by an informant on the work of the Disease Surveillance Networks, around the surveillance of emerging diseases such as SARS, avian influenza and others: 'initially the leadership was intrigued by that work, but then she changed her mind and, as a result of that, that work shut down quite abruptly' (RF/36). Unlike the Gates Foundation, the board of the Rockefeller Foundation is reported to have a very limited role in setting strategies, 'really it is not asked to do more than cheer and applaud' (RF/7). As several informants reported, it never happens that the board overturns a decision made by the President, and decisions at board meetings are made by consensus (RF/7, RF/10, RF/14). As one informant of the Foundation stated, it happened only once in ten years that each board member was asked to express a vote, and it was when the President wanted to get on record how many board members were in favour of a particular point of view expressed by the President (RF/7).

The board is involved in the yearly approval of budget for initiatives which run over the following years. After that, the board's role is very limited. Nonetheless, one deviant case was provided: depending on the content of the initiative and the degree of knowledge of specific board members, some board members informally help to refine strategies together with the internal teams (RF/17; RF/33). This was reported only to occur infrequently, but is possible when a board member has specific technical knowledge of the initiative in place (RF/33). Board members are traditionally very eminent and accomplished people, knowledgeable and highly respected in their specific fields, but not necessarily in the specific focus areas of the foundation, which, according to an informant, severely undermines the richness of discussion as well as the effectiveness of decision-making (RF/7). Prominent people are chosen to be custodians of the 'fair' behaviour of the Foundation – even if the decision have already been made at the executive level. As an informant stated concerning the Foundation's board members, 'they add great luster to the board, but all of this work is totally new to them... I always felt that the discussion could have been richer if people had known more about the work of the foundation' (RF/7). As anticipated in the previous chapter, the degree of knowledge of board members represents a fundamental difference with the Gates

Foundation, where the board is actually the place where the real decision-makers sit, and leaders are knowledgeable in terms of both the priorities and the methods for their choice. Still some Rockefeller Foundation's respondents report that in other foundations board members have also been chosen to give the foundation 'a lot of clout' (RF/7); but then a legitimate question to raise would be whether this governance practice of choosing board members without specific knowledge of the foundation's work is 'in the best interest of ensuring that the resources of the foundation are used where they can have the greatest impact' (RF/7). This opens up concerns on the appropriateness of board decisions with the mandate and mission of the foundation, raising the issue of accountability and effectiveness which will be further explored in the discussion chapter.

Like for the Gates Foundation, external inputs into strategy are rare. Some exceptions apply when the Foundation wants to open consultations with stakeholders on specific strategies, as was reported to have happened with the drafting of The Global Challenge for Health Systems, which became a fundamental input for the formulation of the Foundation's Health System strategy (RF/1). Only the use of external consultancy firms is reported to be increasing, although the input of consultancies is primarily on re-engineering the strategic planning process, rather than on the appropriateness of the strategies or activities against the mission, especially in the development phase (RF/34); or 'to put our ideas into a clear theory of change and a clear narrative and figures' (RF/13), rather than on the contents of the Foundation's activity. The decisions over priorities is performed at the level of the Executive Committee, although the data collected do not give any further evidence on the real degree of openness of the President to external evidence and advice. Only one informant of the Foundation reported that the input collected from the external community has never been critical, because the strategy was already decided and the priorities already set (GF/30), which would lead to the conclusion that, as for the Gates Foundation, the degree of top-down decision over strategy-making is very high.

In the Initiative model, the President has announced as one of her goals to 'reinvent philanthropy' (RF/10). Consequently, she began establishing an overall criterion to re-prioritize the Foundation's resources, to do 'philanthropy which is more impactful' (RF/10). According to one Foundation informant, similar to the Gates Foundation, innovation and technology are the criterion used to identify priority areas, especially in Africa and Asia – areas which are considered at the frontiers of technological development – so that the Foundation has started to invest heavily in e-health and m-health (RF/1). Measures for

identifying impacts and priorities' were mentioned in several of the interviewees' accounts. First, cost-effectiveness is considered a measure of impact (RF/9, RF/10). Second, the timeframe and the risk-taking approach are considered fundamental in the new President's view. In fact, 'identifying tipping points means to be able to come in and be catalytic in a defined time period and relatively limited time period, so 5 years or something like that: have a major impact, have an exit strategy, and then going back and use foundation's money to do it all over again but in a different tipping point' (RF/10).

Since 2006, the strategic planning process is subdivided into three phases: the Search process, the Development process and the Execution process. In the Search process, the Foundation now possesses 'a whole structure that does scanning of what's going on in the world' (RF/10) to collect evidence. This structure has a proper budget and six grantees which are located all around the world and are continuously feeding back information about what are the needs, what is happening in other regions of the world, and 'which issues are collapsing into tipping points' (RF/10). They bring information about existing needs to the structure which culminates with the President. After completing the Search process, the stages of Development and Execution begin, which partly involve the first grant-making activity. For this reason, these stages will be thoroughly described in the following chapter.

If this is the description of the process as it emerges from interviewees, further insights are given from the interviewees' accounts. In particular, recognition is often mentioned as a primary objective in the search for both partners and philanthropic niches. If the Foundation can be recognized as the 'first mover' on an issue, that issue has the potential to become a Rockefeller Foundation priority issue (RF/9). Also in building partnerships, the Foundation looks at its convenience in terms of recognition (RF/9, RF/10). As an informant from the Foundation pointed out, recalling the naissance of the AGRA partnership with the Gates Foundation in 2006, 'yes, it was an opportunity to leverage, but also the desire to have a niche' (RF/10). The Rockefeller Foundation did not have any interest in investing money in the AGRA partnership with the Gates Foundation, where the Gates Foundation would have put ten times more on the same programme. That programme would have been recognized as 'a Gates Foundation programme'. So, beyond the financial commitment, the Rockefeller Foundation looked for a way of continuing its support for AGRA, 'but having a niche within AGRA that can be identified as Rockefeller Foundation and that can be branded as a Rockefeller Foundation component' (RF/10). Due to its historical interest and presence in the field of nutrition, the Foundation identified the component which could be branded as 'a

Rockefeller Foundation issue' in the study of the effects of the AGRA initiative on the nutrition of the targeted population (RF/10).

With the overall aim of being impactful, priorities are ranked according to the 'three Is model' as reported by an informant: 'information, intervention and influence, so those are the three things that we try to contribute in all of our initiatives' (RF/10). The ranking helps the staff understand the relative weight of any initiative and consequently the action to be taken. For example, the majority of grant-making interventions in the health area are reported to be ranked as 80% intervention, 10% influence and 10% information, while an intervention which would score 80% influence, 10% information and 10% intervention would likely become a political campaign rather than a proper grant (RF/10).

### ***5.2.3 Strategic planning at the Wellcome Trust: looking for bold investigators***

As reported by documentary data, the vision of the Trust is delineated through its strategy and mission statement: to achieve extraordinary improvements in human and animal health. This vision is encapsulated into Henry Wellcome's will and offers the rationale for the first prioritization and its consequent development (WT/40). Wellcome was one of the first industrialists to understand and invest in the power of research and development, he was very interested in tropical medicine, and he was a pioneer of vaccination in the UK, 'so for this we are very much into tropical disease, and we are very much into genetics...'. (WT/40). Priorities are set by the board of governors, supported by the Trust Policy Unit staff, whose work is to give information to help governors setting the Trust's mission and strategic focus areas.

In contrast to the two US-based foundations, the Trust's informants point out that the openness to external inputs and contributions in making decisions on the issues which are to be prioritized, is one of the peculiarities of the Trust. 'Funding the brightest minds' is their top prioritization (WT/40). This leads to a completely transformed funding perspective, compared to US-based foundations: funding individuals, rather than projects, is the leading cause of the continuing change in emphasis towards larger research programmes as an informant reported: 'we carefully look at how you make impact in science, and it's decided that funding lots and lots of small projects is an inefficient way of achieving scientific impact' (WT/32). Consequently, the objective of impact, in the prioritization process, was reported to be related to the quality of the grantees funded, which in turn depends on who is proposing to the Trust, rather than who the Trust is seeking for (WT/21). The only exception to this general

rule was for the Technology Transfer department, where proposals are often invitation-based, since the typical grantees are companies and not individuals (WT/37). This focus on people-funding as opposed to project- or solutions-funding as previously explored, also explains why the strategic planning of the Trust is much less internally driven, and is reflected in its grant-making model too. As pointed out by an informant, the vision of the Trust is to fund the brightest minds: considering this, if a good idea is presented to the Trust 'it would be mad for us to turn that away' (WT/21). This focus is completely different from the US-based foundations, which prioritize issues which align most closely with their strategies which have been internally elaborated. The focus on people and their potential for innovation is seen as an opportunistic strategy by the Trust. As an informant clearly explained, 'we are here in London, we don't know everything, 99.9% of the best ideas aren't going to come from here, so I think the Trust is opportunistic and would respond to good ideas that people come to the Trust with' (WT/32).

Given this approach, the governors are the custodians of the strategy and set the overall priorities of the Trust. The board of governors is a collective which requires those individuals on that board to act all together as a trustee, making fundamental decisions in the interest of the Trust. All respondents from the Wellcome Trust declared that the Trust possessed a very active model of board management: governors meet eight times a year, most of them are scientists and knowledgeable of the Trust's activities, they work within the Trust and sit in the Trust's offices at least sixty days a year (WT/19). Only a few of them are lay governors with no scientific background who still participate in committees, such as the Investment Committee (WT/8, WT/19). Governors set the overall budget and strategies for the following years. Unlike the two US-based foundations, the decision-making power is not so highly concentrated with one person or group of people, but is rather shared between governors and top executives. The decision-making mechanism used at board meetings is consensus. Moreover, shared decision-making is reported to make conflicts between different powers less sharp, especially in the relationship between top executives and directors: no accounts of any conflict in this respect emerged from interviewees (WT/21, WT/29, WT/40).

Like the US-based foundations, the starting point to collect evidence at the Trust is the GBD, but also working with international partners is particularly useful to gain an understanding of where unmet needs are (WT/21). The Wellcome Trust has centres in Malawi, Kenya, Thailand, Laos, Vietnam, and South Africa, specifically looking at where the needs are and feeds back to the Trust headquarters in London (The Wellcome Trust 2014, p.8). Nonetheless,

informants from both the Wellcome Trust and the Gates Foundation point out a lack of collaboration between donors in tracking and sharing impacts and evaluations of the project funded. This is reported to undermine their work, also due to the fact that different funders use different ways of categorizing what they fund and this is considered the major obstacle to a proper collection of evidence on other foundations and donors' impact (GF/18, WT/21).

The evidence collected is then coupled with the assessment of the appropriateness of the Trust itself in investing in a specific area, and with the exploration of donors already funding that specific area, in order 'to not step into others' territory, literally' (WT/19). The comparative advantage of the Trust was pointed out to be its independence and reputation, as well as the fact that it is a long-term funder (WT/28, WT/40). According to an informant from the Trust, long-term funding is fundamental to become influential in policy-making: the major overseas programme of the Trust 'are long funded and have been successful... although you use different measures of success, they happened to be successful because they are influential' (WT/32). One informant suggested that the Trust measures the success of a long-term initiative by its capacity to foster local institutions, rather than parachuting solutions elaborated from a different context: in fact, all overseas programmes of the Trust are now embedded in local institutions (WT/26).

Finally, the opportunity to build partnerships with the commercial sector is considered a strategic planning step. Partners are selected 'based on where we think there are weaknesses or inefficiencies in the delivery of health products' (WT/32). An example is the Hilleman Laboratory, a global vaccines research and development organization in India, which resulted from a partnership between the Trust and Merck with the objective to produce low-cost vaccines and make them cheaper, more user-friendly and appropriate for LMICs (WT/29). The main strategy applied by the Trust to identify the right partners are frontiers meetings, which were reported to be very numerous in the many fields of interest of the Trust: frontiers meetings group all relevant stakeholders on a specific issue, including private partners, and are the first source of evidence collection in this respect (WT/26). The priorities of the Trust are then fed into its last Strategic Plan (The Wellcome Trust 2012), updated every two years (WT/40).

### **5.3. Assessing the relevance of factors influencing foundations' decision-making**

The previous sections contributed to the understanding of the strategic planning process in the three foundations under study. In particular, the different steps of the process were explored: from the criteria used to set priorities, to the decision-making levels involved in prioritization and the link to the elaboration of the strategies. This section completes the analysis by exploring the relevance of specific factors in influencing foundations' strategic planning. In particular, recalling the analytical framework, it will explore the role of needs and the collection of evidence, the assessment of foundations' comparative advantage and the relationship with private partners. Following this, the chapter focuses on another factor of the analytical framework – influence – as fundamentally related to achieving impact. The role of leaders and networks in contributing to search, keep or increase foundations' influence will also be explored. Finally, the concluding section explores issues which form the basis for discussion in Chapter 7.

#### ***5.3.1 Needs and evidence***

This section addresses the extent to which needs and evidence are relevant in foundations' strategic planning process. In fact, the identification of needs is the first step of the process in all foundations in the sample. As foundations' missions are often broad and comprehensive, they generally relate to public good in a very broad sense, and they rarely indicate specific target areas. All foundations initiate their prioritization process with the identification of which needs to tackle, by collecting data and using them to prioritize funding issues. The analysis provided responds to the research questions of how the collection of evidence occurs and how it is used to inform decisions.

##### *The collection of evidence*

For all foundations under study, their staff are the first source of evidence collection through networking in their jobs, participation at conferences, connections with stakeholders (including potential and previous grantees), and by performing literature reviews and data analysis. Respondents from all foundations refer to the use of 'the best epidemiological data' for the identification of public health issues and their development trends, often specifically referring to the GBD (GF/2, GF/ 4, GF/5, RF/13, WT/21). However, respondents were challenged during the interviews with the consideration that some public health issues, like NCDs or mental health, are not heavily represented in foundations' grants, while they are almost at the top of the GBD, and their relevance is estimated to increase according to recent

trends (GBD 2013). The explanation given is that other factors, represented by the following steps in the process, add up to the GBD measures to complicate the picture and get to the final decision over priorities. Furthermore, informants commented on the challenge of collecting evidence from other donors, for different reasons which will be explored below to clarify the process of evidence collection. The first critical issue is represented by the absence of a unique place to acquire evidence. The second critical issue is the absence of a place to get evidence on other donors' impacts, both for different ways of understanding, defining and tracking impacts and for a lack of dialogue and collaboration between donors in this respect.

First, the lack of a single place to get evidence, results in competition between sources of evidence (GF/3, RF/9, WT/21). While the WHO is considered the leading institution for the provision of public health data, typically through the GBD study, other organizations produce epidemiological data and measures: informants were asked to mention the most relevant for their evidence collection. For the Gates Foundation respondents, IHME data was reported to be in competition with WHO data as the principal source of evidence for the strategy elaboration (GF/3). Informants from the Rockefeller Foundation primarily referred to consultancy firms, research centres and leaders in thought as frequently used sources for the collection of evidence (RF/1, RF/34). Informants from the Wellcome Trust reported the Trust being more oriented towards using grantees as a direct source of evidence collection, considering them better positioned to know about frontier research (WT/19, WT/39).

Secondly, not only is there no single place to get evidence of needs, but also for evidence on other donors' impact. Only respondents from the Wellcome Trust and the Rockefeller Foundation complained about the lack of a system of public provision for getting information that didn't originate from foundations, nor from the private sector (WT/15, RF/20, WT/21). In other words, there is no system put in place to share evidence between funders: partnerships are all based on a voluntary collaborative effort, which was reported to be very low from informants from all the three foundations. Funders have very different ways of categorizing grants: the lack of a platform to share research impacts as well as the lack of dialogue on different methods and standards to calculate research impacts contribute to 'the death of good information on resource flows' (WT/21) making data sharing a pressing need for funders to avoid the risk of wasting resources (WT/15, WT/21). Although international voluntary platforms exist in this respect, like for example the International Aid Transparency Initiative (IATI) joined by the Gates Foundation, this is addressed to tracking grants' flows

rather than impacts. An explanation for this lack of collaboration has been offered in the previous chapter and refer to the different funding ethos, as well as the fact that the Wellcome Trust is often perceived by US based foundations' informants as a foundation primarily or solely investing in the UK, while its international presence is increasing (WT/15, WT/29).

### *The use of evidence*

The second critical issue in the identification of needs concerns the use of evidence once collected. A strong focus on the autonomy of foundations' decision-makers is reported in all foundations, more strongly in the US-based one, on the use of evidence. The above descriptions of the strategic planning process in the three foundations have underlined the extent of leaders' power in strategic planning. An informant from the Gates Foundation reported that epidemiological data is balanced with the interests of the co-chairs on the topic and the final evaluation of the best impact possible (GF/28). As an informant pointed out, in order to make correct planning decisions, it is important that, after choosing a source of evidence, the Foundation uses it consistently (GF/3). In fact, 'depending on the point you want to make, you can pick a high or a low number. If you want to show points of success, you take a lower number. If you want to prioritize further diarrhoeal disease control you go for the bigger number' (GF/3). At the Rockefeller Foundation, evidence is used to identify focus areas, but the final decision rests within the EC and heavily relies on the President's personal evaluation (RF/10, RF/33). At the Wellcome Trust, evidence is used to select focus areas shared between governors and executive directors (WT/21, WT/25): as anticipated, no single player was reported to have such a wide remit for making discretionary decisions.

Interviews' accounts also show that the discretionary power of leaders in deciding how to use evidence may be rooted in the different origins of inputs which end up incorporated into the strategy. Generally, informants from all foundations admit their prioritization is not open to external influence. Strategies are generally internally made and consultations with stakeholders or frontier meetings are sought only to fine-tune an already elaborated foundations' strategy. This was explicitly reported to happen by informants of US-based foundations, while for the Trust appears to occur with much lower regularity (WT/21). In fact, respondents from the Gates and the Rockefeller Foundations report that strategies are primarily elaborated internally, and the role of external advice (consultants, advisors or grantees) is more relevant in an *ex-post* way (to validate a strategy which has already been made internally), rather than to offer an *ex-ante* evidence for the strategy which is still in

elaboration (GF/4, RF/10). The only exception to this was reported by two informants of the Gates Foundation, on issues requiring highly technical inputs: a draft strategy was elaborated in consultation with DfID, WHO, the World Bank, GAVI, CDC, 'and it was presented to other groups of stakeholders which were incredibly evidence-based' (GF/35). That process is reported as an exception to the Foundation's typical way of incorporating others' evidence into its strategies: as an informant reported, 'that was pretty revolutionary, to be honest with you' (GF/4). However, foundations do not exist in a vacuum and their connections with policy-makers, think tanks, companies and other stakeholders are numerous and complex. The interaction of different inputs is random, on a case-by-case basis and informal, especially at the highest levels – through connections between foundations' leaders and other organizations. This raises implications on accountability which will be addressed in the following section around the analysis of networks, as well as in the discussion chapter.

The analysis reported shows that needs and evidence are the first step in any strategic planning process, although they only constitute the basis. Evidence is collected through very different sources. The difficulties in evidence collection are primarily identified in the impossibility of using one site to get evidence, and in the lack of collaborative efforts between donors in communicating the respective results and impacts, as well as in setting up a form of dialogue on different methods. In particular, the lack of collaboration in sharing information and evidence is partially explained by different cultures or ethos, but also by different methods and standards used by donors to track the impacts of their own grant investments. Besides needs assessments, certainly a strong focus on the autonomy of foundations' leaders in the use of evidence is relevant for final decisions, reported more frequently in the US based foundations. Moreover, there is a difference in the use of evidence between a strongly internally-driven or top-down prioritization as compared to bottom-up prioritization. The implications of this will be further explored in Chapter 7.

### ***5.3.2 Comparative advantage***

This section will address the concept of comparative advantage and how it is understood by different foundations' informants. As mentioned in the descriptive part of the chapter, all foundations under study apply a gap-filling strategy in their strategic planning process. The identification of funding gaps is a relevant step for foundations not only for the selection of the issues to prioritize, but also for their relationship with other donors: in fact, many informants (RF/1, GF/5, WT/19) described the positioning of foundations as a way to get their own niche in the market of philanthropy, rather than an overtly competitive or collaborative

process. This positioning strategy is strictly connected to the concept of comparative advantage. This analysis explores two main issues: first, how recognition is the fundamental goal in foundations' gap-filling strategy; and how innovation is the main driver for gaining recognition. Furthermore, the analysis addresses the concept of comparative advantage and how it is defined and used by foundations in their positioning strategy into the philanthropic market. In particular, comparative advantage is mostly related to the foundations' size and economic relevance; to the foundations' reputation, credibility and history; and to the foundation's independence, stability and flexibility, depending on the foundation under study.

*Recognition: the main driver to get a philanthropic niche*

All foundations' informants explicitly report that their strategy is to not overlap with other donors, rather they try to avoid open competition on issues to get funded (GF/4, RF/7, WT/19). In other words, prioritization is always a 'closed-doors' matter, since it does not imply any sort of dialogue or coordination activity with other donors, unless a specific financial partnership is sought. Foundations look at each other to avoid replicating others' funding efforts, so that 'if they see that issues are heavily funded by other donors, they usually refrain to invest there' (GF/6): this makes it possible for foundations 'to gain such space that previously had never been thought to be priority space' (RF/9). It is interesting to note how explicit it is that recognition and visibility play a fundamental part in getting to the stage of identifying funding niches. Most interviewees from the three foundations, even if with different degrees of intensity, admitted that recognition and visibility were much more fundamental in the foundations' prioritization than in the past, and to some extent they are internally conveyed as part of the foundation's strategic objectives (RF/10, WT/15, GF/38). In fact, to be included in the priorities list of the foundation, an issue must be 'signable', meaning not only has it to be consistent with the mission of the organization, to respond to a specific need according to the evidence collected, and to suffer from a lack of resources, but it also has to ensure the foundation gains enough visibility to be recognized as the inventor, pioneer or leader in that specific issue, approach or idea.

The Rockefeller Foundation is often mentioned as a pioneer in being an early supporter of primary health care and the work around Alma Ata, focusing on health systems 'even twenty-five years ago when it wasn't a very interesting topic' (RF/34). The most recent work on the interoperability for e-health standards and the m-health mobile technologies is also frequently mentioned as a field where the Foundation started investing prior to any other

donor, and has now been followed by other foundations, including the Gates Foundation and the Wellcome Trust (RF/1, RF/9, RF/13). Informants from the Wellcome Trust report the pioneering role of the Trust in adopting the open access policy, with the merit to have raised the issue of open and unrestricted access to published research, by putting it as a necessary requirement for grant approvals (WT/19, WT/22). The Gates Foundation's informants often mentioned the involvement of private partners in proposing solutions for low-income countries diseases as their own original approach, and subsequently replicated by other donors. As an informant reported, the Gates Foundation was the first to make a business out of supporting and improving health in LMICs, which requires a very different approach to private sector engagement (GF/35). An informant working on HIV/AIDS stated that the Foundation started to work on microbicides, due to the fact that the elaboration of the HIV strategy showed there was no female initiated method for HIV prevention, so that was a good place to start because it represented an innovation (GF/30).

While the concept of innovation as a driver to gain recognition will be explored in the following section, the link between recognition and the positioning in relation to other donors is explored here. The gap-filling strategy is explicitly related to the way foundations seek their funding niches in relation to other donors. As a respondent from the Rockefeller Foundation reported, the choice made by the Foundation in 2007 to focus on Health Systems was a consequence of the advent of the Gates Foundation in global health as a real '*elephant in the room*' (RF/7): this new global foundation caused the perception, among the Rockefeller Foundation leadership, of a constrained space of the Rockefeller Foundation in global health, with the consequent need to focus on a new issue in a re-framed way. As another informant adds, several players, such as the GFATM, PEPFAR and the Gates Foundation, constrained the space in which the Foundation would have been able to provide an added value (RF/1). Consequently, Health System were chosen in 2007 as an area that was important, relatively neglected, as well as an area where the Rockefeller Foundation could make a difference to its reputation (RF/1). The niche was identified to ensure that the Foundation can 'mark its territory' due to its comparative advantage – which is having a solid and illustrious history behind it. An informant from the Wellcome Trust mentioned how sharing information with other donors would be fundamental 'to understand the niche that we occupy and the niches that we could occupy if we want to' (WT/15). Open access is reported as a signature issue of the Trust: in fact, respondent external to the Trust also recognized its merit to the Trust (WT/28, RF/7, EE/23). An example given by an informant from the Gates Foundation demonstrated the same explicit gap-filling strategy. After having begun some initial

exploratory work on male circumcision, the US government were also moving in that area of implementation. Consequently, the Foundation decided to pull back on the implementation front and instead direct its resources on male circumcision to areas that were not covered by US government funding through PEPFAR (GF/30).

This gap-filling strategy is reported to increase competition, which is considered a positive effect by some informants, who argue that it would be counter-productive if all funders direct their resources to fund the same health issues (WT/15, WT/32). According to informants from all foundations, this would damage competition, especially in a field like health research funding, where competition can spur innovation and guarantee more funding possibilities for researchers (RF/7, WT/19, GF/35). On the contrary, only respondents from the Rockefeller Foundation expressed the concern that the foundations' focus on recognition has substantively increased with the arrival of the new President, and that it may have a negative effect on their work (RF/7, RF/10). The concern is that attention is driving more towards issues that lead the foundation to be more visible than on other issues which are more or equally needed, but less appealing to maintain or seek a funding niche on. The gap-filling strategy also requires an understanding of 'what are the problems that need to be solved, who is working on them, where are the gaps, and is it appropriate to us to fill in the gaps' (RF/7). This evaluation of appropriateness is done on the basis of the concept of comparative advantage. This concept will be further detailed in the next section, after having explored how innovation is used by foundations to gain recognition.

#### *Innovation: the main driver to get recognition*

Innovation – of approaches, specific issues or ideas – is reported as a fundamental element to gain visibility and recognition, so that overt competition with other donors may be avoided. Interview data analysis suggested that one of the most recurrent strategies foundations use to get recognition in the field is funding something new. Innovation is a flagship of foundations' strategies: regardless of the fact that it is about new funding issues, funding approaches or ideas, innovation is a source of recognition in itself. A respondent from the Rockefeller Foundation considers this phenomenon so extreme to call it a 'fetish-ization of the new' (RF/33), used as a leverage for change – both internally to drive organizational change and externally to perform their positioning strategy. New ways of doing become important in their own right, because innovation helps foundations reposition themselves in the global health field, gain the recognition they desire and put their signature to an approach or an issue that was unexplored or not tackled before (RF/9, WT/19, GF/18).

However, being innovative may also mean funding something differently, or organizing work differently. More than one Rockefeller Foundation informant claimed that the Foundation is the pioneer of the PPPs model, discussing how Gates intervened in existing PPPs with big donations, but that the original idea and the leadership around the PPPs movement came from the Rockefeller Foundation (RF/1). At the Wellcome Trust, respondents recognize its so-called 'responsive mode' grant-making process as the fognhorn of the Trust, not comparable to any other donor (WT/19). Respondents from the Gates Foundation claimed that the Foundation's focus on the use of metrics for prioritization and business analytics for evidence-based decisions is what enabled the Foundation to initiate a new way of advancing global health strategies: actually, the simple existence of the foundation has been welcomed as a new way of approaching philanthropy and global health (GF/31). Bill Gates 'literally created a new era of world engagement' (GF/31). With his foundation, he brought in not only a huge size of investments, but new modalities to talk to governments and new metrics for the evaluation of programs: 'the impact on policy was the existence of the foundation, more than anything the foundation did' (GF/31).

