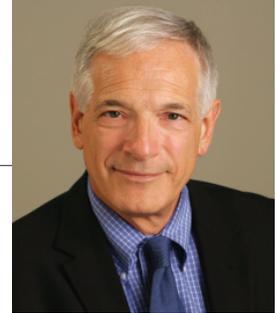


ANNUAL REPORT 2011 – PRESIDENT’S ESSAY

Learning for Change

MacArthur Foundation President
Robert L. Gallucci

An Object Lesson

On December 10, 2010, Mohamed Bouazizi doused himself in gasoline and set himself alight in Sidi Bouzid, Tunisia. A simple street vendor, Bouazizi had been driven to despair by corrupt and bullying officials. He acted alone, but his protest caught the imagination of millions of people across the Middle East. Within a year, the governments of Tunisia and Egypt had fallen, Libya’s Muammar Gaddafi was deposed and dead, and we saw demonstrations or uprisings from Syria to Yemen.

The “Arab Spring” took most observers by surprise. As old alliances and assumptions were swept away by events, Western governments had to resort to guesswork and improvisation in their foreign policy. We remain unsure of what the phenomenon means or promises—is it a “fifth wave of democracy,” an Islamic renewal movement, a reaction of the poor to underdevelopment, or a by-product of broad demographic trends?

This perplexity represents a failure of both analysis and imagination. Just as the fall of Communism surprised us, changes in the Middle East find us without a clear sense of causes and consequences—our responses are therefore unlikely to be creative or effective. In short, there was an intelligence failure in an area vital to international peace and security.



Egyptian anti-Mubarak protesters raise their hands during a rally in Cairo’s Tahrir Square. (Photo credit: Marco Longari/AFP/GettyImages)

What relevance does the Arab Spring have for the work of a foundation?

I see failures in statecraft in three traditional categories—information, knowledge, and wisdom. It is possible that the intelligence information being gathered was of the wrong kind, from the wrong sources, or not indicative of an important trend. Bitter experience teaches that what we don’t know can indeed hurt us. Knowledge is information organized by intellectual models. It is likely that the assumptions and theories to which analysts subscribed were too rigid—if one is committed to the idea that a powerful and oppressive state is likely to endure, it is hard to see its shortcomings or the potential strength of a poorly organized opposition. Wisdom also fell short. Strategists and policy makers did not take into account an unexpected scenario

with radical implications, hewing instead to a tried, but evidently outworn, conventional view of the region’s dynamics. At no level was effective learning taking place.

There are lessons here for philanthropy.

Obviously, the stakes are different. Security policy deals in military hardware, the life and death of populations, the fates of nations—philanthropy does not pretend to wield this kind of power or aspire to this kind of influence. But our mission is a serious and important one: to address pressing social problems and the systems that perpetuate them. We have binding

obligations both to contribute to the common good and to make the most effective use of our scarce resources. To accomplish that, we have to focus intensively on what and how we learn, and translate that into new ways of approaching philanthropy.

Over the past year, staff members at all levels have been thinking deeply about how we investigate, develop, implement, and refine our strategies. This has helped us appreciate the learning implicit in our grantmaking.

In every initiative, we are, in effect, testing hypotheses about how to drive social change. Of course, this is a shared enterprise, in partnership with organizations whose work we fund and whose expertise and insights are our most valued source of information. The success of our grantees' work is gratifying. But also important are the lessons learned from success and failure, the ways those lessons are applied in practice, and the how we change course as a result.

In what follows, I consider some of the lessons we have learned and what they have meant for how we plan and execute strategies in the areas of keen interest to us.

Assessing Information

Building a new philanthropic initiative begins with a process much like that of analyzing intelligence. We start with questions: Is this an important issue or problem? Can anything be done to address it? Can MacArthur alone or with others have a meaningful impact?

To answer these questions, program staff members undertake an extensive review of what is known. They examine a range of evidence, commission studies, and consult widely with experts and practitioners. In many cases, what we learn persuades us that the issue is not suited to our strengths, or is beyond our capacities to impact significantly.



Helping to increase social and economic opportunities for low-income Chicagoans, MacArthur supports the New Communities Program, a comprehensive community revitalization effort in 16 Chicago neighborhoods. (Photo Credit: Marc PoKempner)

and by the organization and funding of our electoral processes. We have consulted with scholars, and studied media trends, campaign finance, redistricting, and the sources and consequences of increasing inequality. So far, we are not persuaded that we have discovered a path to radical change for the better, but we will continue to deepen our understanding and make modest grants to organizations working to make our democracy function more efficiently and fairly.

