

Stanford SOCIAL INNOVATION^{Review}

Supplement **Philanthropy's New Tools for Innovation and Impact**

By Susan Desmond-Hellmann

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Philanthropy's New Tools for Innovation and Impact

INVESTING IN SMART STRATEGIES AND PASSIONATE PEOPLE.

BY SUSAN DESMOND-HELLMANN

The potential of new vaccines, hardier crops, and less expensive smart-phones and tablets led Bill and Melinda Gates to make a big bet last year: That the lives of people in poor countries will improve faster in the next 15 years than at any other time in history.

If we are to win that bet, we have to harness the talent and ingenuity found in the private sector. Progress on the ambitious global health and development challenges we have set ourselves will be driven by scientific and technological breakthroughs. And today, many of the most promising advances and innovative solutions are coming from entrepreneurs and companies.

At the Bill & Melinda Gates Foundation, we believe in the power of partnership to help us make good on our vision of a world where every person has the opportunity to lead a healthy, productive life. Our partners include NGOs, academics, governments, and international agencies and institutions. Increasingly, they also include private investors and entrepreneurs who can accelerate transformative solutions that we could neither come up with nor implement with traditional partners alone.

Some of the innovations needed are as much financial as technological. Program-related investments (PRIs) can spur entrepreneurs and corporations to pursue new breakthroughs



because we are able to reduce their risks and open new markets. They can help to overcome market failures that keep innovative companies from making transformative, low-cost products and services for poor people. They can create incentives for companies to work with us on some of the hardest problems.

Our foundation's PRI team has used loans, equity investments, volume guarantees, and credit enhancements to collaborate with the private sector to achieve our goals. In some cases, we use PRIs to help scale up innovative nonprofit business models that also help make markets work better in low- and middle-income countries.

Sometimes engaging a private-sector partner using a PRI investment mechanism will be a good option to advance our mission. Sometimes it won't. But we need all the tools at our disposal. And in the coming years, we see unparalleled opportunity to unleash the full potential of human capacity to solve our greatest challenges.

We have learned it takes even more than good ideas, revolutionary technologies, and innovative finance to solve the toughest problems. It also takes impatient optimists dedicated to the belief that all lives have equal value. In short, it takes great people—our ultimate partners in making great things happen in the world. ♦

SUSAN DESMOND-HELLMANN is the CEO of the Bill & Melinda Gates Foundation. She was previously chancellor of the University of California, San Francisco, and president of product development at Genentech.