According to some informants' accounts, innovation can also be a powerful tool for bolstering foundations' recognition if it brings a direct influence on policy-makers and opinion leaders by 'changing the way people think' (WT/25). Trying to set new paradigms and dominant ideas becomes a fundamental objective of foundations' activities. The decision, for example, to expand the PPPs model in health research was something that the Rockefeller Foundation not only played a central role in doing, but also in pushing for its adoption by other donors in the global health arena. As reported by more than one informant from the Foundation, IAVI was born out of a Rockefeller Foundation's officer who started to get support for an idea that, at that time (1996) was revolutionary: to bring pharmaceutical companies together with governments and create a partnership model which is now an accepted way to proceed in global health (RF/9, RF/36). Other partnerships like GAVI and MMV were born out of the IAVI example. A respondent from the Wellcome Trust mentioned how important was the role of the Director of Health Services at the Rockefeller Foundation in 1977, in coining the term 'neglected diseases' referring to tropical diseases in LMICs: that expression quickly spread to donors and contributed to the adoption of this particular focus in global health policy-making (WT/37). The Wellcome Trust historically studied neglected diseases around the globe, causing international organizations such as WHO to adopt some of the results born out of the Trust's funding (WT/8).

However, there is more value in innovation: the adoption of innovation also brings an internal strategic value to organizations. Several respondents do not see the need for 'doing something new' only as a way to generate a niche in the philanthropy market, but also as a precise strategy of foundations' leaders to mark a break with the past. At the Rockefeller Foundation, this approach is extremely explicit: in the words of the previous director of the Rockefeller Foundation concerning the transition period from the old to the new president, the foundation work in global health 'hadn't really had anything that had captured the imagination of people for well of a decade and a half... "what can we do which is different and new?"' (RF/9). Innovation in that sense was also used as a way to mark a difference with the past internally, and not only towards the external world. That change was overwhelming, since it concerned the whole reorganization of the Foundation in what and how projects were funded: both contents and processes were affected. The change was directly related to the new President's desire of marking a new way of doing philanthropy, supporting projects differently and moving from 'philanthropy' to 'social impact' (RF/7, WT/11, RF/33).

The Foundation's historical legacy has been used to mark a break between an old, vintage past in opposition with a new, modern and visionary way of doing philanthropy. In this way, as a Rockefeller Foundation informant reported, issues that 'had been a hallmark of the Foundation for almost a centenary' were jettisoned in favour of 'others that are maybe more cutting edge or needed' (RF/9). This change has not come into play without criticisms from most Rockefeller Foundation's informants, who claim that the Foundation's historical legacy was less influential internally, and the conceived message was to operate in a new way (RF/34). For the Gates Foundation, it is often suggested the full-time involvement of Melinda Gates in the work of the foundation has directly caused the foundation's increased focus on the delivery side (GF/3, GF/30, GF/38). Specific issues like maternal health became Melinda's 'signature issue', which marked a break with the past where the Foundation was criticized for being too much focused on product development and vertical issues (GF/3, GF/35). While the external value of innovation also holds weight in the Wellcome Trust's prioritization, the same cannot be said for the internal value of innovation: no examples of such perceived changes were given by the Trust's informants.

#### *Exploring the concept of comparative advantage*

Different issues are reported by foundations' informants as their own perceived comparative advantages. Although only two informants from the US-based foundations spontaneously

mentioned the exact words 'comparative advantage' (RF/17, GF/35), other informants from all the three foundations actively explained what they perceived as their Foundation's 'strengths compared to other donors' (WT/29), the 'foundations' appropriateness to fill a gap' (RF/7), the 'added value' foundations can bring (RF/20), the foundation's 'strategic advantages' (GF/16), or the places where the foundation can have the 'highest leverage compared to others' (GF/5). As a respondent from the Gates Foundation reported, the definition of comparative advantage is not only a condition for positioning, but also as a means to establish partnerships with other donors. While the following section will explore partnerships with business, this section reports major issues raised by informants in the definition of comparative advantages. For the Gates Foundation's informants comparative advantage rests in the Foundation's size, the credibility of its leaders and the technical knowledge of its staff. In contrast, the majority of respondents from the Rockefeller Foundation identify 'history and reputation' as their comparative advantage, and most respondents from the Wellcome Trust identify their main strength in their 'independence'.

*Size and economic relevance* - The elaboration of the three foundations' spending structure in the previous chapter has demonstrated their clear differences in terms of the size of their funding related to global health. The chapter has shown how the Gates Foundation, by being the second largest donor to the WHO or the main private funder of global health partnerships, provides an example of the influence the foundation has in global health policy-making. Among the three foundations studied, only respondents from the Gates Foundation recognize that the size of its investments is the best asset the foundation has, though not the only one, to gain immediate recognition as leader in the field (GF/18, GF/35). According to a respondent from the Foundation, discussing the period immediately after the creation of the Foundation and the communication of its Global Health strategy, the Foundation staff were surprised to note how quickly the Gates Foundation was asked to sit to decision-making tables with UN organizations and on bilateral global discussions (GF/18).

The financial size of the Foundation is recognized as the main source of power but also of responsibility from a Foundation's informant, who admitted the Foundation may cause a distortion in the agenda due to its size, although this distortion can be for good reasons and not always brings inefficiencies (GF/35). Other foundations' informants also recognized that the Gates Foundation has changed the way work is done by all donors by putting more resources on specific topics so that 'suddenly all people want to be on board with it...' (WT/39). Other Gates Foundation's informants did not mention the Foundation's economic

power as its main advantage compared to other donors, but rather the visibility and full-time commitment of the co-chairs and the technical capacities of the staff (GF/2, GF/6, GF/16, GF/35). This reflects another consequence of the size of foundations which emerged quite explicitly from interviews: with a lot of resources, foundations are also able to recruit the best people (GF/2, GF/35). The pool of experts the Gates Foundation has been able to recruit is a fundamental asset recognized by the Gates Foundation informants, and for some of them this represent an added value compared to other foundations with less technical staff (GF/2, GF/3). This is true for the foundation's staff, but for advisors too. Having the capacity to recruit the best advisors, being able to be very well staffed and to make larger grants are all consequences of a financial capacity which marks a difference in the world of foundations according to some informants, and which in turn gives the Foundation more credibility (GF/28).

In contrast, respondents from the Rockefeller Foundation and the Wellcome Trust rarely mentioned size as their most important asset, although they recognized the power of putting resources on specific issues with some concerns, primarily around the distortion of global health priorities (RF/1, RF/7, WT/40). The fact that WHO is heavily dependent on the voluntary contributions of the Gates Foundation causes concern that the Gates Foundation can influence policies in a negative way (RF/1). This is considered by informants of both the Gates Foundation and the Rockefeller Foundation as a weakness of WHO, not as a voluntary distortion from the Gates Foundation (RF/1, RF/34): all policy-making institutions, including WHO, should have a balanced portfolio of donors to keep the integrity of their missions (RF/1). The power of resources can distort potential grantees' priorities too: grantees may adapt their research priorities to big funders' priorities in order to get funded, creating a convergence of ideas and projects and losing diversity of views. In this sense, as reported by an informant of the Wellcome Trust, money can destroy competition and creativity, leading to a lower risk-taking approach from foundations (19). Finally, foundations may distort priorities in recipient countries by promising resources on specific disease issues without paying enough attention to the most pressing disease-fighting priorities in those countries (RF/1, RF/10).

*Reputation: credibility and history* – Another aspect of the perceived comparative advantage of foundations is their reputation. Typically reputation increases the convening power of the Foundation, an asset which can act far beyond foundations' financial assets. This was especially evident from accounts of the Rockefeller Foundation and the Wellcome Trust,

which can count on a much longer tradition of funding global health, but on a lower giving capacity compared to the Gates Foundation (RF/7, RF/40). From respondents' accounts it was possible to identify two different origins of foundations' reputation: *history* and *credibility*.

Concerning history, informants from old foundations believe their reputation rests in their 'glorious history and tradition' (RF/7, RF/40). As one Rockefeller Foundation participant reported when discussing the choice to focus on HSS and structure as a whole funding area on that topic, the Foundation has a lot of 'historical weight' to drive a frontier such as HSS (RF/1). Historical legacy gives a foundation credibility in the field and increases their convening power. Connections with policy actors and networks of grantees and partners have developed through history, and this creates expectations in foundations' grant-making and in the continuity of their funding in specific areas. The weight of history at the Rockefeller Foundation has often been mentioned as the asset which allows the foundation to punch above the actual level of its investments, due to the convening power that the foundation has gained in its long life (RF/7). This legacy is often referred to both in terms of the naissance of the tropical medicine diseases programme of the early Seventies, and the fact that the Rockefeller Foundation 'has a legacy of incredibly important influence in the health agenda, and in particular in training and education: more than 100 schools of public health in the world were funded by the Rockefeller Foundation' (RF/13). History, in this sense, helps foundations act as catalysts: thanks to their experience and reputation, they are able to bring people and institutions together to address health challenges by leveraging public and private resources. If the Rockefeller Foundation finds history and convening power as its strongest comparative advantage, it was also mentioned as a way to be catalytic (RF/1). The Wellcome Trust's informants also reported their independence – from both political and commercial sector – as a primary factory which helps the Foundation distinguish itself from others and act as a catalyst (WT/8).

Furthermore, history is used as a way to mark a difference in positioning between themselves. From interviewees' accounts, historical legacy does not appear to be relevant for foundations' decision-making, but only as a way to keep or re-acquire power and respect, in order to mark a difference with younger foundations, such as the Gates Foundation. According to some informants of the Rockefeller Foundation and to a lesser extent at the Wellcome Trust also, 'respect' and 'tradition' are frequently mentioned as comparative advantages to mark a difference with an 'inexperienced' Gates Foundation (RF/10, WT/11). An informant from the Wellcome Trust claimed that 'with Gates, the sense you get firstly is

that the foundation has expanded so rapidly that it doesn't have a strong sort of corporate memory, institutional memory as the Trust has' (WT/11). This is reflected in the organizational structure of the Gates Foundation, which has changed six times in the last five years (GF/16) witnessing the rapid evolution of the structure due to the youth and booming activities of the Foundation.

Concerning credibility, informants from the three foundations under study linked the concept of credibility to knowledge and experience (GF/2, RF/7, WT/39). Foundations can distinguish themselves and be influential in their community when they are perceived as expert, knowledgeable, and thus, credible actors. The Wellcome Trust and the government of India built a partnership where the expertise of the Trust was used for projects' monitoring and evaluation and the consequent projects' administration: this was done in recognition of the long experience of the Trust in dealing with these kinds of projects (WT/39). For the Rockefeller Foundation's informants, reputation and credibility come primarily from an illustrious past (RF/1, RF/7). Despite being based on different reasons, credibility is also considered an important asset for the Gates Foundation, according to informants of all foundations: as previously mentioned, many respondents believed the Gates Foundation's co-chairs have been able to recruit a pool of experts with as strong scientific knowledge and technical capacities as any other foundation has ever been able to do (GF/2, RF/7, GF/28, GF/35), added to the perceived credibility of their leaders (GF/2, GF/35). The role of foundations' leaders as a source of credibility and influence for foundations' actions is fundamental for informants of the Gates Foundation in particular, as explored later in the section discussing the concepts of influence and impact.

*Independence, flexibility, stability and certainty of funding* – As emerged from the literature review, foundations have a peculiar status among nonprofit organizations, as private donors with a social mission. The status of foundations themselves is often depicted as a comparative advantage with respect to other donors like NGOs or public institutions. The Wellcome Trust respondents claim that the independence of the Trust from political or commercial mandates generate trust in their grantees, who see the foundation as an independent expert over specific health topics. Independence itself is a source of credibility and respect (WT/19, WT/40) and a fundamental comparative advantage of the Trust with respect to public donors investing in the same focus areas. Informants report that there is a precise effort to maintain the status of independent organizations and to properly communicate this idea to the grantees' community (WT/8, WT/40). Independence leads

foundations to gain higher advocacy power, as the Wellcome Trust reports especially on UK government thinking and European regulation (WT/8).

*Independence* from political interests and public electorates is not the only factor representing an advantage of foundations compared to public research centres with the same mission – either in the US government (GF/35) or the MRC (WT/40). The main comparative advantage related to the public sector rests in the foundations' flexibility: foundations are quick, not required to base their decisions on long and time-consuming decision-making processes and on political interests that would pull the foundations out of their strategic objectives (RF/1, WT/8, RF/17, GF/18). When challenged about the definition of their comparative advantage with respect to the public sector, informants also point to the *certainty* of foundations' funding and its *stability*; the two elements which are reported to mark a difference between foundations and public sector institutions especially from the grantees' side (WT/25). Concerning *certainty*, respondents from all the foundations under study refer to the fact their grantees do not incur in the risk of funding cuts as may happen with public funding: foundations know they guarantee a long-term funding which grantees know they can count on (GF/18, WT/25, RF/33). The risk is only dependent on the assessment of the work done – it is reported to be extremely rare, for all foundations, that grants are interrupted (GF/3, WT/25, RF/33). The *stability* of funding is another source of influence which relates to the foundations' nature. Grantees know that the foundation invest in some areas, and this creates expectations for continuity.

Comparative advantage assessments are an important part of the prioritization process in foundations, which can also help them identify their potential to gain influence, as will be explored in the final section of this chapter. Very different assets are recognized by foundations as their comparative advantages – each one has implications on the way foundations perceive themselves and their positioning in the global health arena. Implications of this will be explored in Chapter 7.

### **5.3.3 Private partners**

This section will address the extent to which private partnerships are relevant in influencing foundations' decision-making. It will respond to the research questions outlined in the analytical framework by exploring how and to what extent the objectives and mandates of private partners influence the foundations' strategies, and how private partners are sought out and selected. As reported in the literature review and the description of the analytical

framework, the rationale for partnerships within business is explored here, reporting informants' accounts. However, the analysis does not expand to private partners' views nor to private partners as the destination of foundations' investments.

The presence of partners in a given field is an important step of foundations' strategic planning. In fact, the identification of already existing partnerships in a given geographical area or issue is a driver for all foundations' decision-makers in the choice of issues or areas to prioritize (GF/4, RF/33, WT/37). This is true for all foundations: all foundation's informants acknowledge a radically increased role of business in global health issues. In particular, they point out how globalization has raised both the influence of the business sector in the field of global health (RF/9, RF/10) and the complexity of business intervention, meaning the different modalities through which business intervene in public health issues and the consequent difficulty for foundations to design mechanisms to collaborate with the profit sector without losing their philanthropic focus (GF/4, GF/16, WT/32, GF/35).

#### *Mutual accommodation as the rationale for partnership*

Concerning the influence of business at the global level, informants reported that business is increasingly acquiring power in policy-making tables, and now possesses a higher capacity to influence policy-making decisions. As a senior respondent confirmed, 'now I think people wouldn't think of doing a global vaccine effort without having Glaxo because they have made it very clear they want to be supportive and they are at the table' (RF/9). A Rockefeller Foundation's informant also described how business became part of the global conversation, by being engaged in a constructive way and becoming important 'in its own right' (RF/1). For the increasing influence that business has gained in the global decision-making tables, foundations' informants recognize that operating through partnerships is unavoidable to achieve the Foundation's philanthropic objectives: foundations can no longer be influential without partnering with business at the global level (GF/16). In fact, there is recognition that the public health products foundations need in order to be able to pursue their mission, are supplied by the private sector. A Wellcome Trust informant confirms business is so important to achieve their objectives, that part of their work is to identify which problems they can help solve for the benefit of both companies and public health objectives – for example, using their money to help pharmaceutical companies going back into the business of developing drugs in markets which are not profitable for them, like in LMICs (WT/19).

However, evidence from interviews confirms that engaging with business is not only 'unavoidable' for foundations, but it is actually welcomed, since it represents an opportunity for realizing greater public good (GF/16, RF/36, WT/37). In this sense, it was very interesting to note the similarity in positions among the three foundations studied, despite their different funding ethos and grant-making approach. The positive attitude towards business is part of the role foundations want to play: they act by pooling resources and by de-risking the investments of business, in those markets where business would not naturally invest because of a lack of opportunity to make profits (GF/16). As vividly depicted by an informant from the Wellcome Trust, the foundation helps companies to 're-gain their reputation and their license to operate (...) since the wealth size of the industry have allowed many people to demonize them' (WT/40). Also, according to an informant from the Rockefeller Foundation, foundations have a lot of evidence-based consideration of the importance of the private sector into philanthropy (RF/1), while other institutions, typically public ones such as WHO or FAO, are keeping their distance from private producers 'in a ridiculous way' (WT/37). Refusing contact with private industry is considered neither convenient nor realistic by some of the other informants (RF/9, WT/29, GF/16).

If business is welcome in the foundations' positioning strategy and strategic planning, concerns around the influence of business on foundations' priority-setting were only vaguely addressed by the interviewees. The point for foundations' strategic planning is 'how to incorporate business input without being captured by specific agendas' (RF/13). Overall, respondents reported that it would be incorrect to say that they are working based on business strategies, but rather there is an innate interplay in public health between the public and the private sector (GF/16) because business strategies directly have an impact on the outcomes that foundations are able to achieve. Business involvement is considered 'only if there is significant impact with it to advance a cause' (WT/40), accepting that business may gain profits while reaching the philanthropic objective (GF/38). In this sense, business profit is welcomed because it is seen as an additional benefit to foundations' work, and not as a goal. Market mechanisms are seen as a tool, a method to reach a common public goal: the market responds to a failure of the state mechanisms for providing public goods, thus it is important to gain the additional value it can bring in a partnership, by helping business get back to making profit as an additional desirable outcome (WT/19, GF/35).

Overall, interviewees reported that a mutual accommodation is needed between foundations' and business' objectives, which becomes an inevitable condition for the creation

of a partnership (WT/19, WT/40, GF/4, GF/35, RF/1, RF/9). As an informant from the Trust reported, 'since there are things that we can do in partnership with them, I think that helps to influence what they do, but we need to accommodate their needs as well if we work with them' (WT/15). A senior informant at the Gates Foundation even complained that sometimes the Foundation is insufficiently appreciative of the need of private companies to make profits (GF/4). Business would definitely benefit from partnering with foundations but at a very high cost, because they are required to invest a lot in interventions in LMICs which require a big cut on their margins (GF/4). For this reason, the fear is that if foundations work hard to force companies to accept those gaps in the global health market where they do not make any profit, this can threaten the long-term viability of their work (GF/4). Implications on the mutual accommodation between business and philanthropic objectives raise issues on the effectiveness of foundations' decision-making, which will be addressed in the discussion chapter.

#### *The selection process*

According to interviewees' accounts, the critical relationship with business and the rapidity with which the global context has changed is also influencing foundations' selection of their private partners (GF/3, RF/9, WT/19). The first contact may come from foundations or from companies. As an informant from the Trust reported, what companies look for in foundations is to get to produce high innovation which requires risk-taking capital: an example is the collaboration between GSK and the Wellcome Trust, which resulted in the creation of a biocatalyst in the Stevenage campus, which allows the achievement of both the Trust's mission, to support researchers in ground-breaking health innovations, and the GSK's mission, to experiment a different innovation model, less large and expensive than their own, taking advantage of the risk-taking capital put by the Trust (WT/40). In this case, it was GSK who contacted the Trust with a proposal. In the opposite case, where foundations seek out private partners, informants were challenged on how companies are selected.

A number of respondents with a higher seniority within foundations replied that, a few decades ago foundations would have done a formal scanning to see which companies were interested in working with them (WT/8, RF/9). Now, as the influence of business has increased, large and well-known players made it clear they are interested in partnering with foundations, and for this reason, there is less consideration for other potential partners. At the same time, these corporations have acquired a track record of interventions in public health, gaining experience in the sector, which adds up to their attractiveness as partners for

the foundations (WT/37). These kinds of partnerships are not set out through formal procedures at the beginning: rather, they come from informal contacts at the highest level of the organizations. Only one informant clearly reported that there was no mechanism for the selection of partners, and claimed it is really based on networking (WT/26): an example is the case of Bill Gates' annual roundtable with CEOs of major pharmaceutical companies which has the aim of gauging the interest of manufacturers in working with the Gates Foundation (GF/3). Partners should have the desired products, scientific expertise, and are willing to apply big margins cuts to work with the Foundation (GF/4). Moreover, these kinds of partnerships are all set out in developed and structured contexts, with well-known and established companies – especially for major corporations in the pharmaceutical or food industry. The Rockefeller Foundation is reported to be much more proactive than reactive in seeking partners, directly seeking out roughly 75% of its partners (RF/33). After a first idea of partnership has been explored and first contacts have been taken with business, all foundations conduct a standard process of due diligence (RF/9, GF/4, WT/37). This usually consists in assessing the existence of a shared interest, the scientific credibility and robustness of its strategy, the needs which are addressed by the partnership proposed and the added value of the partnerships – meaning the inefficiencies or weaknesses that the partnership would address. Moreover, due diligence processes aim at assessing the data sharing needs of the initiative carried out by the partnership and the way it will have an impact, including how and to what extent it would envisage a sustainable exit strategy (GF/35).

If the common interaction with big players is easier for their connections with foundations' leaders, now the spectrum of potential partners has enlarged to LMICs and emerging economies. Accounts from interviewees at the Rockefeller Foundation and the Wellcome Trust both report how foundations are trying to 'cast the net wide' (RF/9) to African IT companies on the mobile health sector, or to explore new pharmaceutical companies producing generic drugs from India, South Africa, Brazil and Korea (RF/9, WT/8). The condition for a good partnership in these settings are also related to how the company is able to face the LMICs' capacity to manage the mixed public-private system, their capacity for contracting and their engagement, and how the company is able to support positive development for people in need (RF/10). In this sense, the role of the foundation has also increased in supporting governments in becoming more able to deal with the private sector, helping them to manage the relationship with business, supporting their capacity for contracting, regulation, consultation, and engagement (RF/1).

*The dark side of partnering with business: the extent of foundations' responsibility*

Given the rationale for partnerships is how to figure out a 'win-win' scenario based on the mutual accommodation of objectives, only a few informants mention the 'pathologies' related to the foundations' influence in global health, and their potential impact on foundations' work. The most recurrent problem is the behaviour of private partners on the ground. As reported by informants from both the Gates Foundation and the Rockefeller Foundation, only a decade ago the partnerships with the business sector were concentrated on the technological dimension, and foundations did not really care about the implementation on the ground (GF/4, RF/13). Now, following years of observations, monitoring, and also pressure from the international community and the public opinion, foundations are more oriented to delivery and implementation, and their responsibility over the action of the private partner brings a considerable complexity to the relationship (RF/10, GF/18). In fact, some informants from both US-based foundations report that when companies come to terms with recipient countries, especially in low-income settings, they 'tend to be unfair' (RF/17), by running the risk of becoming monopolist and 'eating local competitors' (RF/10). In fact, as some particularly critical informants pointed out, whether it is for a real lack of capacity of recipient governments or not, aggressive market mechanisms are now an accepted method of doing business in almost all LMICs. An example was offered of a large grant given by the Rockefeller Foundation to two of the largest universities in the US to elaborate solutions for a specific problem affecting LMICs. The researcher ended in exclusively licensing the technologies produced by multinationals very active in LMICs. For this reason, as the informant commented, 'the private sector is both a vehicle that we can use, but at the same time it can be a significant constraint to what we are trying to do as well' (RF/10). This example raises a question on the extent of the responsibility of foundations and of companies in managing the partnerships, especially at the implementation level. Implications of this will be thoroughly discussed in Chapter 7. This is also linked to COIs and the foundations' behaviour towards the private companies where foundations invest in: only few informants explicitly addressed this issue as a potentially problematic one for their work (RF/10, GF/16, GF/18). The dominant view from foundations' informants is that COIs exist, but at the same time they are considered unavoidable, although they have to be managed with clarity and transparency. However, to explore the COIs related issues, the analysis of foundations' stock investments is necessary, as will be further addressed in the discussion chapter.

#### **5.4. Influence: an overt goal of the strategic planning process?**

The previous section provided an assessment of factors influencing the foundations' strategic planning process. If the assessment of needs, the assessment of the foundation's comparative advantage and the partnership with the private sector all constitute fundamental steps of the strategic decisions made by foundations, they all have a different weight in the strategic planning process. This section completes the analysis of the process by exploring the role of three other factors: influence, networks and leaders. In particular, the analysis will explore the following issues which emerged from interview data. First, if impact is the declared objective of any foundation's strategic planning process, influence has become an overt strategy to achieve impact in all foundations studied. Second, the description of the strategic planning process has showed how influence is the goal of the strategic planning process, and this is consistent with the importance that recognition plays in the gap-filling strategy and the assessment of foundations' comparative advantage. Third, both networks and leaders are drivers to gain influence. This section explores what foundations do, overtly or less overtly, to acquire, keep or increase their influence in the field of global health policy-making.

##### ***5.4.1. Impact and influence***

Although few respondents explicitly admit they do not like to call each other 'competitors', they all compete in that they 'all want to fund the best and the brightest and achieve the greatest impact' (WT/19). Not only is impact the explicit goal of any strategic planning process, but also interviewees' accounts show that 'having impact' is related to the attempt of foundations to be influential actors in global health. Although the literature review showed that being influential is not a new strategy for foundations, what is new is that it has now become overt. The analysis of interviews strongly suggests that influence is a goal for foundations, and some foundations' informants mention it very explicitly. According to an informant from the Rockefeller Foundation, 'influence is in fact one of the things we try to do, we now do it much more overtly, as part of our strategy' (RF/10). An informant from the Wellcome Trust also stated that the Trust has as one of its strategic goals to 'influence government thinking on how to fund different projects' (WT/8). In fact, the Trust has historically been extremely active in monitoring emerging legislation that is going through the UK parliament, as well as at the European-level, or in promoting research programmes through partnerships with the UK government (WT/8). Finally, as an informant of the Gates

Foundation reported, 'we work extremely hard to influence the US government, to influence GAVI, to influence WHO, though I don't see a kind of two-way relationship...' (GF/3).

Interview data analysis shows that all the three foundations identify themselves as 'active agents' in health policy-making, although with two important clarifications. First, they believe that they have very different degrees of influence on the global health agenda-setting, in particular the Wellcome Trust is much more oriented to influence UK and European policies rather than global policy-making tables (WT/8, WT/29). Second, the perception of their influence is reported to be higher than they may exert in reality. In fact, the global health world is often described by informants as too chaotic, polycentric and heterogeneous, and with no single donor really able to set a global agenda (GF/5, RF/9, WT/32). Some respondents do not even believe one unique global health agenda exists, leaving space in the definition of global priorities to private donors too, taking advantage of the fact that 'a private entity has the absolute freedom to define and justify internally what it chose to focus on' (GF/31).

