

# How to strengthen capacity of oversight bodies and purchasers?

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# Insight view into governance practice of purchasing organizations



- ✦ Key observations of governance practice
  - ✦ Governance practice and capacity of governing bodies vary to a great extent from country to country
  - ✦ In overall the capacity of governing bodies modest
  - ✦ Governance undervalued and not in service to strengthen purchaser performance

# The capacity of oversight bodies and governance of strategic purchasing

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## Mandate & Vision

- ✦ Government definition of “owner” mandate often vague, not clear
  - ✦ Difficulty to resolve by governors a clear and shared sense of the distinctive purpose of purchaser – the value delivery
  - ✦ Conflicting interests of governors in oversight body

## Competency

- ✦ Governing body often too politicized and low professional competency

## Sustainability

- ✦ Rotation of governors in many countries high, little sustainability

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## Focus

- ✦ Boards dominantly monitoring the budget lines, very little space left for understanding the core issues
  - ✦ Health needs? Stakeholder related issues?
  - ✦ Provider selection, contracting principles, service quality? Payment mechanisms?
  - ✦ Delivered value, achieved results, ...?

## Data & Input

- ✦ Monitoring often based on randomly presented data, discussion around randomly raised issues
  - ✦ Too often focus is “what was done but not what was achieved”, no or little system approach

## Reporting

- ✦ Quality of reporting vague, governing body soft and unclear in setting high standards for reporting



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## Mindset

- ✦ Rare open debate around strategic issues incl strategic purchasing
  - ✦ Defensiveness in attitude, not development minded

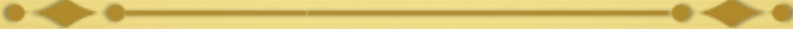
## Leadership

- ✦ Board leadership is real challenge
  - ✦ The nature of leadership at best is ad hoc leadership

## Structure

- ✦ Governing body and purchaser organizational arrangements and structure not aligned around the strategy (incl strategic purchasing)

# Increasing the capacity of the governing body



- ✦ Active role in developing strategic direction and keeping organization on selected track
- ✦ Aligned and engaged around the strategy
  - ✦ Does size matter?
  - ✦ Good mix of professional competencies
  - ✦ Board leadership and stronger interaction
    - ✦ between non-executive and executive boards
  - ✦ Compliance is necessary, but deep business knowledge and focus on strategy execution outweigh it

**More  
strategic**

**Structure &  
Composition**

# How to increase the capacity of the governing body?



- ✦ Create a need/demand for SP discussion – relevant reports and discussion inputs provided by executive board regularly on “push method”
- ✦ Build sustainable foundation for governance - functioning system and discipline, regular meeting practice, standard reports delivered, step by step digging deeper into the organization
- ✦ Building coalition / coherence with key stakeholders

**Need driven**

**Functioning,  
system**

**Stakeholder  
relations**

# ... and the purchaser



- ✦ Executive management owns the strategy and focus on execution
  - ✦ Integrity and accountability in both directions - up towards the board and down towards the general management
- ✦ Understand value delivered, impact made and assure “evidence based” meaningful reporting
  - ✦ Understand your stakeholders, bring trustworthy feedback to governance, support open discussion and secure accountability
- ✦ Build joint knowledge base with Board and capacity to handle strategic issues – joint seminars and events, brainstorming, learning from experience
- ✦ Openness, transparency, accountability – create corresponding environment, communication channels, stakeholder and public relations



# The capacity of oversight bodies ... change in governance concept



- ✦ Dynamics in governance roles – from control and “no trust” towards stewardship and leadership
- ✦ Balancing monitoring and mentoring
- ✦ Overcoming the gap between executive and governing boards, more personal interaction between the boards
- ✦ Diversity of thoughts, open discussion
- ✦ Public sector need better governance to support efficiency and value delivery