If influence is now an overt goal in foundations' prioritization, it can be achieved in different ways. As an informant from the Gates Foundation reported, the Foundation has a lot of leverages to achieve its objectives, which are not all financial (GF/4). In particular, two other assets are recognized as important for the Foundation beyond its economic size, and they have been explored in terms of comparative advantage: the voice and the convening power of their leadership, and the technical capacity of their staff. Depending upon different circumstances, the Foundation may deploy these assets in a variety of combinations: the total impact of the Foundation is given from how it uses the combination of its assets (GF/35). A Rockefeller Foundation informant pointed out that 'the foundation's connections with other organizations are a powerful way of having impact' (RF/7). Another informant at the Foundation reports, 'we are able to influence mostly because we have a legacy and prestige, not because we are the most affluent foundation' (RF/13). Finally, a Wellcome Trust informant affirmed that 'grantees are the best way to have impact' (WT/40). These short accounts are an example of how much foundations are aware of their comparative advantages, but also aware of the need to use drivers to claim their space in policy-making. The next paragraphs will explore networks and leaders as the main drivers of influence from foundations. While the relevance of networks and leaders' contributions in the grant-making process will be addressed in the following chapter, the present section reports how the

extensiveness of foundations' networks and the visibility, engagement and advocacy power of foundations' leaders are fundamental sources of influence for foundations.

#### ***5.4.2 The role of networks***

This section will address the extent to which network relationships can be used by foundations to keep or increase their influence in global health. Foundations' networks are a powerful source of influence and impact in the foundations' world. They extend to different categories of stakeholders, who can be activated in different ways. In particular, this paragraph explores two categories of stakeholders which have emerged as particularly relevant for their role in foundations' strategy-making. The first is the foundation's staff, who are the carriers of personal agendas and moving between different organizations. The second is represented by foundations' grantees, which are the target of grant-making, the core activity of the foundations under study.

##### *Personal agendas and inter-organizational influence*

Foundations' staff move to and from other organizations in global health policy-making. According to a few informants, people moving, with experience and connections matured from their previous jobs, can be drivers of inter-organizational influence, bringing issues and ideas on top of their organizations' agendas (GF/3, RF/7, RF/33, WT/40). Interviews' accounts showed that, at certain times, the flow of different issues between organizations suggests the existence of personal agendas, which are more or less overtly pursued by people moving from one organization to another. For example, top executives at the Gates Foundation often had previous experience in pharmaceutical companies, as well as several executives of the Rockefeller Foundation have then moved to private multinationals or global health partnerships after their experience at the Foundation. This movement of people and 'their' issues has the parallel effect of increasing the extensiveness and the strength of foundations' existing networks, creating a reinforcing circle between grantees, foundations and other institutions. An example is the role the Rockefeller Foundation has had in helping people inside WHO to carry the UHC agenda, through the action of specific people involved in bringing UHC up to the global decision table (RF/1). The same can be said for some representatives of the Gates Foundation in bringing specific issues related to infectious diseases from WHO to the foundation (GF/38) and from USAID to the foundation (GF/35), helping these acquire a higher visibility (GF/3).

Personal agendas are often reported by respondents to run parallel to institutional ones, especially for foundations' senior staff, who are often sought from other institutions both for their knowledge and convening power. Examples include the role of key people at WHO and then at IHME and their link to the Gates Foundation, whose long-term funding has guaranteed the IHME's creation. An informant mentioned this relationship has favoured the direct competition between IHME and WHO by having the same staff continuing the same work in a different (and privately funded) institution. Mentioned by many respondents is also the role of a board member of the Rockefeller Foundation, who was first an advisor and then a grantee of the Foundation, all at different times. Differently from other aspects, this overt inter-organizational influence is not an issue particularly relevant for informants of the Wellcome Trust, probably for its historical presence more in the UK context than in the global or international one, or just as a result of its different approach. No examples of personal agendas were mentioned by any of the Wellcome Trust respondents, although closer links between the Trust and external experts are discussed concerning the grant-making model in the following chapter.

### *Grantees*

Foundations' grantees are the second relevant driver of foundations' influence. As an informant from the Rockefeller Foundation reported, 'I always thought that the best way of influencing policies is to have grantees who, not necessarily overtly, try to influence policies by creating the options that policy-makers can get behind' (RF/10). A different informant admitted, referring to the Wellcome Trust staff, that they are 'known through their grantees in largely more scientific area of research, although they are not thought to have huge impact from their own offices' (RF/7). The Gates Foundation has made results and impact the whole focus of its prioritization process, although the potential represented by grantees is not often addressed as a considerable issue: power and influence are exercised more from the Seattle office than from the ground (GF/3, GF/4). All foundations believe their influence on the global health priority-setting must be measured by the impact of their grants, meant as the outcome of a funded activity. While it is difficult to evaluate the impact of complex public health interventions, it is easier to verify whether other donors apply the same method or approach to the same health problem, or recognize the foundation's ownership of a method or approach. This is what was reported by two Trust's informants to have happened with the work around the artemisinin combination therapy for malaria, funded through the Trust's research centres in Thailand and Vietnam. The results of that have actually influenced WHO in adopting this as the treatment choice for various parts of the world (WT/8). An informant

from the Rockefeller Foundation also reported that the 3by5 AIDS Initiative at WHO was the result of a long conversation between the WHO and the Rockefeller Foundation, as well as strong advocacy from NGOs, due to the work the Foundation initiated on clinical research and treatment (RF/1). Also, the partnership with the Gates Foundation on vaccines development was reported to be definitely influencing WHO in its subsequent work on vaccines (GF/35).

Having impact through grantees is strictly connected to the analysis of networks. First, external advisors of foundations' are often grantees or previous grantees, and often also have an institutional role in a third organization. For example, it is frequently reported that staff at WHO, the World Bank, the UK or US governments, global health partnerships, pharmaceutical companies, think tanks or NGOs have a fundamental role in driving the foundations' message into their own institutions (RF/1, RF/7, GF/3). As an informant of the Rockefeller Foundation reported while discussing the consultation period before the launch of the UHC strategy, the Foundation brought in all the thought leaders known as champions in global health, but also people with previous connections to the Foundation, who cared about the Foundation's work (RF/1). Personal agendas themselves also reinforce the existing network relationship between grantees, foundations, advisors, and policy-makers. People's role as advisors and grantees often overlaps, as an informant from the Rockefeller Foundation pointed out: 'I was informally advising the leadership and then my organization became a grantee, and we have been a grantee ever since, as well as continuing to be known and advise the leadership' (RF/7).

Networks are based on the experience of foundations' staff too, as one informant from Rockefeller recalled, programme officers at the Foundation were often sought out from other institutions 'to help them identify and define their strategies and their space' (RF/36): a lot of that rested on the reputation that the Foundation has gained in global health 'over the last hundred years' (RF/36). Many examples of self-feeding networks also exist for the Gates Foundation: several advisors to the Foundation's malaria strategy were reported to be previous grantees in some cases and partners in other cases, like representatives of PATH, WHO, DfID, GAVI or GFATM (GF/6). However, the existence of networks of grantees, foundations and policy-makers can create a vicious cycle too, although only a few respondents from the different foundations argue that the existence of close and self-feeding networks can have a negative impact on the foundation work, by pulling the focus away from the real needs of people (GF/3, RF/13, WT/19, WT/32). By being a grantee, an organization

enters into a privileged network which accelerates the work of the foundation, but it also diminishes the possibilities to find new and potentially better qualified grantees. The danger of this vicious cycle is often reported to represent a reduction of the risk-taking approach of foundations, and creates expectations in grantees and advisors in that the network will continue to exist, as maintaining the status quo would be a preferable solution for all the components of the network (RF/34). For this reason, a few Wellcome Trust informants mention the self-feeding network of grantees as a critical issue to be carefully managed, when it is related to the review process of grants' applications: several reviewers are previous or potential grantees, and the scientific community they are representing is the same community where the Trust promotes its work and deploys its funds, represented by the UK health research community, and less by the international one (WT/15, WT/19). This analysis shows that networks are a fundamental driver for foundations' influence in their policy-making environment. Networks are relevant to convey foundations' messages, but also to foster the networks themselves. A further role of networks will be explored in the following chapter, addressing the description and analysis of the foundations' grant-making processes.

#### ***5.4.3 Leaders' visibility and credibility***

This section completes the analysis on influence, by exploring the role of foundations' leaders, here intended only as drivers of foundations' influence. In fact, while the role of leaders in determining strategic priorities have been explored in the previous sections on the steps of the strategic planning process, the role of leaders in influencing the grant-making process will be explored in the following chapter.

The visibility of leaders is a powerful instrument in philanthropy. Not only for their personal connections with the political, industrial or academic elite of their respective countries, charismatic and committed leaders are a valuable asset in the three foundations, though with a higher intensity in the US-based ones (GF/3, RF/7). Leaders' charisma and visibility is often mentioned as a very important leverage to pull to influence debate both nationally and globally (GF/35, RF/1). In this respect, Bill Gates is extremely different from the other foundations' leaders. To use the words of an informant of the foundation, 'not only he is a unique, iconic individual of our time... but he is also, a super celebrity, and a credible celebrity...' (GF/31). Bill Gates' ability to engage with the political elites and the press is recognized as a measure of credibility, and a fundamental characteristic of charismatic leaders, not only from the Gates Foundation's informants (RF/7, WT/28). Leaders must be 'credible' in order to have the power to personalize their organizations and the priorities they

want to focus their funding on. Although no respondents attempted to define the credibility of their leaders, the analysis performed on interview data suggests credibility is quite different between the foundations studied.

As a respondent from the Trust reported discussing the opportunity for the UK and other governments to build a partnership with the Trust, 'I think you need to have a high level credible person to engage with' (WT/39) referring to a top executive of the Trust. When challenged on the meaning of the concept of credibility, the respondent named the leaders' experience and the respect originated by the fact of being leader of a prestigious, independent institution. When the Gates Foundation informants are asked about Bill Gates, respondents often identify him as credible for his successful past in business, his extraordinary commitment to the foundation, his convening power, and the fact that partnering with him gives organizations such a visibility that this becomes a fundamental asset for the foundation as well (GF/4, GF/5, GF/35). Few respondents from the Rockefeller Foundation comment on the concept of leader's credibility, while in the past it was linked primarily to experience and tradition (RF/7). The current President is reported to have brought a new impulse to the Foundation because of the novelty she represents: as reported previously discussing innovation, the credibility of the Rockefeller Foundation President now rests on her background and her political connections (RF/1, RF/10, RF/13, RF/33), confirming the role that influence is increasingly acquiring in foundations' strategic planning. Finally, the attention on foundations' leaders is less pronounced in accounts from the Wellcome Trust informants. This can be due both to less discretionary power in the hand of one single leader, as it is for US-based foundations, or for a different culture and approach, as suggested by the literature on philanthrocapitalism. While the role of leaders in grant-making will be explored in the following chapters, implications will be discussed in Chapter 7.

## **5.5. Conclusion**

This chapter has responded to the first part of the second specific objective of the research study – understanding the strategic planning process of foundations, in order to assess the importance of factors influencing the process. Recalling the analytical framework, the factors explored here were: needs, comparative advantage, partnership with the private sector, influence, leaders, and networks. The last two factors were addressed only for their relevance into strategic planning decisions, while further analysis will be offered for the grant-making process in the following chapter. This chapter has provided detailed insight on the

foundations' strategic planning process. Several conclusions can be drawn, anticipating the implications which will be further discussed in Chapter 7.

The first conclusion is that the consideration of needs constitutes the first step of the strategic planning process for all foundations, but then other factors add up that require consideration. One of them is certainly a strong focus on the autonomy of foundations' decision-makers in using evidence, which is reported in all foundations, much more strongly in the US-based ones. In general, there is a difference in the use of evidence between a strongly internally-driven or top-down prioritization rather than a bottom-up prioritization. The way it is used opens up a strong call for the transparency on sources used, which brings implications on the accountability of foundations.

The second conclusion is that the need for recognition is a fundamental step for the gap-filling strategy of foundations, and the assessment of their comparative advantage. Different concepts of comparative advantage have been explored in the chapter. Also, partnering with business was demonstrated to be a fundamental step of the strategic planning of foundations, although the way partners are selected and the 'mutual accommodation' of mandates and objectives can raise critical issues which will be further explored.

The third conclusion is that influence is of utmost importance for foundations' strategic planning. Being impactful is strongly correlated with being influential, thus influence is a goal of foundations' priority-setting. The analysis has shown different leverages which foundations activate to be influential, with different intensity exhibited among the case studies. Among those sources of influence, leaders and networks have both a role as vehicles of influence. The following chapter will complete the analysis on networks and leaders, by exploring their role in the grant-making process.

## Chapter 6

### The grant-making process

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The best trace of the completed process remains in the minds of those people who carried it out  
(Mintzberg et al 1973, p.248).

#### 6.1. Overview of the chapter

While the previous chapter offered a description of the strategic planning process in the three foundations under study and assessed the relative importance of different factors in their strategic planning, this chapter completes the analysis by responding to Objective 2b: to understand and assess the relative importance of different factors in foundations' grant-making. For each case study, a description of the grant-making process is reported, taking into account the different steps of the process as reported by interviewees. Like the previous chapters reporting findings, interviewees' accounts refer to the period where they were collected, unless otherwise specified. After that descriptive section, the chapter will offer a thick description of the informants' accounts around the process itself, and how it leads specific tensions to emerge – especially between the two ends of a spectrum, from being innovative and risk-takers as opposed to being participative and more conservative. Consequently, the chapter responds to the research questions outlined in the analytical framework concerning leaders and networks, by ascertaining the relative importance of these factors in the grant-making process, and in contributing to this tension. The factors addressed and the respective research questions are reported in Table 6.1 below. Finally, the concluding section will raise specific issues and generate implications which will be further discussed in the following chapter.

**Table 6.1 Framework and questions related to Specific Objective 2b**

<b>Factors</b>	<b>Questions</b>
Networks	<i>To what extent are networks relevant for the elaboration of foundations' strategies?</i> <i>To what extent do grant-making decisions rely on internal or external contributions?</i>
Leaders	<i>To what extent do leaders influence the grant-making process?</i> <i>To what extent do grant-making decisions rely on internal or external contributions?</i>

## **6.2. The grant-making process at the Gates Foundation, the Rockefeller Foundation and the Wellcome Trust**

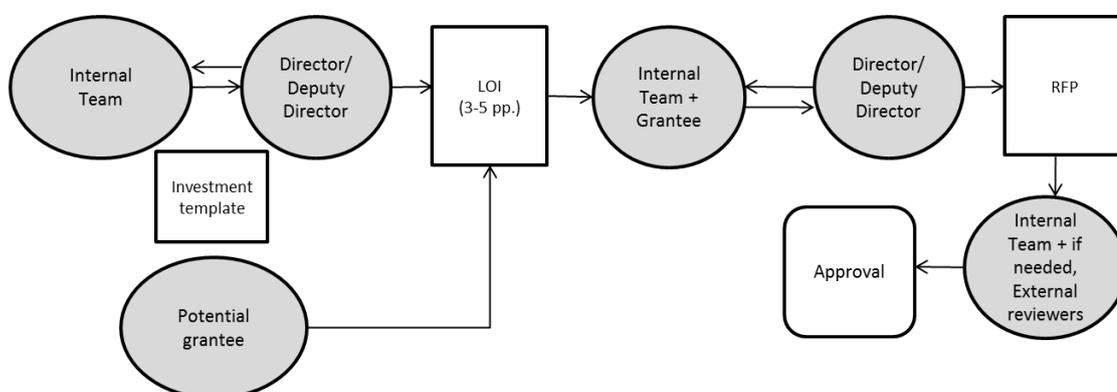
Consistent with the theoretical approach of strategic management that has been adopted, this research study makes use of the deconstruction of the grant-making process from the generation of grant ideas to the approval of grant proposals. Like the strategic planning process, each foundation has its own grant-making process, and they appear to be rather different, which partly reflect their funding ethos, as anticipated in Chapter 4: while interviews suggest the US-based foundations have a more top-down approach to funding (often called 'commissioned'), the Wellcome Trust has a more bottom-up approach to funding (often called 'investigator-driven'). Due to these differences, a first description of the three grant-making processes is provided below. All processes described are drawn from the interviewees' accounts. Different funding programmes or topic areas within each foundation may have different grant-making processes, although respondents from the three foundations reported an effort from their own foundations to standardize all grant-making processes currently in place. The researcher has focused the analysis on the grant-making process concerning global health funding activities.

### **6.2.1 Grant-making at the Gates Foundation**

The description of the grant-making process in this section refers to the process linked to Request for Proposals (RFPs). The so-called 'pre-grant phase' is represented by the strategic planning steps previously explored, as it rests on the identification of funding gaps, the identification of possible solutions to the health problems selected, the consideration of where the Foundation can make a difference, and the consideration of potential partners for

the execution of the activity. The grant-making process sees a major involvement of foundation’s internal programme teams (Figure 6.1).

**Figure 6.1 – The Bill & Melinda Gates Foundation grant-making process steps**



Internal program teams are responsible for drafting funding priorities and calls for proposals, under the supervision of a Director (GF/38). The co-chairs perform a yearly review of all the grants and set a budget envelope for the following year. In fact, all grants, whether they are small or large, are summarized and approved for going forward or not directly by Bill Gates (GF/18). The co-chairs are reported to be very careful that the investments done are going to achieve the strategic goal the co-chairs have in mind (GF/16). The budget envelope is sent out to internal teams around August/September each year to start working on grant ideas.

The grant ideas generation can originate from the Foundation or from a potential grantee. Respondents report that in the majority of cases, the grant ideas generation is heavily internally driven and the main criterion driving the process is to keep the strongest alignment with the Foundation’s strategy (GF/4, GF/31, GF/35). The Foundation is often described as a strategy-driven organization (GF/4, GF/38). Only one informant commented on how the co-chairs are opening a bit more to external consultation in recent years, though very slowly and on a case-by-case basis (GF/2). Based on the strategy, internal teams are asked to produce ideas on potential grants and defend them internally with colleagues, in a continuous back and forth process between programme officers, deputy directors and directors. Grant ideas are developed and discussed in internal teams, up to the identification of potential grants, which are put on a grant list (‘pipeline’) and ranked in different tiers of priority, according to three dimensions originating from the strategic planning process: probability of success, impact, and cost-effectiveness. These three criteria are mapped into a three-by-three matrix,

grant investments are ranked in the following way: investments which are very cost-effective, with a high probability of success, and a big expected impact, would be placed on top of the list; investments which are very cost-effective but have a marginal impact, would be placed at the second tier, and so on, until investments on the bottom of the list would be probably dismissed, because, as a programme officer of the Foundation reported, 'you know for the Foundation, it doesn't make much sense to invest there' (GF/3).

Each grant idea is related to an investment template which is drafted by each team, with an indication of the scope of work, the estimated timing, the budget, and potential grantees (GF/5). This process is continuously reviewed between programme officers and above executive levels, where the executive level involved depends on the grant size. The process is a continuous back and forth unless the final version of the investment template is approved. The identification of grantees happens at this stage, in the form of a pre-selection: the Foundation knows who it would like to be the grantee, and often 'if you have identified the grantee that you want to work with, you just go straight to them and say 'put together a letter of inquiry' (GF/3). The Letter of Inquiry (LOI) is negotiated – accepted, required with modifications, or refused – up to the presentation of a full proposal (GF/4). In the case of externally driven proposals, when the grant idea comes directly from the potential grantee, the Foundation typically requests potential grantees to produce a LOI and the process of negotiation towards final proposals proceeds the same way (GF/5).

The LOI is a 3 to 5 page proposal detailing the project's purpose and goals with a preliminary budget attached. The programme officers and above executive levels, depending on the grant's size, are involved in the process of working on the LOI, requesting modifications to the grantee if necessary. The LOI must be agreed internally before it is sent back to the grantee with a RFP (RFP). RFPs are more detailed than LOIs and require more information not only on the project, but also on the grantee's organizational capacity and on the conditions for the sustainability of the project. The process to request proposals follows two different paths. The Foundation can request private (or close) RFPs, which are sent to a close group of potential grantees represented by partners already known by the Foundation, both in terms of financial and organizational capacity. In this case, the Foundation accepts proposals only from this narrow group of pre-selected organizations. In contrast, public (or open) RFPs are located at the opposite end of the spectrum: they are both published on the Foundation's website and sent out to potential grantees through the Foundation's channels, and the Foundation receives proposals from a wider range of sources. Unsolicited proposals are not

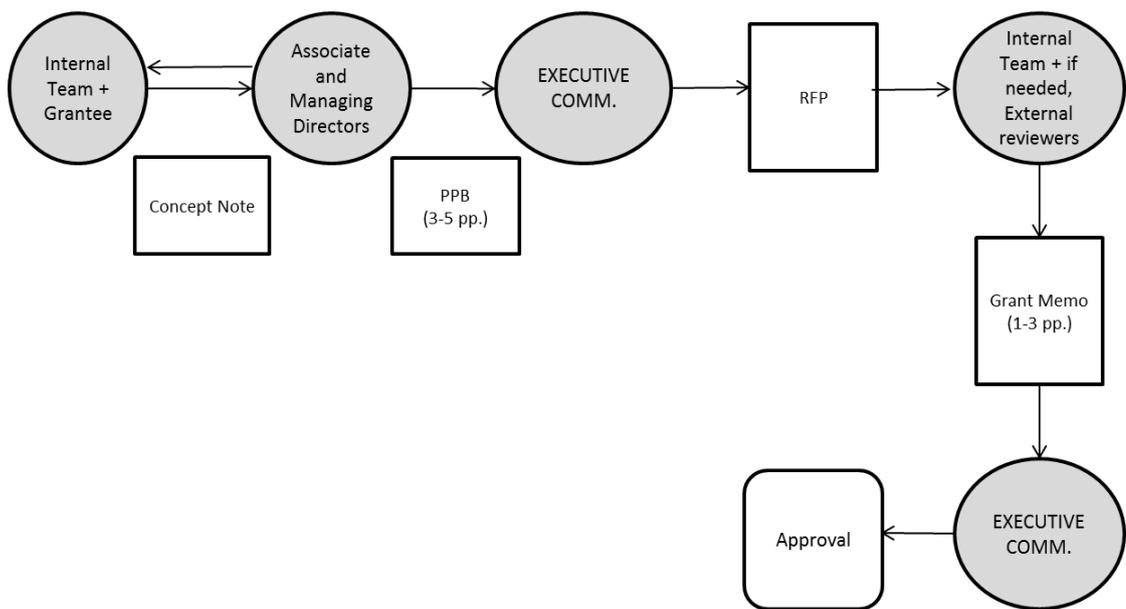
accepted anymore, due to an extremely low probability that they are aligned with the Gates Foundation's strategy. As an informant from the Foundation reported, 'once we shifted from "whatever came in the door" to "we are not going to accept anything that we didn't invite", we developed a pretty explicit process to describe what a grant application is supposed to look at...' (GF/31). The Foundation still receives some unsolicited proposals through its website, but the rate of success is reported to be very low, around 1 in 1,000 (GF/4). The only kind of application which is closer to being unsolicited falls under the Grand Challenges applications scheme. The Grand Challenges focus areas are very broad, the application process is reported to be very straightforward and quick and every potential grantee can apply with a 2 page proposal.

When full proposals are presented to the Foundation, the review process starts. External reviewers may be involved in the process depending on the size of the grant proposal. As a respondent reported, general guidance within the foundation is that proposals over one million USD should have at least one external review, up to three or more external reviews if the size of the grant is larger (GF/4). External reviewers are never paid and they comment and feedback on project proposals on a free basis (GF/5). Despite this, most respondents report that the review process is heavily internally-driven and typically carried out by the programme officers, together with other people in the Foundation, who may not belong to the same team or funding programme, but are recognized as experts on specific topics, and the choice for their involvement depends on the contents and expertise required (GF/5, GF/18). The request for external reviews depends on the personal judgment of the programme officer, as one reported 'I was fairly sceptical of the particular proposal and approach...I wanted a critique, to actually be pressure tested' (GF/4). External reviewers are not a stable group, but rather *ad hoc* experts on a specific topic. Due to the size and specificity of some grants, several respondents claim it is often difficult to find reviewers with the proper level of expertise. This implies they often end up always asking always the same people to do reviews, creating a close circle of people who are often contacted as reviewers on the same funding issues. After the proposal review process has ended positively, all grants are formally approved. The rules for the approval of grant proposals are based on the financial size of the proposal. Thresholds to decide who approve grants are as follows: Deputy Directors have the authority to sign grants under 1.5 million USD, Directors between 1.5 and 5 million USD, the President approves grants between 5 and 30 million USD, the CEO between 30 and 50 million USD, and approval from the co-chairs is requested for grants over 50 million USD.

### 6.2.2. Grant-making at the Rockefeller Foundation

The grant-making process at the Rockefeller Foundation (Figure 6.2) has radically transformed in recent years, following the overall change in structure due to the new President's arrival.

**Figure 6.2 – The Rockefeller Foundation grant-making process steps**



This radical change has had a direct impact on how grant-making activities are conducted, as the final approval of grants now rests with the board, but only after preliminary clearance from the President. In fact, the role of the board is also very limited in grant-making: board members usually receive a list of grants ‘for their knowledge, which they can comment on, but decisions are already made by the executive level’ (RF/17). The grant-making process is described by most respondents as heavily internally driven, and external advice seems only to randomly enter the equation: ‘...there are interactions with the President and the surrounding...external advice is maybe used but I wouldn’t say is heavily decisive’ (RF/7). Every initiative has a development process with indicative timing. As mentioned in the previous chapter, the first phase is the so-called Search phase (roughly 3 to 12 months). In this phase, the Foundation identifies the problems requiring attention, the target population, and the ‘tipping points’. The Foundation has an internal team which conducts scanning of major initiatives from other funders, activities carried out by major partners (called

'lighthouse partners'), and feedback from grantees based all across the globe. As an informant pointed out, the Foundation's staff engage in major conferences to see 'where the powerful ideas are moving and who is behind them' (RF/1). This is complemented with specific inputs from grantees and from the involvement of consultancies, which are reported to be help with the process design more than with the contents. The outcome of the Search process is a list of potential grants with an attached budget defined by the EC.

After the generation of ideas, the second phase is the Development phase (roughly 1 to 2 years). In this phase, funding gaps and potential partners are sought out. The Foundation starts piloting grants to test whether assumptions on tipping points are appropriate and feasible, to check whether the Foundation can find partners and to scan potential collaboration with other donors if there is a shared interest in developing and executing the initiative. During this pilot work, the Foundation's internal teams develop a business plan for the initiative to be carried out with a budget attached as an indication of what is expected to spend over a fixed number of years, the identification of partners who can carry out that initiative, as well as an exit strategy (RF/9, RF/10, RF/13). At the end of the Development process, the initiatives are brought to the EC and the board for approval. Once grants and initiatives are approved, the Execution phase starts (roughly 5 to 8 years) and the initiative is led to its conclusion under the leading role of managing directors.

Within this overall initiative framework, the grant-making process starts with ideas generated from both internal inputs and external inputs, typically previous or potential grantees. Programme officers are reported to have several face-to-face interactions with the potential grantee before the official submission (36). A concept note (approximately a 2 page document) is elaborated from the internal team for each grant and discussed with associate directors and managing directors. When the green light is given from directors, the internal teams prepare a pre-proposal bundle (PPB), which is a 3 to 5 pages document discussed and negotiated with potential grantees. The PPB is sent out to the EC for approval. The EC can reject the bundle, request modifications or straight away approve the bundle. When a bundle is approved, grantees are asked to draft a RFP with further details on the project. Unsolicited proposals are accepted via the online form provided by the Foundation, but this rare, and their success is reported to be very low (RF/24). As a director of the Foundation reported, 'when I started there were big plans to have an open website, using the world as a crowd sourcing mechanism, and people were sending ideas...' (RF/34), but the hit rate was extremely low, so the Foundation went back to 'a more traditional system of using either

formal RFPs or informal networks to try to identify people' (34). Overall, red lights are reported to be extremely rare, yellow lights are more frequent, representing approximately a third of the total projects presented to the EC (RF/33).

The review of proposals is almost completely internal, external reviews are extremely rare. In this respect, informants comment on how contact with consultants and external advisors in the first steps of prioritization, together with the exchange of information with the potential grantee before the proposal submission, are so intense that they often do not require the help of external people in the stage of proposal review (RF/36). The internal team produces a grant memo out of the full proposal (usually 1 to 3 pages). The memo is sent out to the EC for the second clearance (RF/33). As an informant reported, the process has been deeply intensified, and all the steps lead to the President and the EC, so that 'things are getting approved through a process, rather than betting on individual's knowledge based on years of experience as it was before' (RF/10). Before the organizational re-structuring, thresholds applied for grants' approval, based on the size of grants (36). The general rule reported implied that associate directors could sign grants under 100.000 USD, while the President had to sign grants over 1 million USD. Now, every approval is decided by the President with the EC, and sent out to the board for signature.

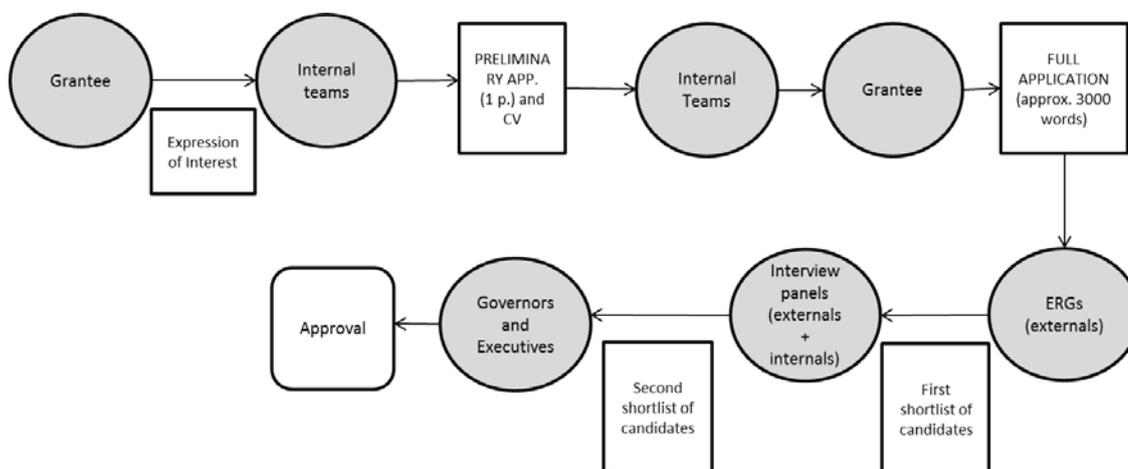
### ***6.2.3 Grant-making at the Wellcome Trust***

As shown in Chapter 4, the Wellcome Trust has a different decision-making process concerning the award of grants, such that applicants must refer to the funding schemes application rules. In particular, the Technology Transfer department has a slightly different grant-making process compared to other departments, mainly related to the due diligence procedure followed for full applications, since grantees are companies and not individuals (WT/32, WT/37). As a general rule valid for the whole Trust's funding, applications are peer-reviewed and the decision-making authority is left to specific committees for each funding area. Since this section is mainly referred to global health funding, the process described here is referred to fellowships, investigator awards and strategic awards primarily related to the Science Funding and Medical Humanities and Engagement divisions.

The grant-making process of the Trust is often called 'responsive mode' for the external origin of grants' ideas (Figure 6.3). General areas of interests of the Trust are published on the website and through the Trust's Strategic Plan: on this basis, the Trust receives online

applications directly from individuals. In fact, the Trust has recently moved from a program- and project-based funding to people-funding, targeting investigators with a good or potentially good track record to run their own projects within affiliated research centres (WT/8, WT/21, WT/25).

**Figure 6.3 – The Wellcome Trust grant-making process steps**



The most frequently used funding schemes within the Trust are Fellowships and Investigator Awards (WT/29). Unlike the US foundations, within the broad areas of interest of the Trust, the generation of ideas on single grants is completely externally-driven: ‘we very rarely have ring-fenced funding for any particular activity, but rather we put out highlight notices so that we get applications coming in...’ said a respondent from the Trust (WT/15). The process starts out with an Expression of Interest by the applicant, which is assessed by internal staff for eligibility. Applicants find information on the Trust’s websites as well as in specific ‘road shows’ that the internal teams perform in universities and conferences all over the UK. The first step aims at checking the candidate track record and the project’s coherence with the Trust’s mission, in order to assess the viability of the application within the funding scheme. Applicants are encouraged to contact the Trust at the earliest stage of their application, to receive advice. Although it is an extremely time-consuming activity for the Trust’s staff, as a Trust’s informant reported: ‘we want to have high quality grants to come in, and we know what sort of things are more likely to get funded than not to get funded, so we advise them on that’ (WT/15). Applicants are then invited to present a Preliminary Application, which is a one-page document with the description of the idea and their curriculum attached. Consistent with the ‘responsive mode’ grant-making process, this first step is more focused on the high-level, vision-related idea, and less is required in terms of detailed methodology and budget. There is a relevant role for internal teams in performing a first sort of screening

by virtue of conversations and feedbacks on preliminary applications: the candidate's application is evaluated based on its vision, track record and the reputation of the affiliated research institution (WT/25). The preliminary application is an optional step: after that, or directly after the expression of interests, the applicants submit a full online Application, which is an approximately 3,000 words document, including vision statement, a few details on methodology, and the dissemination and public engagement strategy. All applications of the same field of interest are assembled by the grants management team and sent out to the first step of the review process.

All informants agree that the review process is the foghorn of the Wellcome Trust compared to other foundations. Once a first internal round has shortlisted eligible projects, Expert Review Groups (ERGs) represent the first step to the external review of applications. They are described as 'arm's length committees' (WT/40), with the mandate of making an independent decision, though they are 'all aligned with what we are trying to achieve and they are pre-signed up to confidentiality' (WT/32). They are stable groups, formed by all externals, academics and experts in the requested field. They meet between two and four times a year depending on the funding area's rules. Their names, affiliations and backgrounds are published on the Trust's website. Experts sitting in ERGs are at least three for each group, and all respondents from the Trust report they are very often previous grantees of the Trust (WT/19, WT/25). They rank applications on an individual basis and then meet to discuss their ranks together. Usually they work by consensus, and only if it is not possible to reach a consensus do they express a vote on the single applications (WT/19, WT/29). External experts review applications in competition with one another and jointly produce a shortlist, making a cut of about 50% of applications on average (WT/19). Successful applications are sent out for peer-review to external experts, who produce a further shortlist of potential candidate for interviews. Interview Panels invite candidates to discuss their projects and defend their proposals. Panels approve or reject applications after having interviewed potential candidates, and send their recommendations to the governors.

Governors have general oversight of the process: at least one governor or executive member of the Trust sits in the review panels, though without voting power, but just as observer, sometimes participating in discussions or asking questions (WT/29, WT/37). Decisions are reported to be nearly always made on a consensus basis, after a ranking, not a voting procedure (WT/37). Each panel member allocates a score and applications are ranked on the basis of the cumulative scores. The panel discussion focuses on whether the ranking is

appropriate and where the cut-off point for approval or rejection is. Governors and top executives make this decision, since they also have control of the overall budget of the Trust (WT/19, WT/29, WT/37). Often the decision on cut-off points depends on the overall amount of resources the Trust has, and that has to look across different committees, so that decision is sometimes delayed by a few weeks until all of the funding committees have met (WT/19). In the end, a final and completely internal Trust's decision is made about where to actually set the cut-point on each committee (WT/29). After the whole grants' assessment process, it is reported that on average 'somewhere between 20% and 30% of the applications that come in get funded at the end of the day' (WT/15). Final applications are always ratified by the board of governors during their meetings, which happens eight times a year (WT/40). All respondents interviewed on the grant-making process report it is extremely rare that board overturn a decision made by committees (WT/21, WT/25, WT/29): as an informant at the executive level reported, 'currently, in fact, I know projects funded that the leadership doesn't like' (WT/32).

Beyond fellowships and investigator awards, a different funding scheme, now constituting around 15% of the Trust's funding, is represented by the Strategic Awards. Strategic Awards refer to more complex projects, within a longer time span compared to fellowships and investigator awards, involving more than one individual or institution and larger sums (on average one million pounds a year for five years). For this reason, the peculiarity of Strategic Awards funding committees is that they are held twice a year and require the presence of all of the governors sitting on them, and the executive board as well, together with outside experts with specific expertise in the area of the proposal. Beyond that, the procedure is rather similar: applications go to a first short-listing panel, then to ERGs for external reviews, then to interview panels (where all governors sit) up to the final approval (WT/40).

### **6.3. Assessing the relevance of factors influencing foundations' grant-making**

The previous sections have contributed to outline the grant-making process in the three foundations under study. In particular, different steps of the process have been described, from the grant generation idea to the approval of grant proposals. This section explores the relevance of specific factors in influencing the grant-making process: in particular, it will complete the analysis on networks and leaders by exploring their role and their relative importance in the grant-making process. The justification for the assessment of their importance rests in the fact that they contribute to explaining a specific dimension which

emerged as relevant in the analysis of the process: the degree to which decision-making is externally or internally driven. Recalling the research study objectives, this analysis is important to understand how these dimensions influence the decision-making in foundations. In fact, both leaders and networks – in the form of grantees or reviewers – intervene in the grant-making process in all the foundations under study, although with different intensity and at different stages of the process. Before exploring the significance of leaders and networks, this section begins with a description of the process as reported by informants. In fact, many informants of all the foundations described the grant-making process, though with different intensity, as a process facing a particular tension between the degree of external or internal contributions. In this respect, it is extremely interesting to note how the three foundations studied differ in their grant-making processes. Implications for the risk-taking or conservative approach of foundations' grant-making will be first addressed here, and then further discussed in Chapter 7. Finally, the concluding section will summarize the main issues raised and lead into the following chapter.

### ***6.3.1. Tensions in the grant-making process***

As reported from the descriptive section of this chapter, the three foundations under study have rather different grant-making processes. The Wellcome Trust grant-making model was described by most respondents, not only belonging to the Trust, with adjectives like 'standardized, transparent, peer-reviewed and merit-based' (WT/19, WT/22, WT/25, WT/29, GF/28, EE/23). It is led by external contributions, especially at the beginning of the process. In fact, it starts with a heavily externally driven input, since the Expression of Interest comes directly from investigators on the basis of very broad indication of funding areas. Not only is the grant ideas generation is completely externally driven, but also the first cut-off is made by the ERGs, all composed by externals. As reported by informants, including two ERGs members, they make the decision with no interference from governors or any of the Trust's executive. A part from the Strategic Awards, where the internal leadership is strongly represented, the process is driven by external contributions.

The Rockefeller Foundation rests on the opposite end of the decision-making spectrum: it exhibits a heavily discretionary decision-making model, with no external reviews to grant applications, or only in very limited cases. Once the funding area is chosen, through a scanning process and consultations with stakeholders, all the grant-making process is completely internal. Ideas can come from an interaction between the staff and potential

grantees, but then, from the proposal development to the approval stage, the role of potential grantees is rather limited and they are only requested to make marginal modifications. The board is formally the place of approval, but after the double clearance from the Executive Committee. Finally, the Gates Foundation has a mix of these configurations, with an initial grant-making process heavily internally driven (in most cases) or heavily externally driven only when the grant idea is generated from the potential grantee. Nonetheless, this second case is reported to be exceptional. Also in the stage of proposal development and review, the involvement of external advisors to review applications is primarily informal, random and non-standardized.

Findings from interview data analysis show that all foundations have witnessed an increasing focus on the process in recent years. Not only have all of them recently shifted the focus areas of their funding by re-organizing the whole organizational structure (like the Rockefeller Foundation move from a unit-based structure to an initiative-based structure), part of the structure (like the Gates Foundation move of some funding areas from the Global Health programme to the Global Development programme) or their main funding mechanisms (the Wellcome Trust creation of Strategic Awards), but they also have re-organized *the way* they fund: some interviewees perceived this focus on the process as an exaggeration of forms, procedures and rules (RF/33, WT/39). Several respondents reported comments on their grant-making processes and the fact that there is an increasing tendency to exaggerate the generation of formal rules. 'The field of philanthropy has fallen victim to almost again a fetish-ization of those strategy, and monitoring and evaluation...that's going really too far in my mind' (WT/19) reported a Director from the Wellcome Trust. For another informant of the Trust, having systems so structured serves 'as a defence systems so we can't be criticized' (WT/32).

An excessive focus on the process is considered detrimental to strategy-making, claiming that sometimes foundations concentrate more on process design than on actually doing things, and finding the right framework for grant-making seems 'more important than doing groundbreaking work' (WT/19). Some respondents reported on the amount of paperwork needed for internal processes rather than concentrating on the core activity of the Trust (WT/39). The most interesting aspect of these observations is that they are common from both respondents of the Rockefeller Foundation and the Wellcome Trust, foundations with two rather different models of both grant-making and strategic planning, despite respondents generally agreeing that the grant-making process is strictly context-dependent

and ‘there is no art or science of it’ (RF/33). Some informants even describe the concentration on processes as a ‘process-based vs. people-based trend’ (RF/10, RF/33). However, the process is perceived as cumbersome even at the Gates Foundation, where there are efforts to align the projects with the Foundation’s strategy. As an informant reported, the amount of energy and resources spent to develop the strategy and find evidence can be very cumbersome internally (GF/16). Overall, this focus on the process is reported to be almost ‘schizophrenic’, since it creates a continuous tension between the need to be accountable and transparent on one side, and the need to retain discretionary power on the other. If the focus on the mechanics of the process is a demonstration of accountability, transparency and fairness, an exaggeration of formality is reported to damage the discretionary space of foundations’ leaders. Table 6.2 below provides a summary of the processes described in the previous section, outlining a specific focus on the external as opposed to the internal contribution to the stage mentioned, which will serve as the basis for the analysis of the role of leaders and networks into the grant-making process.

**Table 6.2 Milestones of grant-making process: external and internal contribution\***

	<b>The Gates Foundation</b>	<b>The Rockefeller Foundation</b>	<b>The Wellcome Trust</b>
<b>Grant ideas’ generation</b>	Either heavily internally driven or heavily externally driven	Mix of internal and external inputs	Expression of Interest directly from investigators: heavily externally-driven
<b>Proposal development</b>	LOIs and RFPs. Internal documents: investment templates  Drafting from internal teams with continuous discussion and negotiation with grantees.	Concept notes and RFPs. Internal documents: pre-proposal bundles; grant memos.  Drafting from internal teams, with continuous discussion and negotiation with grantees.	Expression of Interest Preliminary Application Application (online)  Drafting from investigators, with continuous conversation with internal teams.
<b>Grants’ review</b>	Heavily internally-driven. However, External reviews are requested, depending on grants’ size and personal judgment of programme officers.	Heavily internally-driven. External reviews extremely rare.	Heavily externally driven. ERGs (all externals) and Interview Panels (participation of internals, board members and executives). Role of internal staff very limited.
<b>Grants’ approval</b>	Approval thresholds according to size of grants: <1,5 mln USD: deputy directors 1,5-5 mln USD: directors	Double clearance from President with the EC.  Formal approval (signature) rests with the	For Investigator Awards: Interview Committees select successful applications (externals with participation of

	5-30 mln USD: presidents 30-50 mln USD: CEO >50 mln USD: co-chairs	board.	board member or executives).  For Strategic Awards: heavy internal participation (all governors and almost all top executives).
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**Notes:** \* Only calls related to charitable expenses are considered. Beyond those amounts of resources, within all the three organizations, there are a) specific amount of resources addressed to cover administrative expenses and b) specific amount of resources left for internal use.

This section completes the analysis of the power of foundations' leaders initiated in the previous chapter, arguing that the control over the decisions at different stages of the process depends on the degree of knowledge of foundations' leaders. In fact, tensions emerged from interviews between the pro-activity of foundations and their leaders, enhanced by discretionary decision-making processes, and the reactivity of foundations' to external inputs to their decisions, from networks of grantees, potential grantees, advisors, consultants and in general, experts. The choice to be proactive or reactive opens the debate on the role foundations want to play in the current scenario. The discussion on roles will be further elaborated in Chapter 7.

### **6.3.2. Leaders: when internal contributions prevail**

This section will address the extent to which leaders' discretionary power is exercised in the grant-making process. In particular, the three foundations studied have three different grant-making models which can here be synthesized along a spectrum of ways of decision-making, on the basis of the degree of internal or external control on the decision. Specifically concerning the role of leaders, the control over decisions is strictly dependent on the extent of leaders' knowledge at different stages of the process. Interviewees' accounts are important to triangulate data in this respect, since they are rather different in some cases to the formal description of the process reported.

Similarly to what was described for the strategic planning process, the peculiarity of the Gates Foundation's model rests in the extensiveness of the role of the co-chairs. At the Gates Foundation, co-chairs have a specific knowledge not only on the content of grants, but also on the methods and metrics to assess the value of grants' ideas leading to grants'

applications. The evidence collected is not simply presented to the co-chairs, but they are actively engage with it (GF/3, GF/4, GF/35). Bill Gates in particular is reported to be extremely active during staff meetings, not only with the CEO or Presidents, but with Directors and senior programme officers in defining cost-effective methodologies. As a programme officer of the foundation reported, 'Bill in particular is very focused on the cost-per-DALY metric...he sits in all of the meetings and after he's heard and seen all of these presentations and read all the memos from the teams, he then decides how to split the money up' (GF/3). The Gates Foundation informants offered several examples of the pervasiveness of Bill Gates into this aspect: 'he obviously would request a complete excel file of all the grants that we are making, whatever size' (GF/3) reported a respondent from the Foundation, although according to the description of the formal grant-making process the co-chairs intervene in grant-making only for the approval of grants of a very big size. The alignment with the Foundation's strategy is the main criterion for the assessment of grant proposals and the influence of co-chairs in this process is reported to be extremely high. As reported by an informant of the Foundation, 'knowing that this grant will be on the radar for the co-chairs means that people are relatively careful about making sure that the grants are aligned with the strategy' (GF/4).

At the Rockefeller Foundation, the President and the EC centralize the decision-making power, decreasing the role of directors on one side, and the relevance of board members in substantive decision-making on the other. In particular, it has been mentioned that not only do directors have less autonomy than before in setting strategies, but they also have less autonomy in the process of grants' approval. As a Director from the Foundation reported, 'when our current president came, she stated what she was going to change was this director-driven structure' (RF/10). In the past 'each director had a budget ranging from 20 to 30 million dollars... and it was really the director who decided how that funding was allocated' (RF/10). The autonomy was so high that 'with those million dollars each director could do more or less as they thought appropriate' (RF/10). Now the approval of grants strictly depends on the EC and on the double clearance process of any grant, before the grant proposal is sent to the board for formal approval. As a respondent from the Foundation stated, 'the board doesn't have a lot of influence in terms of what goes forward and what is curtailed. And that is maybe because the president decides what is presented to the board and what is not. So she has a lot of control I would say' (RF/36). The board always follows the recommendations of the EC: as confirmed by a board member of the Foundation who during their more than ten years' experience, it never happened that the board had to say something on single grants (RF/14).

At the Wellcome Trust, governors and executives acquire knowledge of grants by rotating into all panels. In particular, governors are involved in the grant-making process in two ways. First, they sit on interview panels for the selection of grantees (rotating at least one governor or top executive per panel). Although they are without voting power, they possess the possibility of commenting and asking questions. In recent years, consultants hired from the Trust reported the presence of board members should not have been so strong in the process, so the governors took a step back, 'not participating in daily decision-making anymore' (GF/22) but just ratifying grant approvals. This model was considered unsuccessful, since governors were perceived to be too far from the whole decision-making process: they consequently returned to sit back in again on the committees, although they have been reported to be less pervading in the process now (GF/22). Second, governors are fully in control of the decision on single grants only for a particular funding mechanism, the Strategic Awards, as previously described. Just a few respondents reported that the Trust is now trying to implement a process where the board members would have more control in decision-making, for example by being involved in the very first step of short listing with ERGs (WT/11). The peculiarity of the Wellcome Trust rests on its openness to external inputs, both in the first stage of grants' ideas generation and in the last stages of grant-making (assessment and approval). Every respondent from the Trust admitted that there was never an occasion when the board radically changed a recommendation from the interview panels (group of externals).

*More discretionary, more innovative?*

The most recurrent explanation from interviewees who believe a heavily internally driven decision-making model is more proper to foundations' work, was that this model is more suitable for favouring innovation, compared to an externally driven model. In fact, informants reported that a high degree of discretionary choice allows a higher freedom to promote risky ideas if a potential for innovation is recognized. In a highly discretionary model, there is less space for external contributions: as a programme officer from the Gates Foundation reported, if the aim of the Foundation is very ambitious, like 'trying to achieve a paradigm shift, it is difficult to find reviewers with the right degree of knowledge and vision' (GF/16). Data analysis shows that the discretionary process is preferred both to reduce the risk of positions which are not aligned with the strategy, and to increase the efficiency of the process, as long and costly decision-making processes 'do not necessarily favour the most innovation' (GF/18).

In this respect, leaders are generally considered by informants as those better positioned to recognize innovation and to apply a risk-taking perspective. The engagement of external people in priority-setting, when it happens, is for foundations' leaders to increase their knowledge, but never as a constraint on their capacity to make private decisions. In fact, when challenged about the shortcomings of a discretionary decision-making model, informants recognized that there is a sense in the international community that the Foundation scores low from a transparency perspective (GF/3, GF/18). This is perceived, according to many informants, as a lack of fairness: as clearly expressed by a Gates Foundation informant, foundations are able to put together several different partners without worrying 'about the perception of fairness' (GF/18).

The fact that less control on decision-making may negatively impact on the degree of innovation, was confirmed by the Trust's informants too. In fact, if the rigor of the process gives the Trust credit for its accountable and transparent decisions, respondents warned against stifling the risk-taking attitude which a foundation such as the Trust should promote and perform: 'you want a highly rigorous process, but you don't want to cramp imagination' (WT/19). As a consequence, the involvement of the Wellcome Trust governors and executives in selection panels (although after ERGs selection) has the purpose of re-balancing the decision towards the risk-taking end, giving a chance to new ideas, potentially relevant though in seeds, to develop. The way governors drive the organization back towards a risk-taking approach and to strategy alignment is by re-gaining discretionary power, increasing their participation in panels. The tension between discretionary decisions and accountability was evident in some respondents' accounts. An informant reported that there is need for more discretionary decision, so the process should be well structured, but 'at the same time we can let innovation come in' (WT/19). Another informant stated that, since 'the external community is not always right' (WT/32), a higher amount of resources should be allocated to complete discretionary power of the Trust, out of the sight of the international community. The same respondent admitted that the Trust 'should allocate part of our budget, maybe 5% of the budget, for projects and programs and research ideas which are generated within the Trust, that the Trust thinks are important, not everybody else' (WT/32).

### **6.3.3. Networks: where external contributions prevail**

This section will address the extent to which external contributions of foundations' networks play a role in the grant-making process, either in the form of potential grantees (at the beginning of the process) or in the form of reviewers of grant applications (throughout the process). This section completes the analysis of networks, by describing the intervention of external inputs into the decision-making process. As described in the previous section, external contributions in grant-making do exist but enter randomly into the decision-making process at the Gates Foundation, almost do not exist at the Rockefeller Foundation, whereas they are fundamental for the process at the Wellcome Trust. In particular, this section argues that the extent to which external contributions are welcomed, and the different stages in which they are welcomed, influences the degree of risk-taking of foundations' grant-making.

In an open competition decision-making model, external contributions come from different sources in two different steps of the decisions: the grants' idea generation comes directly from grantees and the grants' proposals review process comes from external referees. Investigator-driven proposals have a twofold impact on the organization. On one side, respondents underline that this has the value of increasing the knowledge base of the Trust, opening the doors of the Trust to new ideas and offering the opportunity to see new areas emerging with a feedback loop to the strategy-making. As a director of the Trust explained, 'if you operate a very responsive model you'll begin to see hot spots of new areas of research or new interfaces between different disciplines... and that's quite helpful to see what's coming through' (GF/6). In fact, external contributions expand the basis of expertise at the Trust (WT/29). In addition, another example is the recent broadening of the medical humanities area, still representing a minor part of the Trust's funding, but expanded 'from purely history to embrace the wider medical humanities' (WT/25) which ended in gaining an enhanced commitment for the area in the last Strategic Plan. The reason for this change was reported by a Trust's staff member to be directly connected to their responsive mode process, because of the nature of applications they are receiving, so that 'the Trust realized there was quite a lot of momentum that the field was gaining' (WT/25).

The Trust is able to spot opportunities for partnering with no planning efforts from its side, but just by receiving applications from investigators and assessing the potential for bigger projects and higher impacts. As a director of the Trust succinctly illustrated, 'because we encourage people to approach us in the early stages of their applications to discuss it with us, we can begin to see if there are opportunities for actually putting people together in

consortium, or shared approaches for example' (WT/8). A good example of this is the Wellcome Trust Case Control Consortium (WTCCC), where a panel of researchers individually presented proposals and were required by the Trust to form a consortium as a condition to access the grant opportunity. Most respondents from the Trust see the benefits of the responsive mode model, while two of them warned against the high opportunity cost of this model, where the staff of the Trust perform a very time-consuming activity at the earliest stage of the application process to check the eligibility of every application towards the alignment with the Trust's strategies (WT/25). The high opportunity cost of the responsive mode process is often depicted in opposition to the discretionary decision model, where applications are invited on specific interventions, guaranteeing a stronger ex-ante alignment with the foundation's strategies.

In contrast, external advice is rare in the grant-making process of US-based foundations. Staff expertise is fundamental and it is up to the programme officers or associate directors to ask for external reviews, only if needed, and in limited numbers. In particular, programme officers at the Gates Foundation and associate directors at the Rockefeller Foundation have a strongly technical background, according to different disciplines and subjects: they are the first reviewers of grants' proposals and often the only ones, together with other experts coming from internal teams.

#### *More democratic, more conservative?*

To use the words of an external informant, there is a feeling in the international community that the Wellcome Trust is more respectful, more democratic and more open to public scrutiny (EE/23). When challenged on the shortcomings of a heavily externally-driven grant-making model, informants raised some issues which will be addressed below: the burden of involving external reviewers, the quality of external reviews, and the metrics applied to the evaluation of grant proposals.

Concerning the first point, a shortcoming of the open competition model is that having a high number of external reviewers is a big burden for the Trust and for the academic community. According to a respondent from the Trust, the Trust employs around 5,000 people every year for grants' reviews (WT/22). They do it on a free basis, as part of the academic duties as well as with a view of ownership of the process: as reported by almost all informants, reviewers are very often previous or potential grantees of the Trust. It is also a burden for the Trust to administer external reviewers, due to the amount of paperwork needed and strict policies on

COIs that need to be respected. ERGs are the strategy chosen by the Trust to diminish this burden: as a Trust respondent explained, there was a time when the Trust used to send every application directly to peer-review – with a final rate of successful application of only around 20-23% and a lot of time requested for peer-review of unsuccessful applications (WT/25). ERGs were set up exactly with the purpose of having a mechanism for an initial big cut-off (around 50%), so that only 50% of the original applications go further in the process. Leaders sit at the end of the decision-making line (either governors or governors with executives), but the decision which goes up to them is already heavily filtered by external contributions.

The second shortcoming of the high use of external referees concerns the reviews' quality. The quality of referees is reported by many Trust's informants as being extremely variable, so that 'you have to ask quite a lot of people to get a fair number of good reviews of a piece of work' (WT/15). In a heavily discretionary decision-making model, external reviewers are never or rarely used, only in a very informal and non-standardized way. A mid-way to this has been proposed by a respondent of the Trust, which is the possibility to have professional rather than voluntary referees, an ad-hoc, selected group, who perform their review work on a continuous and not occasional basis; and for this reason they should be rewarded for their role and they would constitute a stable group. At the time of interviews, this solution was reported to be in the piloting stage (WT/15). This would certainly reduce the burden of the reviewing work, but it would also have a potentially negative effect on the range and diversity of competences which the Trust can count on for the review work, opening concerns on the independence of professional referees from foundations' objectives. Finally, both respondents from the Wellcome Trust and the Gates Foundation mentioned a weakness, according to their opinion, which is part of the system of getting external reviews and dealing with foundations' networks of experts and grantees. The argument is that whatever process they chose (from open competition up to discretionary decision), they make use of the same thought leaders (GF/3), 'they all talk to the same people, although there is room within the global health system for diversity' (WT/32) said a Trust's respondent. Either in the form of consultants, external reviewers or informal advisors, 'diversity is good, but one way or another, we all talk to the same opinion leaders' (WT/32) reported a respondent from the Trust who criticized the fact that knowledge and expertise in the global health policy-making field is small and Western-centric.

Finally, the third aspect which tends to favour more conservative approaches, as reported by informants, is the use of metrics, necessary to deal with a heavily externally-driven review

process. The peer-review grant-making process of the Wellcome Trust implies that the committee structure, starting with ERGs, makes a decision on which applications to be put forward. The logic of using metrics for evaluation of proposals responds to the need of being 'safe from interference and nepotistic views' (WT/25). As an informant reported, the use of metrics is conservative by nature: bureaucracies tend to use metrics to be rigorous, transparent and conservative (WT/19). The criterion of the voting mechanisms, as reported by a Trust's informant and a Gates Foundation's informant, which are both fairly critical of the peer-review mechanism, is the regression to the mean (WT/19, GF/28): experts sitting in committees have a deep knowledge of their field and subjects, but generally do not support ideas in seed, where there is not so much knowledge around them. The effect of this is that 'the bad is going to get washed out, but the new and revolutionary too' (WT/19): thus, this mechanism can work as a disincentive for risk-taking (GF/28). This, the same informant suggests, is because ERG members are adverse to risk-taking, at least because 'you need the courage to stand-up in front of your colleagues, since the next one to be evaluated could be you' (WT/19). Experts are then quite cautious and conservative with their assessment, as the same respondent vividly exemplified making the following statement: 'it's the retreat for cowards, to go back for things you can count' (WT/19), making a comparison with public sector organizations. In this sense, some informants argue that standardized process, applied to increase the accountability of the resources used, are a cost which foundations should not bear, and instead should increase their discretionary power, exactly because this is reported to be the positive role they can play by being private, and for this reason, it needs to be supported (WT/19, WT/32).

#### **6.4. Conclusion**

This chapter responded to the second part of the second research objective, by exploring the grant-making process of foundations and assessing the relative importance of two factors in influencing the grant-making process – leaders and networks. First, a deconstruction of the grant-making process was offered, comparing the three case studies. Then, a specific section summarized the common traits of the three grant-making processes, by underlining a tension in the process: the tension between internally-driven (dominated by leaders) and externally-driven (dominated by grantees and reviewers) processes. This description has been preparatory to the assessment of the relevance of networks and leaders in the process, marking a clear distinction between heavily internally-driven and heavily externally-driven processes.

The first conclusion is that grant-making processes are very different from one another, and in particular the Wellcome Trust's one compared with the US-based foundations' processes. This comparative analysis of the grant-making models has shown two ends of the spectrum, where each foundation has a certain degree of mix in external and internal contributions: the difference rests in the degree of internally-driven as opposed to externally-driven contributions to the decisions. Nonetheless, this difference introduces implications on the degree of innovation or on the conservative attitude that foundations may take in making their decisions.

The second conclusion is that where the role of leaders prevails in the process, a highly internally-driven model tends to be recognized as more innovative. In particular, leaders tend to be focused on retaining all knowledge needed to make discretionary decisions in a difficult balance between the pressure to be aligned with the strategy and the external pressure on transparency and accountability. On the contrary, where the role of externals is more recurrent in the process, it tends to be more democratic and open to external inputs, but presents different shortcomings related to the foundations' capacity to promote innovation.

# Chapter 7

## Discussion

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Either philanthropy, state and market converge on ethical and common actions, or in the end each one will fall in the same self-referential logics, into paradigms which are self-feeding, despite their failures, and into horizons which are limited to the individual well-being of the privileged (Vello & Reolon 2014, p.230).

### 7.1. Overview of the chapter

This research study sets out to understand and assess the relative importance of different factors in influencing foundations' decision-making. The objective of this chapter is to summarize findings and discuss how they can contribute to the theoretical development on foundations' decision-making drawing on major strategic management schools. Recommendations for foundations' decision-makers will be also offered in this chapter. In the following section, findings are summarized by research study objectives, highlighting the main conclusions of each finding chapter. Following this, an interpretation of findings is offered from a theoretical point of view, and implications on foundations' accountability, effectiveness and legitimacy are discussed. This is done in three steps: the first part of the section offers a re-conceptualization of the analytical framework; the second part presents a theoretical discussion of findings; and the third part discusses the contributions to the current literature on philanthropy and global health, by exploring four areas of development on which recommendations to foundations' decision-makers are also offered on how to increase accountability, legitimacy and effectiveness. In the following section, a conceptual framework on the political role of foundations is also proposed. Finally, the strengths and limitations of the research study are discussed as well as suggestions to inform future research.

## 7.2. Summary of the study findings

The first study objective was to understand foundations' origins and activities, governance structure, spending trends, funding ethos, and destinations in order to assess their relative importance in influencing foundations' decision-making behaviour. The three case studies have been described, underlining their similarities and differences. The Gates Foundation is the youngest foundations in the sample, and the largest in the world. It is a family foundation with a living donor, where the co-chairs are fully committed to the Foundation's work and involved in all decisions. Findings show it was built around the idea that technology and innovation are transformative, and it heavily funds global health partnerships for the development of innovative solutions to public health needs. The Rockefeller Foundation is the oldest foundation in the sample studied. Its economic relevance has dropped considerably in recent decades, despite its long history in global health funding. The Foundation has recently gone through a radical change in its organizational structure: the President is now the centre of decision-making power, as well as the CEO and a member of the board. It heavily funds partnerships and think tanks, with a view to promote innovation in transforming health systems. The Wellcome Trust is the only European foundation in the sample and the second largest grant-making foundation in the world. Similar to the Rockefeller Foundation, it has a traditional governance structure, where governors steer the Trust according to the will of the founder. Findings show it was built around the idea that creativity and the advancement of research emerge from people: its mission is to fund the brightest minds in order to advance health and medical research. For this reason, the Trust's main grantees are investigators, affiliated with research centres and universities, primarily in the UK and LMICs.

The first conclusion is that different origins may help explain the in-perpetuity or short-term view of foundations. However, priorities are primarily set by leaders: in fact, vision and mission statements are broad enough to leave room for decision-makers to change priorities as time evolves, whether they are the original donors, or they are invested in the role of trustees or governors. As it will be later discussed, both the cultural school and the entrepreneurial school of strategic management may offer useful insights to give an interpretation of the research study findings. The second conclusion is that different funding ethos may explain both the grant destinations and the different attitude of the foundation towards grantees, especially concerning a capacity-building orientation towards a product development or solutions orientation of funding. In addition, this has consequences on the

investigator-oriented approach, as opposed to a commissioned research approach. Furthermore, findings suggest a different funding ethos is extremely relevant in explaining the lack of dialogue and collaboration between foundations, even if they are working on the same issues. Whether this difference is related to a country-based difference (a different tradition and regulation around philanthropy) deserves further investigation. Again, the cultural school may turn useful to interpret the study findings around funding ethos: in fact, how foundations' shared values and beliefs become part of an internal environment assessment in foundations is helpful to explain the different funding decisions. Finally, different board configurations are relevant for the degree of knowledge of board members and the input they are able to give to foundations' decisions. In fact, rather than the governance structure itself, it is the degree of power that leaders possess which marks a difference in decision-making. In this respect, the entrepreneurial school may offer the basis for the interpretation of findings, with its primary focus on the leader, its power, charisma, motivation and connections. The US based foundations, though in a different way, well explain how the role of leaders seems closer to the stewardship theory of management, rather to the agency theory: leaders have such a predominant role in many decisions, that the distinctions between them and other decision-makers (the board) result to be blurry or even overlapping (Donaldson and Davis 1991).

The second study objective was to understand and assess the relative importance of different factors in influencing different steps of the decision-making process. In particular, the first sub-objective was to analyze the strategic planning process. At the Gates Foundation, priority-setting is heavily internally driven and focused on the role of co-chairs; at the Rockefeller Foundation, priority-setting is also heavily internally driven, with a major role of the President and the Executive Committee. At the Wellcome Trust, however, priority-setting is shared between the internal action of governors and top executives, and external feedback based on the responsive mode typical of the Trust's approach. Beyond these differences, the three foundations share the same steps of the strategic planning process: the identification of needs, the assessment of their own comparative advantage, and the strengthening of their relationships with private partners.

The first conclusion is that the identification of needs and the collection of evidence is the first step of the strategic planning process for all the foundations under study, although it still remains unclear how evidence is used. The evidence collection suffers from a lack of dialogue

and collaboration between foundations on the way they invest meaning in, track and communicate their impacts. A further critical issue is the relevant autonomy of foundations' leaders in using evidence, although this consideration more easily applies to foundations with strong top-down priority-setting. The second conclusion is that, although relevant differences exist among the foundations studied concerning the understanding and assessment of their comparative advantages, all foundations seek recognition as a means to get their own funding niches. Furthermore, innovation is a key driver to gain recognition for all foundations: innovation may also have a strong internal value, to mark a break with the past and favour the change of priorities or funding approaches. The third conclusion is that building partnerships with private partners is a fundamental strategic planning step for all foundations, as the profit motive is welcome to help reach philanthropic objectives. However, partnerships are based on the mutual accommodation of foundations and companies' objectives, the mechanisms to select private partners are rather informal, and unclear in the extent of the foundations' responsibility on the partners' action on the ground. The fourth conclusion is that being impactful is strongly correlated with being influential: influence is an overt goal of foundations' strategies. The foundations' attempt to get recognition and visibility is explained by the desire to be influential in the global health agenda-setting in order to achieve the greatest impact, which is the goal of the strategic planning process. In particular, the leaders' connections, visibility, credibility and the extensiveness of foundations' networks play different roles in helping foundations being influential. As mentioned above, the pervasive role of leaders will be discussed in the context of the entrepreneurial school, which well represents the power concentrated in the hands of leaders, often very unwilling to delegate, and the search for innovation and new funding opportunities as a precise strategy. While the insights from this school of thought may well suit the two US based foundation in the sample, it is less useful to explain decision-making at the Wellcome Trust, which seems to give more attention to the preservation of original priorities, an approach which will be discussed referring to the institutionalist schools of thought.

The second part of the second study objective was to give a description of the grant-making process (as the core activity of the foundations under study), and complete the analysis by assessing the importance of networks and leaders in influencing the process. The three foundations under study have a rather different grant-making process, with a different relative importance of the above-mentioned factors. The Rockefeller Foundation has a heavily internally-driven process, dominated by the discretionary power of the foundation's

leader and with a low involvement of external contributions into the review process. The Wellcome Trust sits at the opposite side of the spectrum, with a high involvement of external contributions to the review process, and an increasing autonomy and power of foundations' leaders towards the end of the process. Finally, the Gates Foundation has a mix of these dimensions, where the discretionary power of leaders is still extremely high, but external contributions are requested, though on an informal basis and only on highly technical issues.

Addressing the second objective detailed above, the first conclusion is that the grant-making process reflects the different role foundations may play, from proactive organizations with a high internal control on grants, to more reactive organizations which outsource the milestones of the decision-making process to third parties, either grantees or reviewers. The second conclusion is that all foundations struggle to get a balance between the discretionary power of leaders and the involvement of third parties in the grant-making process. In particular, findings suggest that a more open decision-making process leads to more democratic decisions being made but less innovation; while more discretionary decision-making processes lead to less accountable decisions, but more innovation. The choice between these two ends of the spectrum or any mixed configuration depends on the role foundations want to play in their philanthropic niche. Even if the study of grant-making processes has been less explored in the strategic management perspective, the research findings have demonstrated how the balance between internal and external contributions to the decision-making is a reflection of both the values embedded in the organization's strategic planning and the role and degree of power of leaders involved in those decisions. The interpretation to these findings will be given in the next section, where a re-conceptualization of the framework is proposed, by discussing the factors or blocks of the framework one by one.

### **7.3. Implications**

This section explores the main implications of the research findings in terms of contributions to theory development. This is done in two steps. The first section offers a re-conceptualization of the analytical framework, which has gained depth in structure and complexity, highlighting the interrelations between factors influencing foundations' decision-making. The strategic management approach has allowed the de-construction of the decision-making process with a twofold value. On one hand, it has been conducive to the analysis of different factors influencing various steps of the process, responding to the aim of

this research study. On the other hand, it has contributed to outline different steps of the process, which constitutes an enrichment of the current frameworks of strategic planning on which the literature as yet is limited in the non-profit sector (Worth 2014; Ferlie & Ongaro 2015), offering new knowledge and a framework for further studies on decision-making. In this respect, the framework generated responds to the need of generalizability, since it is possible to use it to replicate the study in other contexts (Flyvberg 2006; Yin 2009). The discussion on the decision-making factors forming the blocks of the framework will be enriched with an interpretation of the findings against the current literature developments. This is done in the attempt to interpret the study findings with a view of contributing to the current strategic management schools of thoughts in the nonprofit sector, which is under studied compared to the business sector, despite few exceptions (Bryson 1988). In particular, two schools of strategic management will be primarily used: the cultural school and the entrepreneurial school. While the second school of thought turns out to be particularly useful for the US based foundations primarily, the cultural school offers insights for all the foundations under study. Finally, the second section offers implications on the high level issues discussed in the literature chapter: the accountability, legitimacy and effectiveness of foundations investing in global health.

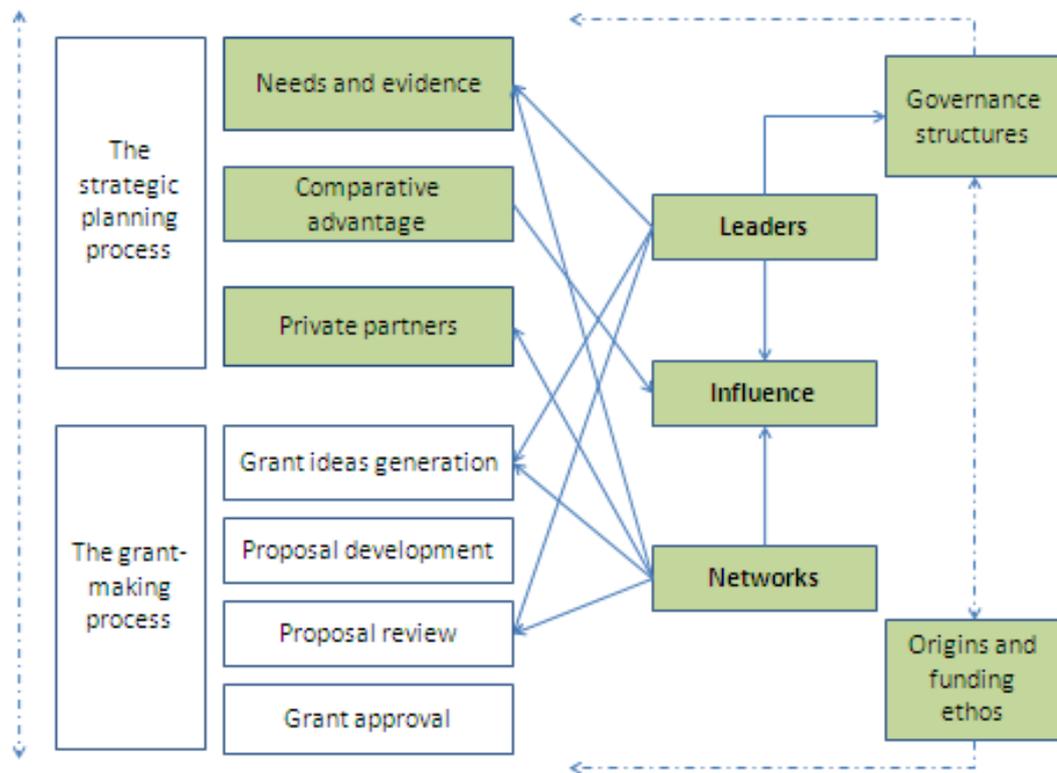
### ***7.3.1 Re-conceptualizing the analytical framework: factors influencing foundations' decision-making***

The study has contributed to fill a gap of knowledge on the role of different factors in influencing foundations' decision-making. In order to do this, the foundations' decision-making processes have been deconstructed in order to assess the relative importance of different factors in each step. This represents a methodological contribution of this work, filling a gap of knowledge on the foundations' strategic planning and grant-making processes. Drawing on the study findings, Figure 7.1 offers a re-conceptualization of the original framework, built around the deconstruction of the decision-making process in steps, and the indication of which factors influence each stage of the process. The dotted arrow on the left represents the conceptual reciprocity of the two processes, which are represented in a linear way (the one after the other) only for reasons of clarity: in reality they are rather circular, as they are mutually influencing. The green blocks correspond to the original factors forming the study framework. While the factors were originally disconnected from each other as the research study aim was exploratory, connections and inter-relationships are here made explicit (both between factors and between factors and process steps), representing the contribution of this study to the development of strategic management in foundations. Each

factor may influence one or more of the steps of both strategic planning and grant-making: for this reason, each step is reported separately and linked to relevant factors; arrows represent the relationships between different factors and different steps. The single factors of this revisited framework will be briefly explained here below, although the interpretation of findings will follow separately.

The choice of this representation is no surprising considering the fact that this study is embedded in the strategic planning school. This school of thought, despite the variety of scientific developments and contributions, considers the strategy as a process. Even if this research has subdivided the processes in strategic planning and grant-making for the sake of clarity, the informants' accounts support the vision of Mintzberg (1978) and lately of Bryson (1988; 2011) in that the process is a cycle, with blurry borders between different steps. Informants from all the three foundations dealt easily with the idea that the decision-making process is circular, although they all describe it through the same separated and consequential conceptual steps. This uniformity has been interpreted on one side as the result of the rather fast trend of professionalization of the non-profit sector in the late Nineties, including philanthropy, and on the other side, as a reaction to the business driven logics which have turned out to be very strong in foundations studied and common to almost all informants, often sharing the same business culture and language.

**Figure 7.1 - Factors influencing foundations' decision-making**



The study suggests that influence, leaders and networks are the most relevant factors in explaining foundations' decision-making processes (in bold in Figure 7.1). **Influence** is an overt objective of foundations' strategies. Leaders and networks, in turn, are instrumental factors to the objective of keeping or reaching a higher degree of influence in foundations' philanthropic niches and, more generally, in global health policy-making. In this respect, the vision suggested by those who see foundations fighting 'turf wars' and worrying about the extensiveness and strength of their networks (Esser 2009; Parmar 2012) is supported, and even strengthened by the research findings. The effort to acquire or maintain recognition to be influential is also substantiated by the gap-filling strategy that foundations perform on the basis of their perceived comparative advantage. Each foundation performs an assessment of its own comparative advantage – although the concept is linked to different assets in each of the three foundations studied – which is fundamental to gain recognition, and recognition in turn is fundamental to be visible and influential. Recognition is of utmost importance for foundations which aim to be acknowledged as leaders, pioneers or creators of an idea or approach. This happens in all the foundations studied: the difference rests in the relative

importance of leaders in the attempt to get recognition, which marks a difference between the Wellcome Trust on one side and the Gates Foundation and the Rockefeller Foundation on the other. Going beyond the 'gap-filling' role as expressed by Hansmann (1987), findings show that foundations in the current era are far from being simply 'gap-fillers' responding to the needs the public sector cannot tackle: rather, they are proactive seekers of influence. Moreover, this is not only a feature of philanthrocapitalism, as Bishop and Green would suggest (2008), but a variable depending on the role foundations want to play in their philanthropic niche. This consideration opens a discussion on the political role of foundations and the awareness of their role, which will be opened in the following section.

**Leaders** play an extremely relevant role in both strategic planning and grant-making. This is valid for all foundations studied. Nonetheless, the external relevance of leaders and the extent of their discretionary power is different in the US-based foundations compared to the Wellcome Trust. This result confirms the importance attributed to leaders from the philanthrocapitalist movement (Bosworth 2011), which is strongly related to the US tradition of philanthropy and the entrance of successful businessmen into philanthropy, bringing extensive knowledge on the role of leaders as hyper-agents of change (Bishop and Green 2008; Ulbert 2011). Moreover, research study findings show that centralization of decision in the hands of leaders is increasing. This is also true for all the foundations studied, and research findings confirm this trend, especially in grant-making. Concerning the strategic planning, leaders are relevant beginning in the first steps of the process, but they also use their visibility and connections to increase foundations' influence and foster inter-organizational networks. In the grant-making process, leaders are relevant in both the grant ideas generation and the review process, especially in those foundations with a heavily internally-driven decision-making model. Moreover, the leaders' control of knowledge is essential to keep their control on the process, influencing decisions without changing the governance structure of their foundation.

**Networks** - of grantees, advisors, consultants, partners, other donors or policy-makers – are also extremely important in both the foundations' strategic planning and grant-making process. For all the foundations studied, networks are close circles of people who are often called to play one or more of the roles of advisors, reviewers or grantees, sometimes at the same time. Networks are fundamental for evidence collection, and instrumental to the creation of partnerships or to fostering partnerships which are already in place. They are also

essential for the foundations' attempt to seek or keep an influential position in global health, and to maintain the *status quo* in their relationship with foundations, other donors or policy-makers. Finally, they also have a role in the grant ideas generation and in the proposal review stages, especially for heavily externally-driven models.

Needs, comparative advantages and private partnerships bear importance in that they constitute the basis of the strategic planning process. **The identification of needs** through the collection and use of evidence is the first step of foundations' strategic planning. Data on needs are either collected through different sources of information, or delegated to grantees. This is partially due to the role of grant-making foundations, which do not directly manage their own projects on the ground, but rather funding other organizations which act as implementers. The role of both leaders and networks is relevant in deciding which evidence to collect and how to use it. In this respect, the research findings show how the lack of a platform for sharing results and impacts, is detrimental not only to foundations' knowledge, but to increasing their accountability and legitimacy towards their community of stakeholders.

**Comparative advantage** is the second conceptual block of the priority-setting process. In this respect, the research study has contributed to fill a gap of knowledge in the study of foundations' perceived comparative advantages which are fundamental in the definition of priorities, as suggested by other scholars (Owen *et al.* 2005; Sridhar and Batniji 2008), by offering for the first time an exploration of the different meanings of perceived comparative advantages. Moreover, the research findings suggest comparative advantage assessment is fundamental to perform the gap-filling strategy and get recognition, thus contributing to foster foundations' influence. In fact, foundations have a much wider set of assets, far beyond money as Williams and Rushton would suggest (2011a), to exert their influence. This is valid for all foundations under study. The way in which these assets are combined together has significance for the role foundations want to play and their positioning in the philanthropic arena.

Furthermore, **partnering with business** is the last conceptual step of strategic planning for the three foundations studied. In this respect, the 'mutual accommodation' of foundations' philanthropic objectives and business's profit objectives cause considerable concern on the extent of the responsibility of foundations in partnering with business, expanding the study of

COIs in foundations and their relationships with private partners, and contributing to further research on the contractual relationship between the two players, beyond the existing financial relationship (Lee 2011; Stuckler *et al.*, 2011). The next section will explore the implications emerging from the research study findings on the basis of this re-conceptualization.

Finally, **origins and funding ethos** are relevant in explaining the foundations' attitude to competition rather than collaboration, or the different destinations and time horizon of foundations' grants. The literature review has outlined how scholars began to bemoan the fact that the short-term horizon of foundations' funding was not consistent with the long-term needs of their recipients (Letts *et al.* 1999; Porter & Kramer, 1999). By highlighting the role of influence in foundations' prioritization, this research study offers further explanations to the risk that a short-term view of funding prevails. Moreover, funding ethos have been demonstrated to play a fundamental role in contributing to the lack of collaboration between donors, in particular in data collection and in tracking and sharing the impacts of the projects funded. **Governance structures**, regardless how different they can be, have demonstrated not to have a fundamental importance for decision-making: research findings suggest that what really counts is the extent of board members' knowledge in decision-making and how leaders have an influence in determining this degree of knowledge.

### ***7.3.2 An interpretation of the main findings in the realm of the strategic management schools of thought***

A strategic management approach has allowed the researcher to de-construct the decision-making processes within the foundations under study. Beyond this, strategic management schools of thought, and some of them more than others, may offer interesting explanations of the major conclusions reached in this research study. In particular, the cultural school, with its focus on organizational cultures and beliefs, can contribute to explain the role of funding ethos in determining foundations' decision-making behavior and strategic positioning; the entrepreneurial school, instead, helps explain the increasing role of leaders and their relationships *inside* and *outside* their institutions. In this section, findings will be interpreted with the view to contribute the strategic management field development.

The first set of conclusions emerged from the research concern foundations' origins and funding ethos. The re-conceptualization of the framework proposed places funding ethos as a sort of overarching factor, crucial for the foundations' positioning and the choice of their funding approaches. The research showed that the assessment of foundations' comparative advantage is conducive for foundations to find their philanthropic niche and to differentiate their positioning compared to other donors, increasing at the same time their influence in the field. At a first sight, the connections with the Porterian school of thought are striking: the value of competition ("rivalry", Porter 1980) has been clearly put under light by this school, although Porter's contribution is initially referred to firms and not specifically to philanthropic organizations. The same rivalry is emerging from this research study in the steps of the strategic planning process as well as in the form of a lack of collaboration between foundations.

However, the research findings mark a further step. At the end of the last century, where the "professionalization" of nonprofits was undergoing, the Porterian school attributed this rivalry to a clear, pre-determined, top-down decision of strategic planners and leaders, who guide the organization through strategies which cannot be defeated by potential or present competitors (like firms do), a view which was also later contested by Mintzberg and the emergence strategy school, which rejects the deterministic, top-down approach of decision-making (Mintzberg et al. 1998). Instead, by linking the lack of collaboration to the difference in funding ethos between the foundations under study, this research has shown how the lack of collaboration between foundations is not dependent on a rational economic thinking (i.e., the cost of collaboration would be too high) originating a top-down strategy purposively set, but rather is a result of a profound difference in the organizations' culture. Then, a spontaneous question would be *why, despite similar mission and strategic objectives, funding ethos and culture are so relevant in determining foundations' strategic choices?* It is argued that first, because different funding ethos are used as a way to mark a difference and distinguish from others (in other words, as a comparative advantage) and second, because this is crucial to identify the philanthropic niche and become visible and influential. Both arguments are discussed here below.

This research study has shown how informants perceive their comparative advantages, both compared to the public sector and to other private donors. Insights from the cultural school contribute to a thick description of cultures and values as strongly contextual, something that

*only* an organization has – and distinguishes the organization from the others, which could not be similarly equipped because the organizational culture is unique and tailored (Mintzberg et al. 1998). What this research identifies as ‘ethos’ is associated with the broad concept of organizational culture, intended as “the shared beliefs that are reflected in traditions and habits as well as more tangible manifestations—stories, symbols, even buildings and products” (Mintzberg et al. 1998, p.263) and brought into the debate by major scholars of the cultural school which has shifted the focus of strategy from deterministic considerations to values, informal rules, powers, and finally the “raison d’être” of organizations (Bryson 1988) as well as other soft components (Bryson 1988; Johnson 1992). In fact, supporting scholars are often advised not to generalize concepts related to culture into different organizational contexts. On the same line, by uncovering the different foundations’ origins and funding ethos, this research argues that despite the vision and mission statements of the foundations studied are not different in almost any respect, funding ethos contribute to explain fundamental approaches, such as in-perpetuity as opposed to the short-term view of the foundation’s existence and scope, or capacity-building as opposed to product development funding. The Gates Foundation was born out of the idea that technology is transformative, as well as the Wellcome Trust was born out of the idea that people are the drivers of social change: none of these position is arguable, but they have proved to be the first reason why top executives do not see collaboration as a possible way to take.

In other words, this research study explained how foundations do not collaborate because, despite similar mission and objectives, they do not find common ground around their funding visions, up to the extent that their different funding approaches are proudly defended by decision-makers, and collaboration would be considered detrimental to the foundations’ run for reputation, visibility and influence in their philanthropic niche. This argument is further strengthened by another major finding of this research: the attention given by foundations’ decision-makers to recognition and visibility, which are of utmost importance in the foundations’ strategies. *But why recognition and visibility are so important to determine strategic positioning and undermine collaboration?*

In order to respond to this question, recurring only to the features of the cultural school is not sufficient. An explanation can be offered by the entrepreneurial school, strongly focused on the role of leaders. A flourishing literature linked to the entrepreneurial school has made

of leaders' power, charisma and innovation its primary object of observation (Mintzberg 1973; Mintzberg et al. 1998; Pettigrew et al. 2006). In this respect, this research study brings several interconnections between the cultural school and the entrepreneurial school. The link between culture and leadership has long been studied (Weick & Quinn 1999) although it acquires new relevance now, in a moment where the entrepreneurial school, especially in the social/third sector, is on top of the attention for the quick increase of philanthropists and social entrepreneurs all over the globe. As it has been previously underlined, the cultural school of thought is based on the idea that organizational decisions are a reflection of assumptions, beliefs and values, which are commonly set, decided, inspired by leaders. According to the entrepreneurial school, leaders are overwhelmingly relevant in decision-making and strategy-making for their innate, informal characteristics more than for their formal authority and/or position: they bring intuition, judgment, experience, wisdom, insight into the decision-making process, and all of these make them creator of a vision (Mintzberg et al. 1998, p.124). If the entrepreneurial school has been theorized by scholars like Mintzberg, to some extent with the explicit effort of relating it to nonprofit organizations too, it is the philanthrocapitalism movement which places it in the realm of private, grant-making foundations (Bosworth 2011; Ramdas 2011; Rogers 2011; Ulbert 2011). Moreover, even without explicitly mentioning it, the philanthrocapitalism movement reflects these aspects as embedded into the North American tradition of leadership, rather than as a global trend. Indeed, the entrepreneurial school offers explanations of most phenomena observed in this research study, both in the analysis of strategic planning and in grant-making. The increasing role of leaders and senior management in all steps of decision-making and their autonomy (for example, observed in the creation of personal agendas, parallel to institutional agendas) are elements emerging from this research. Both these trends respond to the basic beliefs of the entrepreneurial school that strategy responds "to the strong personal influence of a funder/entrepreneur, rather than to formal corporate planning systems" (Ferlie & Ongaro 2015, p.37) and that leaders must be recognized as such, from people both *inside* and *outside* their organization. Both these dimension will be discussed here below.

Recalling the basic features of the entrepreneurial school as depicted by Mintzberg (1973), the entrepreneur is a person who acts accepting a high level of risk in producing innovation (innovative approaches, services or products), often prone to centralize power and very unwilling to delegate, with a considerably high ego and driven by the goal of future opportunities. Even if originally born out of economic theories and referred to firms, the above mentioned characteristics have extended to indicate a person with a strong leadership

in any organization (Mintzberg et al. 1998). Despite the inspirational role of such a leader, able to be “sense giver” to the staff (Ferlie & Ongaro 2015, p.2), it is also argued that one of the disadvantages of this is the over-involvement of leaders in decision-making (Ferlie & Ongaro 2015, p.37). In the entrepreneurial school, though, there is no space for the concept of over-involvement: it is in the (entrepreneurial) leader capacities to use “all their formal and informal authority, as well as other assets, to help achieve worthy outcomes and contribute to societal well-being” (Crosby & Bryson 2011, p.356).

The over-involvement of leaders in decision-making processes has also been observed in this research at both strategic and grant-making levels, by concluding that it is not the formal configuration of boards or processes to have a value in decision-making, but the degree of power and influence of the leader in the whole process, *despite* the same strategic planning process steps: the leaders’ strategic control of decision-making is the issue, regardless of governance structures. Findings from this research, in fact, confirm that it is the real involvement and knowledge of leaders which determine their *effective* strategic control and second, that keeping knowledge centralized in their hands increases the perception that the risk-taking approach is higher, thus innovation is higher (whether this perception corresponds to reality makes an entirely different and interesting research question). This is true even if the decision-making style is different between the foundations under study: the Gates Foundation and the Rockefeller Foundation with a heavily internally driven processes, and the Wellcome Trust with a shared decision-making configuration. In fact, despite formally the CEO and the chair are not the same person in any of the three foundations (as it would be argued by stewardship theory), the increasing role of leaders, especially in the US based foundations, is clearly connected to the increase in their effective strategic control.

Moreover, informants from the Gates Foundation and to some extent the Rockefeller Foundation underline how their leaders are unwilling to delegate, and give importance to experience and personal intuition and interest, fundamental ingredients of the vision of an inspirational leader (Mintzberg et al. 1998). The leader is also the person who can guide the organization not simply on the achievement of the organizational goals, but towards the vision of the organization that the leader has in mind (recalling the so called “scenario approach” of Bryson, 1988, where leaders steer organizations according to what they want the organization to be, or they want the organizations to be positioned in a determined range of time, rather than on the achievement of single objectives). A strong reference to leaders’

charisma and personality is also theorized by the entrepreneurial school (Mintzberg et al. 1998), of which the Gates Foundation offers the most suitable example in the sample studied. This has a value for the role of leader inside the organization, but also outside: the leaders' commitment to the objective of recognition and influence through the capacity to innovate is also witnessed by another relevant finding of this research study: the crucial role of networks. In fact, it is often underlined how the leaders' connections, visibility, and the extent of their networks are fundamental assets to get influence.

While the increasing space of leaders is a result observed in all the three foundations studied, the role of leaders in seeking innovation and recognition, their charisma and the importance of their personal relational abilities and connections, and finally their discretionary power, are indeed more evident in the US based foundations than in the Wellcome Trust. This research study does not give sufficient elements to explain if this has a country-related explanation, or a different kind of explanation may be given, but at least it may help suggesting some considerations for further research.

From the first point of view, a fascinating path to a possible answer on the difference between the three foundations studied can be suggested by the encounter between the entrepreneurial school and some specific features related to the historical neo institutionalist school. For neo institutionalists, despite the different nuances existing under this label, institutions are formed of rules which structure behaviors (Meyer & Rowan 1977; Steinmo 2008) and in turn are intended as values, beliefs, structures, norms, rituals, ideologies (Selznick 1996). Thus, decision-makers within an institution are both rule followers and rational actors with their own vision and choice (Steinmo 2008). The balance between the individual power of leaders and their organizations' institutional memory vary across different foundations. For the first historical institutionalists, organizational structures evolves over time "through an adaptive, largely unplanned, historically dependent process" (Scott 1987, p.505, recalling the concept of path dependency suggested by Selznick, 1957) while for others, individual power and agency is stronger and, at times, able to change the course of institutions (Steinmo 2001).

This research clearly shows that new leaders (such as the Gates Foundation in the sample) appear to emanate their principles and values through the foundation, rather than being dependent to a diktat of the original institution, or to too strict institutional boundaries. In other words, if old leaders were loyal to their institution, new leaders are loyal to their

solutions. The research has also shown how the legacy of the institution may be changed, or even fiercely used to mark a break with the past by new leaders, if (and only if) this disruption is functional to new strategies and objectives and to reach the overarching goal of influence. In some contexts, this is more easily accepted, in other contexts, the corporate memory is a value to be safeguarded and promoted (thus, radical change is not seen as a positive innovation, but rather as a delicate issue). In this respect, the three case studies represent an interesting sample of these different options and “nuances” in the role of leaders: the Gates Foundation as a perfect symbol of the entrepreneurial school, an emanation of its leader’s values and beliefs and a pervasive role of leaders in all steps of decision-making and in the design of the institutional structure; the Wellcome Trust at the opposite side, where the institutional memory of the foundation is perceived as a richness rather than a constraint, leaders (in a shared decision-making structure) are not keen at all to appear entrepreneurial, but rather to appear good custodians of an inherited memory and powerful, continuing vision; and finally the Rockefeller Foundation is located in between, with a very entrepreneurial leader (the President) facing an “old” institution, uneasily balancing its decision-making freedom with a quite resistant institutional structure.

From the second point of view, cultures may also offer an explanation of the differences between the foundations in the sample. The fact that different organizational cultures are determinant has been already acknowledged, although the fact that different cultures may also be strongly country-related is an hypothesis which deserves further investigation. If this is true, this may help an explanation of why the philanthrocapitalism movement is so well suited for North American philanthropy, and often so uneasily fitting with the non US based foundation in the sample. Several scholars from different management schools support the view that cultures and leadership styles are strongly contextually based: as some model cannot be exported *tout court* in other contexts (i.e. philanthrocapitalism), this reinforces the idea that studying different institutional configurations and cultures, or different country settings (both cultural approaches and philanthropy regulation) may help explain different decision-making behaviors.

This section has contributed to explain the relevance of the major findings according to some contributions coming from different schools of strategic management. The entrepreneurial school offers an explanation of the overwhelming role of leaders in all decision-making processes, at times contrasting with institutions which may be resistant to change, more loyal

to an institutional memory which uneasily fits with the run for innovation and recognition as drivers of influence. At the same time, insights from the cultural school help explain why funding ethos are so crucial in the strategic behavior of the foundations studied, and partially to explain their lack of collaboration.

These considerations are not without concerns. Both the over-involvement of leaders and the importance given to recognition and visibility bear implications on the risk that need assessment are severely under considered. In fact, what the researcher argues is that both the risk-taking approach (or perception) of leaders and the lack of collaboration are acceptable to the extent they do not prevent the foundation to respond to its social objectives. This argument brings implications for foundations' managers in the practice of strategic planning and grant-making. Consequently, they will be discussed in the following section.

### ***7.3.3 Accountability, legitimacy and effectiveness: recommendations for foundations' decision-makers***

The literature review chapter has shown that accountability, effectiveness and legitimacy currently represent the most debated topics regarding private foundations and their relevance in global health. This section discusses major implications stemming from the research study findings related to the three themes, drawing on the theoretical insights reported in the previous section. In particular, some areas have been identified as major developments for this area of study, with implications on the three topics outlined. This is why they will be addressed together and not separately, as it was done in the literature review chapter with the scope of introducing and clarifying the high-level themes against which the research would have offered implications. These areas are: the value of collaboration on the study of long-term social impacts; the enlargement of the basis of external inputs into foundations' decision-making; and the promotion of more ethical practices of business. Moreover, in this section recommendations are also offered to foundations' decision-makers, who bear a responsibility in positive changes to happen on foundations' accountability, effectiveness and legitimacy. Despite the differences outlined among the three foundations under study, all case studies may benefit from some of the recommendations reported, as they represent cross-cutting issues around the role of philanthropy.

### *The value of collaboration for the study of long-term social impacts*

By showing that influence is one of the most important factors driving foundations' decision-making, the research sheds light on the difficult balance between the search for recognition and influence on one side, and the response to needs on the other. The research study contributes to demonstrating that concerns on the over-involvement of leaders and the importance given to recognition and visibility clash with the expected risk-taking role of foundations and the collection of contributions from their communities. In this view, associating the concept of influence with impact may act to the detriment of beneficiaries' needs, supporting previous studies (Esser 2009; Esser & Keating-Bench 2011) and the need to re-focus strategic planning on needs assessment activities. In fact, it is argued, the decision-making freedom of leaders in the collection and use of evidence, and the lack of collaboration between foundations acting in the same fields are considered acceptable to the extent they do not prevent the foundation to respond to its social objectives. This implication is relevant not only for the effectiveness of foundations' priority-setting, but also because it strengthens the political accountability of foundations and the relationship with their stakeholders (McCoy & NcGoey 2011; Williams and Rushton 2011a). This research contributes to the debate on the foundations' political accountability by offering a deconstruction of the decision-making processes in steps, which has helped to outline three critical issues: needs are under considered in foundations' prioritization, the collaboration of LMICs stakeholders is still extremely limited in foundations' networks and collaboration between foundations is lacking.

First, needs assessment is a step which finally turns out to be under considered in foundations' strategic planning. Some informants have argued that asking foundations to commit to major international declarations or participate in other collegial initiatives would probably be opposed (EE/23). However, some specific actions can be taken from foundations to increase their response to needs. Data sharing among funders would favour their political accountability, contributing to increase collaborations and take advantage of synergies among funders, reducing at the same time the lack of transparency in the use of evidence. In this respect, foundations can align with existing mechanisms to track data – like the Gates Foundation did by voluntarily agreeing to initiatives such as IATI – not on their grant expenditures, but on the lessons learned by measuring their impact. Moreover, due to their available capital, foundations are well positioned to promote a collaborative effort on the study of social impacts. Since this research has showed that influence is an overt point of foundations' strategies, the study of impact becomes not only a way to increase foundations'

effectiveness, but their accountability and legitimacy too. As also some informants have underlined, there is need for a dialogue on methods, understanding and awareness of the concept of impact. This can be promoted by foundations' action, by building a collaborative platform for funders addressed at the understanding, awareness and measurement of impacts. In fact, foundations can learn from the mistakes of other foundations investing in the same context, as well as benefit from the positive results of other foundations who have acted through the same method or initiative before them. Thus, the platform would have the double value of enlarging the democratic basis of foundations' decision-making, as well as increasing their knowledge basis and expertise. In fact, learning from others' experiences may both contribute to avoid inefficiencies in the identification of needs and plant the seed of collaboration on a topic of common interest for foundations.

Second, LMICs stakeholders are almost absent from foundations' networks in the collection of evidence and request for advice; rather, Western countries' academic institutions and consultancies are the preferred source of information. Increasing the contributions of LMICs to the foundations' strategic planning would not only contribute to increasing the democratic participation to foundations' decision-making, but also to avoiding the nurturing of self-feeding networks which are close, small and Western-centric. In this respect, involving LMICs institutions would also strengthen their capacity building. This is valid for private partners too: a major involvement of LMICs would guarantee that the solutions proposed are closer to the targeted needs and that more LMICs companies, rather than Western companies, are the first private interlocutors of foundations. Enlarging the panel of stakeholders involved can be done in different ways, which are reported below.

Third, the importance of collaboration is strongly under considered in the current debate around foundations. Here it is argued that if foundations do not invest in coordination and alignment measures, this is not because of their limited size or local targets as suggested by Magnusson (2007), but because of their different funding ethos and their competitive behaviour. The research supports the view of previous scholars who see competition as detrimental for foundations' behaviour (Esser 2009; McCoy & McGoey 2011), but contributes to this literature by showing that a different funding ethos is considered determinant of the lack of collaboration between foundations. However, here it is argued that collaboration may increase the transparency and effectiveness of needs' assessment processes, and the advancement of research on foundations' impacts. On the one hand, the transparency in the

collection and use of data can have positive implications both in the relationship between funders and their stakeholders and in taking advantages of the synergies which exist between funders, which are not fully exploited due to the lack of communication and dialogue between different donors. On the other hand, collaboration is fundamental for the advancement of research, by increasing the understanding, awareness and measure of the concept of impact. It is fundamental to measure the long-term impact, since it is the condition for both achieving and impact and allowing a democratic, participatory debate to take place, as the inseparability between impact and accountability would require (Edwards 2011). Thus the accountability, legitimacy and effectiveness of foundations would benefit from an active role by foundations in seeking collaborations with other peers.

*The value of an enlarged view of stakeholders as a way to increase foundations' knowledge and expertise*

This research has offered a thorough analysis of the balance between internal and external contributions both to strategic planning and grant-making. The implications on both accountability and legitimacy are compelling. The research described the advantages and shortcomings of a grant-making decision based on participatory decision-making mechanisms or discretionary decision-making mechanisms, and top-down strategy formulation as opposed to a bottom-up strategy formulation. In order to increase the representativeness of civil society, boards would be the first places which need to be reformed to provide access for democratic views, as was suggested for global health partnerships (Buse and Harmer 2007). However, this research does not necessarily promote a reform of foundations' boards' structure. In fact, this study has demonstrated that the factor marking a real difference in foundations' decisions is the knowledge of board members and the way they substantively, and not formally, contribute to open the decision-making process to external contributions. For example, two apparently very similar board structures, such as the Rockefeller Foundation and the Wellcome Trust, may result in a completely different weight of board members' in foundations' decision-making. For these reasons, instead of changing the structure of foundations' boards, accountability measures must be strengthened: the question of 'who should be on foundations board' and 'what input to decision-making' is important for public discussion, even if the final decision will still remain private. In this respect, it is a legitimate question to ask, if the practice of bringing eminent people on board is in the best interest of ensuring that the foundations' resources are used where they can have the greatest impact. Rather, enlarging the basis of foundations' knowledge and expertise may represent an advantage for a higher foundations' effectiveness.

This research argues that preserving foundations' private nature, but recognizing the right of the community to enter the debate on foundations' strategic planning, is a feasible avenue to take. Rules for the extent of boards' powers should be clearly disclosed, as well as names, roles and backgrounds of people involved in decision-making, their relationship with the foundation as individuals or as members of organizations. This is what the Wellcome Trust does, for example, on ERGs. A contribution of this research study is that it shows a variety of different models through which the involvement of external people into decision-making is made possible. Advisory boards may exist in a as an *ad hoc*, informal consultation of experts, to a more standardized and structured way of involvement, as the Wellcome Trust does with ERGs. Reviewers can be involved in a professional or voluntary way. Moreover, reviewers and experts may be involved in different steps of the decision-making process, from the beginning of the strategic planning process (i.e. need assessment) to the grant-making process (i.e. reviewers of applications). Whatever the configuration chosen, the research findings suggest advisors or external experts should not have a permanent role, to avoid the formation of self-feeding networks. This research, in fact, strengthens the conclusion that self-feeding networks increase, and not decrease, the conservative trend of foundations, since maintaining the status quo would be a preferable solution from all the components of the network (Parmar 2012). For this reason, rotating advisory boards could be a solution if board members are selected on the basis of their knowledge and expertise, and not necessarily for their position, visibility or interest. There are a variety of solutions which foundations should consider to increase the democratic basis of their decision-making, ranging from professional to informal advisors, or to random consultations to standardized permanent processes of involvement. Foundations managers are encouraged to reflect on the advantages and disadvantages of these solutions, taking into consideration the trade-off expressed between innovation and risk-taking potential, and the burden of managing a complex and transparent review process. A dialogue between foundation on this aspect is also suggested as a feasible way to take and foster collaboration between foundations' managers.

If the enlargement of the stakeholder basis in making decisions is not considered a value *per se*, it can bring other advantages for foundations. First, by promoting discussion and debate as formal steps of decision-making, it allows a higher degree of knowledge and expertise to flow into the foundation, constituting a desirable plus of the strategic planning process, according also to some foundations' informants. This means the effectiveness of the process would be increased, by avoiding that "philanthropic arrogance" that some commentators

have indicated as the typical behaviour of those foundations engaged in strategic philanthropy which insufficiently consider the views of community actors to be incorporated into their decision-making processes (Holley & Carr 2014). Second, this would also increase the accountability and legitimacy of foundations as promoters of diverse views and participatory approaches would be fostered.

*The promotion of ethical business practices: the net impact of foundations' partnerships*

This research study has shown how strengthening private partnerships is a fundamental step in foundations' strategic planning. The influence of business has been recognized in all foundations studied, and does not necessarily relate to the view of philanthrocapitalism as a US practice. Nonetheless, here it is argued that the way foundations frame their role in partnering with business does not sufficiently take into consideration the responsibility of foundations in the net impact they could have on the community. This has been suggested by other scholars before (Birn 2005; Walt *et al.* 2009): this research strengthens this view by offering an exploration of the rationale for constituting partnerships according to foundations' informants' accounts. In fact, this research has contributed to the study of partnerships by highlighting the criteria of 'mutual accommodation' as the basis to build partnerships with business. This gives foundations and businesses the same weight in the relationship, being potentially detrimental to public needs.

This consideration brings considerable implications on the foundations' legitimacy and accountability. It is not sufficient that foundation are clear on the requirements business should have, they should be proactively instrumental in promoting social and equitable policies in recipient countries. Due to their autonomy and independence, foundations have the opportunity to act on the ethics and responsibility of companies they support, for example by writing detailed guidelines including sanction mechanisms concerning their collaborations with private companies, and pledging other foundations to do the same, which would enhance the social responsibility of corporations with immense effects on the impacts of foundations as well (supporting Odling-Smee 2007). The study of impacts, in fact, is not disconnected from the promotion of ethical business practices. Social impact is a very complex topic which foundations may help to address by exploring their net impact on the ground. This does not mean to be responsible for business practices, but to use the foundations' resources as a leverage to promote more ethical practices, and establish a set of soft rules to force business to operate in an ethical way.

Furthermore, foundations can use their assets and power to ensure that social justice and equity are guaranteed in the most disadvantaged contexts, by being strict on business partners conditions, not only in the moment of signing a partnership agreement, but at the moment of evaluating it. Evaluating the social responsibility of business partners is an issue that needs to be included in the debate. In fact, one of the main debates reported in the literature review is whether foundations should demonstrate that they overcome their costs (Anheier & Leat 2013): a reflection on the cost of a foundation promoting philanthropic objectives through the unethical behaviour of its partners on the ground, is still not sufficiently present in the current debate. A solution proposed to foundations' managers, and requiring a long-term and experimental approach, is to foster soft mechanisms of collaboration between foundations, to begin evaluating their net impact: the social impact of their investments on the ground, weighted for the impact of their partnerships.

#### *Responsibility of whom? Empowered leaders and responsible community*

As the research study has demonstrated, leaders and networks are the most powerful agents of foundations' action to acquire influence. The research has highlighted the extent and multi-faceted influence of the discretionary and increasing power that leaders have in decision-making. It is here argued that leaders can have a positive and pro-active role in increasing foundations' accountability, by narrowing the accountability gaps existing between foundations and their stakeholders, strengthening an active and engaged civil society towards the elaboration of solutions to public problems. Implications from research study findings show that leaders can proactively be engaged in proposing the actions explored above. Due to the extent of their networks and connections, they may play an important role in taking responsibilities over the action of partners on the ground. Finally, they could be instrumental in adopting and promoting the cause of social impact evaluations: this role taken by leaders would allow them to collaborate not on the way they define priorities, but on the methods through which they assess the extent of their impact, overcoming the differences that have been attributed to funding ethos. They can preserve their freedom in the definition of priorities, but be open to collaboration on the side of research and advancing knowledge. Moreover, in line with the interpretations given from the entrepreneurial school, leaders are much more than controller of decisions, they are facilitators of managers' behaviours and change through the organization (Euske & Euske 1991). This would lead to a silent revolution for the foundations' world, if leaders can change the way they frame the accountability

problem, recognizing that it is related to the public impact their foundations have, and not to their private nature. In this respect, the study of impact becomes a way for foundations' leaders to be agents of innovation, and spell out that 'new social contract' proposed by theorists of philanthrocapitalism, without running the risk of 'being forced to do so by government regulation' (Bishop and Green 2008a pp.9,11).

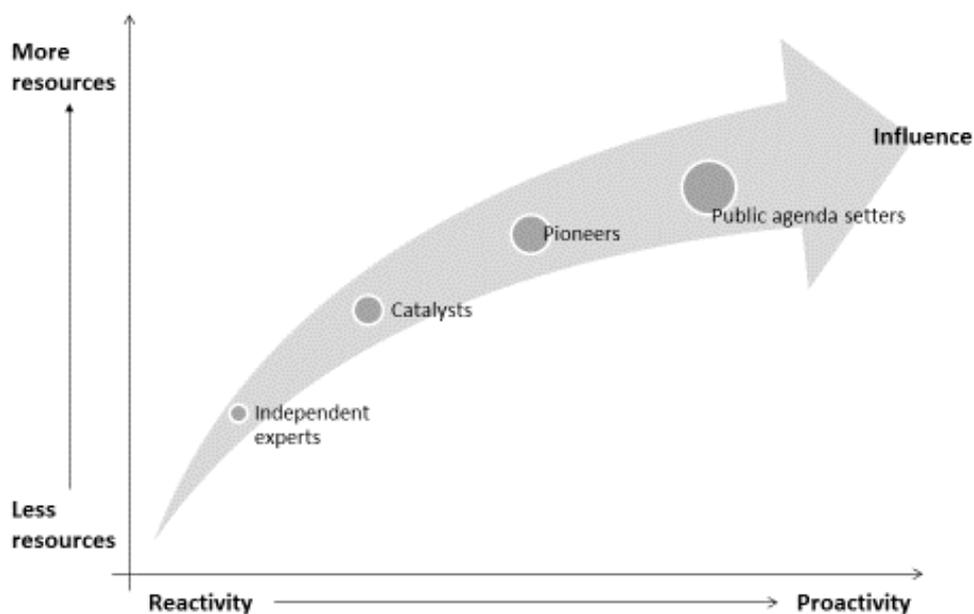
Finally, it must be acknowledged that despite this research study offers recommendations for foundations' decision-makers, governments play a relevant role too in contributing to these recommendations. In particular, through improving their knowledge on the foundations existing and their contribution to tackle social needs, governments can increase foundations' effectiveness and legitimacy by acting on regulation on the side of facilitating and supporting philanthropy, and by scaling up those experimental methods applied by foundations in their role of risk-takers. In fact, despite that the foundations' size (in our sample and over) can seem enormous, their overall dimension is extremely limited if compared to governmental resources.

#### **7.4. The political role of foundations: problems' agenda setters or solutions' agenda setters?**

The proposed model on the political role of foundations (Figure 7.2) has emerged from a reflection on the analysis of findings and their implications. This model is based on emerging data, elaborated by the researcher as a result of interviews data analysis. In fact, despite no questions being made to informants on the perception of their foundation's role, or the desired political role of the foundation they represent, it strongly emerged as a theme to be considered and a potential source of rich research questions deserving further investigation. Furthermore, plenty of recent contributions on the fast evolving and challenging role of philanthropy have emerged in the literature during the final stages of this research study. Examples include new forms through which foundations may play their role (like the 'philanthropication' described by Salamon 2014a), new tools and modalities through which foundations may become more 'strategic' (Kania *et al.* 2014), and new frontiers where philanthropy is challenged to play a role such as social finance and social impact investing approaches (Salamon 2014b).

This framework is proposed on the recognition that the current debates around foundations' accountability, effectiveness and legitimacy do not pay sufficient attention to the role foundations desire to play to influence policy-making. It is in this sense that the model refers to the role of foundations as political. Foundations play different roles at different times – depending on the characteristics of issues, the political connections, the existing partnership and knowledge of the context. This means that, related to Figure 7.2, they may have multiple roles at the same time. The purpose of this model is to offer a contribution to the current knowledge on the frameworks proposed for the study of foundations' role at the global level (Kramer 2009; Moran 2011; Salamon 2014a; Salamon 2014b; Martin 2014). The researcher argues that the role which foundations want to play in the long-term is part of their vision and requires a reflection on the essence of foundations and their power to address public needs nowadays.

**Figure 7.2 – The political role of foundations**



The figure explains the role foundations can play according to two dimensions: the degree of pro-activity vs. reactivity and the degree of resources committed by the foundation. The Reactivity or Pro-activity dimension relates to the degree of openness to external contributions – to other people or organizations' ideas, knowledge and influence. The openness to external contributions has been addressed in this research study both at the level of strategic planning and at the level of grant-making. A foundation is more reactive

when it has a higher degree of external contributions into priority-setting (advisors) or grant-making (participation of grantees at the stage of ideas generation, or participation to external reviewers into the proposal review stage) and consequently a higher degree of openness to other organizations or networks which may influence the decision-making process. On the other end of the spectrum, a foundation is more proactive if both priorities and grant ideas are elaborated internally, thus the decision-making is less participatory and open to external influence. The Resources dimension refers to the amount of resources activated to pursue their objectives. Consequent to the analysis conducted on perceived comparative advantages, resources are here intended as an enlarged spectrum of assets which go well beyond money, from the foundations' financial size to their convening power, the extent of their networks, their respect, reputation or independence. The more resources that are put in place and the more pro-active foundations they are, the higher the influence they have on other donors.

At the bottom end of the scale (low resources, low pro-activity) foundations may play the role of independent experts. In this role, respect, reputation and independence are regarded as the major assets of a foundation, which must be preserved to guarantee that the foundation plays a *super partes* role, beyond political expectations or commercial opportunities. Pro-activity is low because foundations are sought by other organizations to offer their expertise and financial support on certain issues, or to help solve specific problems thanks to their seed capital and expertise. An example of a foundation playing the role of independent expert is the support given by the Wellcome Trust to the Government of India: due to the reputation and tradition of the Trust in strengthening recipient governments' capacity building, the expertise and competences of the Trust were requested to support the government in its planning and managerial capacity. In their role of independent experts, foundations do not seek visibility as a primary concern: independence and reputation are enough to give them recognition in their network, and to strengthen their position in their philanthropic niche.

The second step (more resources involved and more pro-activity) is the role of catalysts. 'Catalytic philanthropy' is a term which has become quite pervasive in recent years (Kramer 2009) and refers to the foundations' capacity to involve others – public, private for profit, civil society organizations – with respect to a certain objective, giving their support and advocacy to a cause. Foundations may act as catalysts on issues considered relevant, even though they are not the inventor or pioneers of a specific issue or approach. In their role as catalysts,

foundations use their convening power to create a platform, to build a joint network of actors and to make them convene on a theme, issue or topic. This often happens in moments which are particularly important for policy-making, such as was mentioned around the role of the Rockefeller Foundation in supporting primary health care. The resources activated are numerous, and financial resources are not the most important: recognition and convening power are much more relevant at this stage, but also the extent of networks and the inter-organizational connections. The primary aim of a foundation which acts as catalyst is the mobilization for change.

The third step (even more resources and more pro-activity) implies foundations play the role of pioneers, experimenters or innovators. To play this role, foundations use a wide range of assets to re-affirm their risk-taking role: this means, by definition, the possibility of 'wasting' resources by making mistakes (investing in interventions which turn out to be unsuccessful), the use of unconventional techniques, and/or the application of seed initiatives. If these initiatives turn out to be successful, they can be scaled-up by governments. This is different from the role of catalysts for the higher degree of pro-activity. Foundations elaborate unexplored, unconventional solutions, considerably investing in their image, beyond their financial resources. The risk-taking role of foundations becomes the key factor for this action and it is here fully exploited: the underpinning argument is that, although philanthropy plays an increasingly important role in financing global health, foundations are still a small part of the whole set of public resources invested in health. For this reason, they must use their resources as 'a swimming pool, to test new approaches and innovative projects, and not as if they are the ocean' (EE/23). This assumes even more relevance if we consider that despite the foundations' increasing role in funding health and development, as shown in the literature review, governments still contribute by far the lion's share in funding development (McGoey 2014). In this view, a 'loss' of effectiveness can be accepted exactly because of the risk-taking role assumed by foundations: the point of philanthropy is not to be effective and efficient, but to foster innovation and change for the benefit of recipients.

Finally, the direct hypothetical consequence of the role of pioneers, using all their possible resources and leverages, and with the highest degree of pro-activity and influence would see foundations performing the role of public agenda setters. This role supersedes the role of independent expert, the role of catalyst and even the role of pioneer, because it enters into a strong political dimension, especially in countries where the capacity and the strengths of the

public sector are low. The extent to which foundations aim at getting to play such a role requires a deliberate vision. For the amount of resources activated (money, visibility, connections, networks, expertise) and the deliberate vision of its leaders, the Gates Foundation is the only foundation in the sample studied which is recognizable in this role.

At this stage, a crucial caveat is needed. Affirming that foundations may play the role of agenda setters may seem an exaggerated and provocative assumption. This framework is an attempt to enrich the debate on philanthropy, but it does not aim to disregard or under-consider the role of governments and democratic representativeness in building solutions for the benefit of all. Rather, not only does the role of philanthropy still remains extremely limited in terms of resources spent compared to governments, as previously addressed, but also it is the responsibility of the public sector to enforce democracy, setting the agenda of public needs and producing regulations affecting philanthropies (Sagawa 2014). In fact, governments are invited to explore their own countries' foundations' humus, in order to gain a better understanding of both their potentials and role in tackling public needs. This would also help governments facing the evolving world of philanthropy in a proactive, rather than reactive ways – anticipating major issues and collaborating to find solutions with proper, deep and sound regulatory frameworks and be prepared to scale-up philanthropic efforts when their impact is successful. The focus here is on how philanthropy is a player, and not a solution: it may contribute to be a more effective part of the system by assessing existing problems and co-creating solutions with the public and private for profit sector. Again, the responsibility of building a public agenda rests on democratic institutions, as will be addressed in the following section. Moreover, the strong assumption on which this analysis is based is that foundations have a political role to play: the degree to which this strong assumption may be considered valid for other foundations beyond the three studied requires a further analysis. It is up to governments to build a common agenda between philanthropy, civil society, the public sector, and the market. As some contributors have suggested, a common agenda is fundamental to avoid the 'vicious circle of generosity', a phenomenon which sees foundations bound between their role of charitable institutions working to decrease inequalities and their role of resources collectors, where their resources come exactly from those inequalities that our social and economic system generates (Vello & Reolon 2014, p. 217-218). A suggestion to initiate this common agenda-setting is give support to the study of long-term social impacts, which includes a reflection on safeguarding the mandates of public institutions too.

This framework is an attempt to interpret the role of foundations in the current context of global health. When foundations are in the position to be agenda setters, the level of pro-activity and the level of resources invested are at their highest point. This has two important implications which, it is argued, are limiting foundations' potential and severely undermining the relationship with their community of stakeholders. First, the higher the position of the foundation, the stronger its search for visibility and influence. Second, the higher the position of the foundation, the stronger the perception of unaccountable, undemocratic behaviour. For this reason, a way for foundations to play their risk-taking role, but at the same time allowing more democratic processes and a more active civil society in elaborating solutions can be to act as problems' agenda setters, and not as solutions' agenda-setters. In the latter case, foundations act not only setting the policy-making priorities (contributing to decide 'what is needed'), but are rather closer to proposing the solution to the problems identified as part of their strategies. In particular, since the level of foundations' commitment is so high and the degree of external contributions is so low, the risk that the community of stakeholders perceives foundations as unaccountable and undemocratic is very high. This is the example of foundations which are strategy-driven, with a highly internally-driven strategic planning, which does not accept proposals which are not strongly aligned with the strategy. In the former case, where foundations act as problems' agenda setters, this would mean for them to put in place all resources available to identify which are the relevant problems – performing a participatory needs assessment by involving directly the recipients of interventions, and leaving to potential grantees the task to propose solutions. Foundations may take the role of creators of this platform, where stakeholders participate in solutions' building – where these stakeholders are all external, based in recipient countries and directly related to the problems to be solved. This role would require less commitment from the foundations in term of elaborating solutions, but a higher degree of reactivity to external contributions and a high commitment of resources into building platforms for participatory decision-making and co-planning. This would accomplish the risk-taking role that foundations play, by putting resources in the construction of such a platform, and increase the participation to solutions-building and recipients' capacity building. In this way, foundations may be engines of social wealth generation and of generative networks, even if using limited resources.

## 7.5 Strengths and limitations of the study

In this final section, a reflection on the strengths and limitations of the research study is offered, both from the point of view of the research study findings and on the research design and methods used. The main strength of this research study is the multidisciplinary approach used to address the topic. To the researchers' knowledge, this is the first contribution which applies strategic management to the study of factors influencing foundations' decision-making, offering the first attempt to deconstruct their decision-making processes in order to assess the relative importance of factors in influencing the process. Moreover, this research contributes to advancing knowledge on the concept of perceived comparative advantage, opening further research questions on the perceptions of foundations on their role and positioning strategies. Finally, the research contributes to the study of foundations' role by offering a framework to interpret their political role and suggestions for the future. This framework may be replicated in further study, contributing to the advancement of research on the role of philanthropy in global health.

However, some conceptual limitations also deserve attention and may be offered as a stimulus for further research. First, the research has analyzed the relationship between foundations and private partners, on the basis of their selection and criteria to build partnerships, but has ignored the analysis of foundations' investments. The analysis of the relationship with business is limited by the fact that the documentary analysis has not included the analysis of foundations' financial sheets to observe their investments and stock options destinations (such as the work of Stuckler *et al.* 2011), and the interviewees' sample has not included informants from the business sector partnering with foundations. The study of these partnerships from the companies' point of view and their view on the 'mutual accommodation' of their profit mandates with philanthropic objectives would complement current research findings.

A second limitation of the study is the lack of a thorough analysis of the fiscal policies and philanthropic regulations and their potential impact on foundations' decision-making. In fact, the research has focused on the internal factors determining decisions, acknowledging a difference in the US regulation as opposed to the UK regulation (for example, on the MPR rule), but not exploring specifically the influence of different regulatory regimes on decisions. No questions on regulation have been included in the topic guide. Further analysis would be

appreciated in this respect to understand government capacity to foster or constrain the foundations' risk-taking role, or the degree of freedom of individuals to set up foundations.

In terms of methodological constraints and limitations, first and foremost there was a lack of uniformity in the sample of informants, who represented the primary source of data. In particular, it was not possible to reach any of the Gates Foundation's board members. Even if several top executives from the Gates Foundation have been interviewed, this becomes a notable limitation, especially considering the extent of the role of co-chairs in all the decision-making processes that the research findings have demonstrated.

Second, a methodological limitation concerns the time range of interviews related to the decision-making processes explored. The fieldwork period was limited to less than a year, and information collected refers to a limited point in time. While the methods chapter has explored all the precautions taken to address validity, organizations change quickly, both due to structural changes and the mobility of staff, and it may be difficult to track information after some time. For example, the databases built on the basis of the information collected from the three foundations' websites would be completely different after two years; some informants are not part of the Foundation they were representing anymore; departments or units may have changed and decision-making mechanisms with them.

Third, even if the reasons for the choice of interviews as the preferred method for data collection were given in the methods chapter, they are not without limitations. Interviews are based on people's memories, thus may suffer from distortion or memory failures. However, the high number of interviews has allowed the researcher to have multiple accounts, and to triangulate information between all sources of data collection, leaving the researcher quite confident that no false premises or systematic distortions have been inferred from the data presented.

Finally, a methodological caveat must be addressed here. The generalizability of the multiple case study method is only partially satisfied by the research. This research is considered replicable in other contexts for what concerns the conceptual frameworks applied, which allowed the de-construction of decision-making processes, and the conceptual arrangement on the political role of foundations. Nonetheless, some of the considerations presented

stemming from the research findings are strictly contextual: they are true and rigorously documented for the three foundations under study, but may not be the same for other foundations, at least under two aspects. First, the sample of case studies include three of the largest and most well-known foundations in the world: their size and visibility are peculiar and may not share similarities with foundations in other country contexts or cultures. Second, the foundations studied all have a strong international focus, while the philanthropic tradition in other countries (and for the majority of foundations in US and UK too) is to invest locally, rather than on global issues.

## **7.6 Further research**

As expressed in the previous section, this research strongly supports the need to put foundations' social impact at the top of the future research agenda. This research has analyzed influence as a synonym of being impactful to some extent, but the research around influence would be enriched by looking closely at the beneficiaries of foundations' impact evaluations and to the extent they are involved in the understanding and methodological construction of social impact. Moreover, the risk-taking role of foundations suggests they reflect upon their roles in funding generative projects which imply a strengthened capacity-building and co-planning attitude of recipients. Furthermore, as suggested by the results on funding ethos, whether the different attitudes of foundations' informants are dependent on a cultural difference which finds its roots on a country basis (UK culture vs. US culture) would be an interesting point for further research. Specifically, exploring cultural or country-based differences in funding ethos could enrich the research findings. Accounts from some informants suggest cultural origins are the root of these differences, but data did not allow rigorous conclusions to be drawn on this. Values and cultures deserve more attention in further research around the attitude on collaboration or competition of different private funders. In this respect, further research could be addressed to the study of collaborative practices among foundations (like the Grand Challenges to Global Health), to understand why different funding ethos has not made competitive attitudes prevail.

Furthermore, since influence has been recognized as a fundamental factor for foundations' prioritization, a further step would be to explore the power of foundations linked to the construction of ideas and discourses. It would be interesting to apply the concepts that stem from this research study on the perceived comparative advantages of foundations, to study different ways of influence and power. Recalling Moran (2011), foundations can exercise

different kinds of influence which in part have similarities with the analysis presented on inter-organizational influence and the role of networks and leaders in this research study. In this respect, due to the fact that networks have an extremely relevant role in both being conducive to foundations' influence and fostering foundations' activities, a study based on social network analysis would be desirable to advance the knowledge of foundations' self-feeding networks, by focusing not on foundations investments (as Stuckler *et al.* 2011), but on inter-organizational influence and personal agendas, as well as the connections between foundations, research centres, think tanks, political institutions, and grantees. Also from a methodological point of view, deepening research in this direction would imply the use of multiple research methods, including a strengthening of quantitative ones. In this view, a 'combined methods research approach' (Spicer 2004, p.294) would be conducive to highlight the positive combination of qualitative and quantitative methods in order to facilitate information gathering.

Finally, an interesting expansion of this research would be to explore other disciplinary streams of decision-making, which represent an important contribution to the study of organizational decision-making beyond strategic management. The first suggestion is individual decision-making, meaning that body of knowledge pertaining to cognitive psychology disciplines, which focus on the human mental processes occurring in the individual while making a choice (Newell and Simon 1972). The second is group decision-making, that body of knowledge which looks at the interaction of several individuals in making a final decision (Glazer *et al.* 1987). In fact, these two streams may be complementary to this analysis, though they have not been considered because they proved inconsistent with the research study objectives or too far from their disciplinary roots. Overall, an in-depth analysis of different strategic decision-making approaches applied to foundations would be an opportunity to further develop this area of study, as suggested by some frameworks which attempted to combine a range of decision-making models with different organizations' characteristics (Papadakis 1993, p.36).

## Chapter 8

### Conclusion

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The academy must become much more actively involved : after all, it is one of the few remaining places where independent critique is still supported, whether of philanthrocapitalism, traditional philanthropy, civil society, social movements or social innovation (Edwards, 2011, p.390).

This research study set out to understand and assess the relative importance of specific factors in foundations' decision-making. It has provided detailed insights into the decision-making processes of foundations investing in global health, contributing to expand the current knowledge on how foundations' priority-setting and grant-making processes work and which factors are relevant in each stage of the decision-making process.

The study of factors influencing foundations' decision-making has raised several theoretical implications on the accountability, effectiveness and legitimacy of foundations, as well as on their political role. These implications have offered the basis for the elaboration of concrete suggestions to increase their accountability, effectiveness and legitimacy. Both theory developments and recommendations are based on the considerations that leaders, networks and influence are the most relevant factors in influencing foundations' decision-making. First, influence is now much more overt in foundations' strategies than in the past. Second, foundations have a wider set of assets to play with, far beyond money, to exert their influence, opening considerations on their accountability, effectiveness and legitimacy.

The researcher has offered three areas to further reflect on how foundations may improve their accountability, effectiveness and legitimacy in the future: acting as promoters of a collaborative platform for the study of impact; promoting more participatory approaches to decision-making; and empowering the responsibility of their leaders in both strengthening their accountability by clearly disclosing their relationships with networks and private partners, and re-focusing the foundations' strategies towards needs rather than influence.

Furthermore, the research findings have stimulated the elaboration of a framework to interpret foundations' current and potentially future role in policy-making.

The international community and policy-makers are also invited to push for these actions to be performed, considered and debated in order to allow for a more democratic and participatory way forward in foundations' decision-making. In particular, due to the extreme variety of foundations existing, in terms of size, functions, and cultural underpinnings, governments are invited to explore their own countries' foundations' humus, in order to get to a better understanding of both their potentials and role in tackling public needs.

This research strongly supports the private nature of foundations and the creativity they can generate. If the foundations' mission is to be risk-takers, the community should support this role, and governments should facilitate it. Foundations have an innate potential to be risk-takers, due to their status and specific characteristics. It is exactly for this reason that they must be held accountable. The long-term is a fundamental characteristic to measure foundations' impact and reflect on the potential role of philanthropies in the future, given the shrinking welfare systems and public health shortcomings in LMICs, emerging economies, and also Western economies. In fact, a long-term view is the condition for both impact and democratic, participatory debates to take place. A short-term view, in contrast, is a preferable condition if the objective is reaching recognition and political influence. This research warns against the relationships between impact and influence. If impact becomes synonym for influence, the short-term becomes spontaneously – more or less explicitly – a criterion for prioritization.

As reported by Peter Drucker, an advocate of nonprofit management, the study of management applied to nonprofits 'is not to make them more like business, but rather to enable them to be more true to themselves and their mission' (Bishop and Green 2008a, p. 95). It is exactly with this view that the researcher began this work with a desire to contribute to the study of foundations' strategic management and decision-making.

## Appendices

### Annex 1 – Extracts from the case studies databases: The Gates Foundation, the Rockefeller Foundation and the Wellcome Trust

ABOUT US		Accessed: 2nd week Oct 2011
Annual Letter From BG		<a href="http://www.gatesfoundation.org/annual-letter/2011/Pages/home.aspx">http://www.gatesfoundation.org/annual-letter/2011/Pages/home.aspx</a>
Annual Reports (since 1998)	"We are committed to providing clear, timely information on our finances and grantmaking efforts".	<a href="http://www.gatesfoundation.org/annualreport/Pages/annual-reports.aspx">http://www.gatesfoundation.org/annualreport/Pages/annual-reports.aspx</a>
Foundation Fact Sheet	All infos more detailed in relative sections (grants, leadership, facts and figures)	<a href="http://www.gatesfoundation.org/about/Pages/foundation-fact-sheet.aspx">http://www.gatesfoundation.org/about/Pages/foundation-fact-sheet.aspx</a>
	Media Kit	<a href="http://www.gatesfoundation.org/about/Pages/press-kit.aspx">http://www.gatesfoundation.org/about/Pages/press-kit.aspx</a>
		Foundation Fact Sheet
		Foundation Overview
		Foundation Timeline
		EU Office Fact Sheet
		China Office Fact Sheet
		FAQ
		<a href="http://www.gatesfoundation.org/about/Pages/fre">http://www.gatesfoundation.org/about/Pages/fre</a>

GRANTS AND GRANTEES		Accessed 2nd week of October
Basic and Advanced Search		<a href="http://www.rockefellerfoundation.org/grants/search">http://www.rockefellerfoundation.org/grants/search</a>
Survey of the RF Grantees		<a href="http://www.rockefellerfoundation.org/news/publications/summary-findings-survey-rockefeller">http://www.rockefellerfoundation.org/news/publications/summary-findings-survey-rockefeller</a>
What we fund	"Through grantmaking, the Rockefeller Foundation works to spread the benefits of globalization to more people in more p	
	Funding Application Form	<a href="http://www.rockefellerfoundation.org/funding-requests/funding-request.aspx">http://www.rockefellerfoundation.org/funding-requests/funding-request.aspx</a>
Resources for Grantseekers	Links to other philanthropic	<a href="http://www.rockefellerfoundation.org/grants/resources-grantseekers">http://www.rockefellerfoundation.org/grants/resources-grantseekers</a>
Grantees Profile		<a href="http://www.rockefellerfoundation.org/grants/grantee-profiles">http://www.rockefellerfoundation.org/grants/grantee-profiles</a>

VISION		Accessed: 1st week Oct 2011
Statement		"Our vision is to achieve extraordinary improvements in human and animal health. In pursuit of this, we support the brightest mind:
Focus areas	3	Supporting outstanding researchers <a href="http://www.wellcome.ac.uk/Our-vision/Focus-areas/Supporting/index.h">http://www.wellcome.ac.uk/Our-vision/Focus-areas/Supporting/index.h</a>
		Accelerating the application of research <a href="http://www.wellcome.ac.uk/Our-vision/Focus-areas/Accelerating/index">http://www.wellcome.ac.uk/Our-vision/Focus-areas/Accelerating/index</a>
		Exploring medicine in historical and cultural contexts <a href="http://www.wellcome.ac.uk/Our-vision/Focus-areas/Exploring/index.htm">http://www.wellcome.ac.uk/Our-vision/Focus-areas/Exploring/index.htm</a>
Research Challenges	5	Maximizing the health benefits of genetics and genomics <a href="http://www.wellcome.ac.uk/Our-vision/Research-challenges/Genetics-a">http://www.wellcome.ac.uk/Our-vision/Research-challenges/Genetics-a</a>
		Understanding the brain <a href="http://www.wellcome.ac.uk/Our-vision/Research-challenges/Understan">http://www.wellcome.ac.uk/Our-vision/Research-challenges/Understan</a>
		Combating infectious disease <a href="http://www.wellcome.ac.uk/Our-vision/Research-challenges/Infectious">http://www.wellcome.ac.uk/Our-vision/Research-challenges/Infectious</a>
		Investigating development, ageing and chronic disease <a href="http://www.wellcome.ac.uk/Our-vision/Research-challenges/Ageing-an">http://www.wellcome.ac.uk/Our-vision/Research-challenges/Ageing-an</a>
		Connecting environment, nutrition and health <a href="http://www.wellcome.ac.uk/Our-vision/Research-challenges/Environme">http://www.wellcome.ac.uk/Our-vision/Research-challenges/Environme</a>
Self-evaluation	Monitoring progress	From 2005/2006 <a href="http://www.wellcome.ac.uk/Our-vision/Research-challenges/Environme">http://www.wellcome.ac.uk/Our-vision/Research-challenges/Environme</a> Related documents: <b>Assessment Framework Reports</b>

## Annex 2 – Full list of foundations’ documents

Downloaded Documents or Web pages available from foundations’ websites (downloading period range end 2011 – beginning 2012)

	Gates Foundation	Rockefeller Foundation	Wellcome Trust
<b>Financial disclosure</b>	Financial reports (since 2002) <a href="http://www.gatesfoundation.org/about/Pages/financials.aspx">http://www.gatesfoundation.org/about/Pages/financials.aspx</a>	Financial statements (since 2006) <a href="http://www.rockefellerfoundation.org/about-us/financials">http://www.rockefellerfoundation.org/about-us/financials</a>	Financial statements (since 2003) <a href="http://www.wellcome.ac.uk/About-us/Publications/Annual-Report-and-Financial-Statements/">http://www.wellcome.ac.uk/About-us/Publications/Annual-Report-and-Financial-Statements/</a>
	Grants’ database* <a href="http://www.gatesfoundation.org/How-We-Work/Quick-Links/Grants-Database#g/program=Global%20Health&amp;year=2013">http://www.gatesfoundation.org/How-We-Work/Quick-Links/Grants-Database#g/program=Global%20Health&amp;year=2013</a>	Grants’ database* <a href="http://www.rockefellerfoundation.org/grants/search">http://www.rockefellerfoundation.org/grants/search</a>	Grants’ database* <a href="http://www.wellcome.ac.uk/Funding/Grants-awarded/index.htm">http://www.wellcome.ac.uk/Funding/Grants-awarded/index.htm</a>
<b>Performance disclosure</b>	Annual letter from Bill Gates <a href="http://www.gatesfoundation.org/annual-letter/2011/Pages/home.aspx">http://www.gatesfoundation.org/annual-letter/2011/Pages/home.aspx</a>	History and funding overview - timeline <a href="http://www.rockefellerfoundation.org/who-we-are/our-history">http://www.rockefellerfoundation.org/who-we-are/our-history</a>	History and funding overview – timeline <a href="http://www.wellcome.ac.uk/timeline/">http://www.wellcome.ac.uk/timeline/</a>
	Annual reports (since 1998)** <a href="http://www.gatesfoundation.org/annualreport/Pages/annual-reports.aspx">http://www.gatesfoundation.org/annualreport/Pages/annual-reports.aspx</a>	Annual report (since 1913)** <a href="http://www.rockefellerfoundation.org/about-us/annual-reports">http://www.rockefellerfoundation.org/about-us/annual-reports</a>	Annual reports (since 2003)** <a href="http://www.wellcome.ac.uk/About-us/Publications/Annual-Report-and-Financial-Statements/">http://www.wellcome.ac.uk/About-us/Publications/Annual-Report-and-Financial-Statements/</a>
	Strategy life cycle <a href="http://www.gatesfoundation.org/about/Pages/our-approach-step-one-develop-strategy.aspx">http://www.gatesfoundation.org/about/Pages/our-approach-step-one-develop-strategy.aspx</a>	Funding approach <a href="http://www.rockefellerfoundation.org/who-we-are/interconnected-challenges">http://www.rockefellerfoundation.org/who-we-are/interconnected-challenges</a>	The funding ethos <a href="http://www.wellcome.ac.uk/Funding/WTDV029711.htm">http://www.wellcome.ac.uk/Funding/WTDV029711.htm</a>

	<p>Overview of the Global Health Strategy (and strategy documents for each funding area)</p> <p><a href="http://www.gatesfoundation.org/global-health/Pages/overview.aspx">http://www.gatesfoundation.org/global-health/Pages/overview.aspx</a></p>	<p>Strategy (and strategy documents for each funding areas)</p> <p><a href="http://www.rockefellerfoundation.org/who-we-are/our-strategy">http://www.rockefellerfoundation.org/who-we-are/our-strategy</a></p>	<p>Strategic Plans (since 2000)</p> <p><a href="http://www.wellcome.ac.uk/About-us/Strategy/index.htm">http://www.wellcome.ac.uk/About-us/Strategy/index.htm</a></p>
	<p>A Guide to Actionable Measurement (downloaded from <a href="http://www.gatesfoundation.org/about/Pages/our-approach-step-one-develop-strategy.aspx">http://www.gatesfoundation.org/about/Pages/our-approach-step-one-develop-strategy.aspx</a>)</p>	<p>Funding cycle – what we are learning</p> <p><a href="http://www.rockefellerfoundation.org/who-we-are/what-we-re-learning">http://www.rockefellerfoundation.org/who-we-are/what-we-re-learning</a></p>	<p>Self evaluation and monitoring progress</p> <p><a href="http://www.wellcome.ac.uk/Our-vision/Our-progress/index.htm">http://www.wellcome.ac.uk/Our-vision/Our-progress/index.htm</a></p>
	<p>Grantee perception report summary</p> <p><a href="http://www.gatesfoundation.org/learning/Pages/grantee-perception-report.aspx">http://www.gatesfoundation.org/learning/Pages/grantee-perception-report.aspx</a></p>	<p>Survey of the Rockefeller grantees – perception report</p> <p><a href="http://www.rockefellerfoundation.org/news/publications/summary-findings-survey-rockefeller">http://www.rockefellerfoundation.org/news/publications/summary-findings-survey-rockefeller</a></p>	<p>Assessment Framework Report</p> <p><a href="http://www.wellcome.ac.uk/Our-vision/Our-progress/index.htm">http://www.wellcome.ac.uk/Our-vision/Our-progress/index.htm</a></p>
	<p>Topics/Funding areas and Advisory Panels</p> <p><a href="http://www.gatesfoundation.org/topics/Pages/topics-overview.aspx">http://www.gatesfoundation.org/topics/Pages/topics-overview.aspx</a></p> <p><a href="http://www.gatesfoundation.org/programs/Pages/program-advisory-panels.aspx">http://www.gatesfoundation.org/programs/Pages/program-advisory-panels.aspx</a></p>	<p>Topic/funding areas</p> <p><a href="http://www.rockefellerfoundation.org/what-we-do/current-work">http://www.rockefellerfoundation.org/what-we-do/current-work</a></p> <p><a href="http://www.rockefellerfoundation.org/what-we-do/work-exploration">http://www.rockefellerfoundation.org/what-we-do/work-exploration</a></p> <p><a href="http://www.rockefellerfoundation.org/what-we-do/program-related-investments">http://www.rockefellerfoundation.org/what-we-do/program-related-investments</a></p>	<p>Focus Areas, Funding areas and type of funding</p> <p><a href="http://www.wellcome.ac.uk/Our-vision/Focus-areas/index.htm">http://www.wellcome.ac.uk/Our-vision/Focus-areas/index.htm</a></p> <p><a href="http://www.wellcome.ac.uk/Funding/index.htm">http://www.wellcome.ac.uk/Funding/index.htm</a></p>
	<p>Other useful to get information on the overall work of Foundation:</p> <p>The blog Impatient Optimists:</p>	<p>Other useful to get information on the overall work of Foundation – Speeches and Presentations:</p> <p><a href="http://www.rockefellerfoundation.org/news/speech">http://www.rockefellerfoundation.org/news/speech</a></p>	<p>Other useful to get information on the overall work of the Foundation:</p> <p>The Wellcome Trust blog</p>

	<a href="http://www.impatientoptimists.org/">http://www.impatientoptimists.org/</a> The Gates' notes: <a href="http://www.gatesnotes.com">www.gatesnotes.com</a>	hes-presentations	<a href="http://wellcometrust.wordpress.com/">http://wellcometrust.wordpress.com/</a>
<b>Governance disclosure</b>	The Leadership page <a href="http://www.gatesfoundation.org/leadership/Pages/overview.aspx">http://www.gatesfoundation.org/leadership/Pages/overview.aspx</a>	Charter <a href="http://www.rockefellerfoundation.org/about-us">http://www.rockefellerfoundation.org/about-us</a>	Constitution <a href="http://www.wellcome.ac.uk/About-us/Organisation/Governance/Constitution/index.htm">http://www.wellcome.ac.uk/About-us/Organisation/Governance/Constitution/index.htm</a>
	The Guiding Principles <a href="http://www.gatesfoundation.org/about/Pages/guiding-principles.aspx">http://www.gatesfoundation.org/about/Pages/guiding-principles.aspx</a>	Bylaws <a href="http://www.rockefellerfoundation.org/about-us">http://www.rockefellerfoundation.org/about-us</a>	Governance Framework <a href="http://www.wellcome.ac.uk/About-us/Organisation/Governance/Governance-framework/index.htm">http://www.wellcome.ac.uk/About-us/Organisation/Governance/Governance-framework/index.htm</a>
	The co-chairs speeches <a href="http://www.gatesfoundation.org/speeches-commentary/Pages/overview.aspx">http://www.gatesfoundation.org/speeches-commentary/Pages/overview.aspx</a>	Trustees and Executive Team <a href="http://www.rockefellerfoundation.org/about-us/board-trustees">http://www.rockefellerfoundation.org/about-us/board-trustees</a> <a href="http://www.rockefellerfoundation.org/about-us/our-team">http://www.rockefellerfoundation.org/about-us/our-team</a>	Committee structure <a href="http://www.wellcome.ac.uk/About-us/Organisation/Governance/Committee-structure/index.htm">http://www.wellcome.ac.uk/About-us/Organisation/Governance/Committee-structure/index.htm</a>
	"Investing philosophy" and the relationship with profit entities <a href="http://www.gatesfoundation.org/about/Pages/our-investment-philosophy.aspx">http://www.gatesfoundation.org/about/Pages/our-investment-philosophy.aspx</a> <a href="http://www.gatesfoundation.org/about/Pages/our-work-with-for-profit-entities.aspx">http://www.gatesfoundation.org/about/Pages/our-work-with-for-profit-entities.aspx</a>	Social Investing Guidelines <a href="http://www.rockefellerfoundation.org/about-us">http://www.rockefellerfoundation.org/about-us</a>	Investment goals and philosophy <a href="http://www.wellcome.ac.uk/Investments/History-and-objectives/index.htm">http://www.wellcome.ac.uk/Investments/History-and-objectives/index.htm</a>
	Ethical conduct and Conflict of interest policies	Code of conduct and Conflict of interest policies	Code of conduct and Conflict of interest policies

	<a href="http://www.gatesfoundation.org/about/Pages/conflict-of-interest.aspx">http://www.gatesfoundation.org/about/Pages/conflict-of-interest.aspx</a> <a href="http://www.gatesfoundation.org/about/Pages/ethical-conduct-and-governance.aspx">http://www.gatesfoundation.org/about/Pages/ethical-conduct-and-governance.aspx</a>	<a href="http://www.rockefellerfoundation.org/about-us">http://www.rockefellerfoundation.org/about-us</a>	<a href="http://www.wellcome.ac.uk/About-us/Policy/Policy-and-position-statements/index.htm">http://www.wellcome.ac.uk/About-us/Policy/Policy-and-position-statements/index.htm</a>
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**Notes:** \*\* The US-based Foundations have a grants' database where it is possible to collect and elaborate data, while the Wellcome Trust's information is reported in both Excel and Pdf downloadable files, ready for analysis and elaboration. \*\* Although Annual Reports contain also financial information, they have been listed only under the performance disclosure set of documents to avoid duplications.

## Annex 3 – Topic guide for in-depth interviews

### On the Content

1. What is/was your role at...?
2. Can you tell me what the major changes in priorities were over the last ... years?
3. What were the major reasons for this shift?

### On the Process

4. Concerning the grant-making process, so from the application to the final decision, can you briefly describe me how it works?

### One question for each factor

5. Where are needs in the decision-making process? To what extent your decisions are based on needs? Or to say it in other words, where do you collect evidence? What's your needs assessment based on?
  - a. Eventually Follow-up: you say that needs do not feature in priority-setting. But needs-based priorities are important, aren't they? Why don't you base your priorities on needs?
6. And to what extent you think your strategies are shaped by the global health agenda?
  - a. Eventually follow-up naming specifically other actors
7. And the other way round, to what extent you think your foundation is shaping global health policies?
  - a. Eventually follow up asking how.
8. To what extent you think the leadership of your organization is relevant 1. In shaping your strategies and 2. In the decision-making process you described?
  - a. If they answer generally speaking about "leadership", ask them if they mean the executives (CEO) or the board or both.
9. To what extent you think the role of external people is relevant in 1. Influencing the strategies 2. In the decision-making process you described?

10. To what extent you think commercial interests influence your strategies?

a. Eventually follow up asking about the selection of private partners

11. To what extent you think public relations and networking activities are relevant in defining your strategies (not in promoting their activities)?

b. Eventually follow up on whether they use PR specialists, internal/external or both. If internal, who usually go to global meetings (which level).

End

12. Now that you know the focus of my research and my list of questions, do you think there is something relevant which is missing or something you would like to add?

13. Do you think I have to talk to someone else at the foundation? Can you suggest me some names? Can I just say it was your suggestion or you prefer I don't mention you?

14. Do you have any objection if I contact you for a follow-up, if needed?

## Annex 4 – Letter of approval from LSHTM Ethics Research Committee

16 January 2012

Elisa Ricciuti

Dear Elisa

**Study Title:** Philanthropic Foundations for Global Health: How They Make Their Decisions?

**LSHTM ethics ref:** 6104

**Department:** Public Health and Policy

Thank you for your email of 16 January responding to the Committee's request for further information on the above research and submitting revised documentation.

The further information has been considered <by the Committee/on behalf of the Committee by the Chair>.

### Confirmation of ethical opinion

On behalf of the Committee, I am pleased to confirm a favourable ethical opinion for the above research on the basis described in the application form, protocol and supporting documentation as revised, subject to the conditions specified below.

### Conditions of the favourable opinion

Approval is dependent on local ethical approval having been received, where relevant.

### Approved documents

The final list of documents reviewed and approved by the Committee is as follows:

<i>Document</i>	<i>Version</i>	<i>Date</i>	
LSHTM ethics application	n/a		
Protocol	V1.0	16/01/12	
Information Sheet	V1.1	16/01/12	
Consent form	V1.0	16/01/12	

### After ethical review

Any subsequent changes to the application must be submitted to the Committee via an E2 amendment form.

Yours sincerely,



**Professor Andrew J Hall**

Chair

## **Annex 5 – Research Participant Information Sheet and Research Participant Consent Form**



Project Title: Philanthropic Foundations for Global Health: How They Make Their Decisions?

### **Research Participant Information Sheet**

My name is Elisa Ricciuti and I am a PhD student at the Department of Global Health and Development, Faculty of Public Health and Policy of the London School of Hygiene and Tropical Medicine. Moved by a specific interest in philanthropy and global health, the aim of my research is to explore the role of philanthropic foundations investing in global health and development.

You have been invited to take part to my research study. In order to understand what it means, it is important you know what the research is about and why it is being carried out. Please read the following information carefully. If you have any question or concern, at any time, please do not hesitate to contact me by email or phone (contacts details below).

#### **The research**

The purpose of this research is to explore which factors influence the decision-making of philanthropic foundations with a mission in global health concerning their funding priorities. The foundation chosen represent the bulk of the global health financing from non-profit organizations, and they are the most known for their influence and historical presence in global health.

So far, little is known about what drives foundations' choices on their priorities. This is relevant to know more about the increasing role of these actors in global health policy-making.

I am planning to conduct semi-structured interviews to people who are (or have been) involved in decision-making at different levels (board, top management, programme management, advisors or expert groups), as well as professionals and academics with a

notable experience in the field. The interviews are intended to be face-to-face, but in case of impossibility, they will be conducted by phone or using Skype.

### **Your contribution**

I would like to interview you about your experience of your organization's decision-making on funding priorities. If you agree, you will be contacted to arrange a date to meet.

Before the interview, you will be asked to sign a consent form which explains that the interview is anonymous, confidential, voluntary and tape-recorded. Should you have any concern on this, please do not hesitate to contact me.

During the interview, please consider that you can stop answering or ask to stop recording at any time if you don't feel like answering.

After the interview, the data collected will be analyzed through a framework analysis and conclusions will be drawn. It is important to the interest of the research to disseminate the results. However, this will be done in full confidentiality and anonymity.

I personally thank you for your contribution, and for supporting my research!

### **Elisa Ricciuti**

London School of Hygiene and Tropical Medicine

Faculty of Public Health and Policy – Department of Global Health and Development

Email [Elisa.Ricciuti@lshtm.ac.uk](mailto:Elisa.Ricciuti@lshtm.ac.uk)

Phone +44 (0)7570 389 711

Supervisors: Neil Spicer ([Neil.Spicer@lshtm.ac.uk](mailto:Neil.Spicer@lshtm.ac.uk)) and Andrew Harmer ([Andrew.Harmer@lshtm.ac.uk](mailto:Andrew.Harmer@lshtm.ac.uk)).



Project Title: Philanthropic Foundations for Global Health: How They Make Their Decisions?

**Research Participant Consent Form**

My name is Elisa Ricciuti and I am a PhD student at the Department of Global Health and Development, Faculty of Public Health and Policy of the London School of Hygiene and Tropical Medicine. Moved by a specific interest in philanthropy and global health, the aim of my research is to explore the strategies of philanthropic foundations investing in global health and development.

You have been invited to take part to my research study. In order to understand what it means, an information sheet has been given to you that you can keep for future reference.

Please read the following statements carefully and tick the boxes to show your consent. Should you have any question or concern, at any time, please do not hesitate to contact me by email (Elisa.Ricciuti@lshtm.ac.uk) or phone (UK +44 (0)7570 389 711).

1. I confirm I have read and understand the research participant information sheet for the above study and I have had the opportunity to consider the information, ask questions and have had these answered fully.
2. I understand that my participation is voluntary and I am free to withdraw at any time, without giving any reason.
3. I understand that the interview will be recorded in order to allow a proper analysis of data.
4. I understand that the recording can be stopped at any time according to my wish.
5. I agree to take part in the study.
6. I agree to be quoted verbatim (while ensuring confidentiality). Yes  No

Printed Name \_\_\_\_\_

Signed \_\_\_\_\_

Date \_\_\_\_\_

## Annex 6 – The Bill & Melinda Gates Foundation Funding Programmes: Focus Areas by Topics and Locations

TOPICS		Africa	Asia	Oceania	Europe	North America	South America
Poverty and Development	Agricultural Development	x	x				
	Financial Services for the Poor	x	x			x	
	Water, sanitation and hygiene	x	x				
	Family Homelessness					x	
	Urban Poverty	x	x			x	x
Global Health	Diarrhea		x				
	HIV/AIDS	x	x		x		
	Malaria	x		x			x
	Pneumonia and Flu	x	x			x	
	Tuberculosis	x	x				x
	Neglected Diseases	x	x	x			
	Family Planning	x	x		x	x	
	Nutrition		x				x
	Maternal, newborn and child health	x	x				
	Tobacco Control	x	x				
	Vaccines	x			x		
	Health Science and Technology	x	x	x	x		x
	Polio	x	x			x	

Education and Information	College-Ready					x	
	Post-secondary Education					x	
	Early Learning					x	
	Libraries	x	x		x	x	
	Scholarships	x				x	
Special Initiatives	Pacific Northwest Community Grants					x	
	Emergency Relief		x			x	

**Source:** elaboration of the researcher from the Gates Foundation, 2011i.

## Annex 7 – The Bill & Melinda Gates Foundation Funding Programmes: Focus Areas by Topics and Locations

1) The Gates Foundation Global Health Program: focus areas, issues and main grantees (grants approximated in million USD, from 1 January 2010 to 31 December 2011).

Areas of Focus	Issues (total number of grants in 2010-2011)	Main grantees	Grants (million USD) From 1 Jan 2010 to 31 Dec 2011
Infectious Diseases	Enteric and Diarrheal Disease (42)	PATH World Health Partners Johns Hopkins University Clinton Health Access Initiative Inc. University of Maryland, Baltimore UNICEF	71.804.167 23.350.000 22.471.587 17.371.290 15.867.581 12.637.231
	HIV/AIDS (63)	Duke University International Initiative for Impact Evaluation (3IE) Foundation for the National Institutes of Health Clinton Health Access Initiative PATH Novartis Vaccines and Diagnostics Inc. WHO General Hospital Corporation IAVI South Africa Development Fund Imperial College, London Public Health England University of Washington	41.458.467 24.340.274 18.743.098 16.468.155 14.804.045 14.756.274 11.624.083 8.305.613 7.543.362 3.339.161 3.239.389 3.182.414 1.000.000
	Malaria (61)	IVCC (Innovative Vector Control Consortium)  PATH WHO Broad Institute University of California, San Francisco Population Service International Institute de Salud Global, Barcelona	52.391.575 50.489.213 19.565.000 8.453.279 8.957.487 7.500.000 6.333.462
	Pneumonia (41)	University of Cape Town WITS Health Consortium Management Science for Health Medical Research Council, UK NanoBio Corporation WHO Johns Hopkins University	14.068.160 10.953.984 8.623.188 6.885.841 5.930.094 3.551.326 1.272.000

	Tuberculosis (39)	Global Alliance for TB Drug Development Critical Path Institute Colorado State University Fundação Ataulpho de Paiva Foundation for Innovative Diagnostics	164.910.038 20.814.027 4.334.960 3.138.113 2.392.525
Integrated Health Solutions	Family Planning (6)	UN Foundation Seattle Biomedical Research Institute University of Cape Town Childrens Hospital Boston	36.659.900 7.012.797 6.427.735 2.511.087
	Nutrition (2)	Capital for Good Johns Hopkins	13.099.159* 13.606.420*
	Maternal, Neonatal and Child Health (2)	USAID International Finance Corporation	3.000.000* 2.625.880*

**Source Elaboration of the researcher on information from The Gates Foundation, 2011a, 2011g and The Gates Foundation, 2010a. Notes:** On a total amount of grants indicated in that period, only the largest ones are here represented. Other three issue areas were “Neglected and other infectious diseases”, “Vaccine-preventable diseases” and “Tobacco control”, though no strategic overviews were available at the time of access. Moreover, at the time of access, cross-cutting programmes were Discovery, Delivery and Policy & Advocacy, though no grants were available under those issues. \*”Nutrition” and “Maternal, neonatal and child health” are included in the table, although they were passing under the Global Development programme in the time of organizational restructuring. In fact, the grants reported in the table are accounted under the Global Development programme grants.

## 2) The Rockefeller Foundation Health related programs: Initiatives, spending and main grantees

Initiatives	Major partners	Grants (USD) - Jan 2010- Sept 2011
Transforming Health System*	Results for Development Institute (R4D)	3.508.000
	BRAC University, International Centre for Diahorreal Disease Research	2.283.000
	R4D	1.172.000
	World Bank	1.050.000
	WHO	1.000.000
	Programme for Appropriate Technology in Health	1.000.000
	United Nation Foundation	1.000.000
	National University of Rwanda	964.340
	BRAC University, Healthcare Innovation Programme	782.000
	African Centre for Global Health and Social Transformation	613.800
	University of KwaZulu-Natal	600.000
	Clinton Health Access Initiative	594.960
	Health Strategy and Policy Institute	550.700
	Management Sciences for Health	510.839

	Peking University	500.000
	Crown Agents	500.000
	Hanoi School of Public Health	500.000
	Columbia University	500.000
Linking Surveillance Disease Networks**	Wildlife Conservation Society	360.030
	Sokoine University of Agriculture	300.850
	Nuclear Threat Initiative (NTI)	275.000
	University of Minnesota	265.870
	LSHTM	253.170

**Source Elaboration on The Rockefeller Foundation, 2012a. Note: \*\*** On a total amount of 76 grants in that period, only the largest ones are reported here (all those over 500,000 USD). \*\* On a total amount of 19 grants in that period, only the largest ones are reported here (all those over 250,000 USD).

### 3) The Wellcome Trust Major global health related grants: issues and major grantees<sup>12</sup>

Global Health related funding issues (panels)	Major grantees	Grants (converted in USD) Oct 2009-Sept 2011
R&D for Affordable Healthcare in India	Astrazeneca Pharmaceuticals, India	1.127.260,30
	All India Institute of Medical Sciences	843.214,20
	University of Sheffield	664.782,03
	Prasad Eye Institute	358.168,98
	Foundation for Research in health Systems	1.180.877,38
	WHO	419.246,97
	Columbia University	710.966,89
Biomedical Ethics	University of Oxford (HIV/AIDS research)	464.562,07
	LSHTM (bioethics and population)	273.118,23
	University of Durham (reproductive health in South-East Asia)	157.317,84
Immunology and Infectious Disease	King's College, London	7.084.986,44
	Imperial College, London	5.262.420,97
	University of Cambridge	3.182.083,40
	University of Edinburgh	2.265.000,00
	KEMRI-WT Research, Kenya (malaria)	2.264.586,26
	LSHTM	3.824.029,70
	University of Oxford (TB)	2.690.200,90
Population and Public Health	LSHTM (TB and HIV; mental health)	6.387.484,22
	University of Oxford	3.199.016,54
	UCL (maternal and child health)	2.267.275,57
	University of Liverpool (child health)	2.226.374,20
Strategic Awards	KEMRI-WT Research Programme for major overseas programme	33.487.168,83
	University of Oxford for major overseas programme	15.587.831,17
	University of Cambridge (mental health)	8.133.897,37
	MMV (malaria)	7.550.000,00

**Source: Elaboration from the researcher on The Wellcome Trust 2010b.**

<sup>12</sup> The time range in the grants' database of the Wellcome Trust is different from the US based foundations: the Trust's fiscal year is calculated from October to September (not from January to December). Only the largest grants are reported here. It is not easy to identify global health grants because only the project title is reported: thus, only project titles allowing to identify a global health related grant (i.e. a disease in LMICs) have been selected (in brackets). The grants have been filtered by committees: each committee related to global health issues has been selected.

## Annex 8 – The guiding principles of the Gates Foundation

1	This is a family foundation driven by the interests and passions of the Gates family.
2	Philanthropy plays an important but limited role.
3	Science and technology have great potential to improve lives around the world.
4	We are funders and shapers—we rely on others to act and implement.
5	Our focus is clear—and limited—and prioritizes some of the most neglected issues.
6	We identify a specific point of intervention and apply our efforts against a theory of change.
7	We take risks, make big bets, and move with urgency. We are in it for the long haul.
8	We advocate—vigorously but responsibly—in our areas of focus.
9	We must be humble and mindful in our actions and words. We seek and heed the counsel of outside voices.
10	We treat our grantees as valued partners, and we treat the ultimate beneficiaries of our work with respect.
11	Delivering results with the resources we have been given is of the utmost importance—and we seek and share information about those results.
12	We demand ethical behavior of ourselves.
13	We treat each other as valued colleagues.
14	Meeting our mission—to increase opportunity and equity for those most in need—requires great stewardship of the money we have available.
15	We leave room for growth and change.

**Source: The Gates Foundation 2011l.**

## Annex 9 – Comparison on main governance rules of the Gates Foundation, the Rockefeller Foundation and the Wellcome Trust

	Gates Foundation	Rockefeller Foundation	Wellcome Trust
Foundation's body with overall responsibility over vision and strategy	Co-chairs + Trustees*: 4 members	Board of Trustees: 12 members	Board of Governors: 10 members
Foundation's body with day-to-day executive responsibilities	Management Committee (including co-chairs and trustees): 15 members	Executive Team + Senior Leadership: 7 + 22 Members	Executive Board: 8 Members
Presence of ex-officio members in Board of Trustees/Governors	No	Yes (CEO)	No (Director only on Board's request)
Voting power of ex-officio members	–	Yes	No
Trustee/Governor as a paid position	Na	No (except CEO)	Yes
Initial consecutive duration of Trustee/Governor position	Na	10 years	4 years
Number of regular Board meetings per year	Na	3	7
Decision-making mechanism in Board meetings	Na	Simple majority	Simple majority (presence quorum: 4 members)
Board Chair initial term duration	Na	5 Years	Na
Possibility of re-election of the Board Chair	Na	Up to 5 additional 1 year-terms	Na
Board Committees/Subcommittees	No	Yes (currently 5)	Yes (currently 4)
Presence of external members in Committees	–	Yes	No (except in the Audit Committee)

**Source:** *Researcher's elaboration on the Gates Foundation, 2011f; The Rockefeller Foundation, 1913, 2010b, 2011d; The Wellcome Trust 2001, 2010d.* **Note:** \* While Warren Buffet is a trustee and William H. Gates Sr. is a co-chair, Bill and Melinda Gates have both roles.

## Annex 10 – The Rockefeller Foundation funding programmes: Issue Areas, Initiatives and Areas of work

10 Initiatives										
5 Issue Areas	Developing Climate Change Resilience	Strengthening Food Security	Protecting US Workers' Economic Security	Promoting Equitable, Sustainable Transportation	Linking Global Disease Surveillance Networks	Transforming Health Systems	Advancing Innovation Processes to Solve Social Problems	Harnessing the Power of Impact Investing	NYC Opportunity Fund	Rebuilding New Orleans
Basic Survival Safeguards		x				X	x	x		
Global Health					x	X	(x)	(x)		
Climate Change & Environment	x	x		x	x		x	x		X
Urbanization				x			x	x	x	X
Social & Economic Security	x		x				x	x	x	X

Source Elaboration of the researcher on The Rockefeller Foundation 2011b.

	6 Areas of Work					
5 Issue Areas	Africa	Asia	North America	New York	Global*	Developing Countries*
Basic Survival Safeguards	x	x			x	X
Global Health	x	x			x	X
Climate Change & Environment	x	x	x		x	X
Urbanization			x	x	x	X
Social & Economic Security	x	x	x	x	x	X

Source Elaboration of the researcher on The Gates Foundation 2011b. Note: \* They are cross-cutting areas including also Africa and Asia.

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