Sometimes our preliminary investigations uncover a system that is ripe for development, needing only a catalyzing influence. We recently decided that girls' education in the developing world offered promising opportunities, particularly

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At present, we are exploring the high incarceration rates in the United States. Why does America imprison a higher proportion of its citizens than any other nation? What are the effects on individuals, their families, communities, and society as a whole? Is the system ripe for reform? What credible alternatives can be imagined? As part of our investigation, and in partnership with the Department of Justice, we are funding an expert panel on the issue convened by the National Academy of Sciences, commissioning papers, and consulting widely before we consider committing ourselves to a program of grantmaking.

Over the last year, we have been looking closely at aspects of America's political system, guided by the intuition that an increasingly divided republic is not being well served by a contentious climate in the media, by elected representatives who appear unable to compromise and build consensus,

at the secondary level. A 2010 grant to the Center for Universal Education at Brookings led to a policy document, developed in consultation with stakeholders in the field. The document, *A Global Compact on Learning*, sets out an agenda for education in developing nations. It has received enthusiastic support from government and private donors and from civil society organizations, and was endorsed at meetings held during last year's UN General Assembly opening session. We hope that education and learning will be prominent in the next set of goals that form the global development agenda, after the current Millennium Development Goals expire. We are now moving into a second phase of work, during which we will help establish a research agenda for secondary education, bring participants from developing countries to the table, implement pilot programs, and try to align the interests of more than 30 funder organizations.

MacArthur's research networks are perhaps the best known examples of our commitment to learning through a structure that is collaborative and interdisciplinary. In some cases, such as the Research Network on Adolescent Development and Juvenile Justice, the findings of a network are powerful enough to lead to a substantial area of work—in this case the Models for Change initiative, which advances replicable models of effective, fair, and developmentally sound juvenile justice systems. The influential Successful Aging Network led to the new Research Network on an Aging Society. In other areas, like the transition to adulthood and regional resilience, a network stands alone as a contribution to knowledge in the field.

Knowledge to Practice

Once we have understood the landscape, interpretive tools come into play—deduction and induction, theoretical models, and the professional judgment that comes with grantmaking experience.



Ameena Matthews, violence interrupter, in a still from "The Interrupters," directed by Steve James and Alex Kotlowitz. (Photo credit: Kartemquin Films)

The problems foundations aim to address exist in social ecosystems. We try to identify the key drivers in each system and the points at which the system can be influenced for the better. How we will exert that influence is a "theory of change," a set of hypotheses about cause and effect that guides how we will try to have an impact on the situation.

Our conservation and sustainable development grantmaking has recently gone through this stage of strategy development. After ten successful years in which we funded efforts to conserve biodiversity, largely in the tropics, we resolved to take a fresh look at new threats and opportunities. Among the many contemporary threats to natural resources, staff saw threats to freshwater ecosystems as the most pressing global conservation challenge on which we might have an impact.

In large watersheds and river basins such as the Mekong or the Great Lakes area of Africa, large populations are dependent on the natural services that rivers, forests, wetlands, and estuaries provide. Yet these areas are under severe threat from damming, forestry, and development. To change these dynamics, we concluded, simple conservation measures would not suffice—the human factors that drive development must be addressed.

If policy makers can be made aware of the economic value of the natural ecosystems they are damaging, we postulate, they can be persuaded that it is in their self-interest to adopt less harmful policies. This strategy relies on reaching and persuading elites, on the one hand, and on building strong conservation measures and an awareness of rights at critical sites, on the other. We are now developing plans to put this strategy into effect in targeted regions.

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What Makes for Wisdom?

The analysis of intelligence leads to policy and action. Foundations, like governments, sometimes have to take action on the basis of inadequate and incomplete information. Proceeding in uncertainty and ambiguity makes attention to results still more important, and it places a premium on the judgment that comes from sound values, extensive experience, and a willingness to test our cherished assumptions. That is what I mean by “wisdom.” I do not pretend that foundations have access to a hidden cache of truth, but that our staff and grantees have a collective sense of the fields in which they work that, while hard to describe, gives them an intuition for an opening, a change in direction, or a new road to long-held goals.

A recent example: for more than a decade, the Foundation has worked to preserve affordable rental housing across the United States. Most of this housing is in private hands, run by owners who depend on a network of subsidies and special financing arrangements. It was our first instinct that reducing energy costs in these properties would benefit owners, who work within tight profit margins and make them less likely to sell or redevelop the properties.

As we looked more deeply, we found changes in how the built environment in America was being managed. Local authorities, the capital markets, and federal agencies were evidently intending to regulate energy efficiency in various ways, but without attention to how this would affect affordable rental housing—the part of the housing stock where profit margins are slim and owners subsidized in various ways. We realized that affordable rental housing needed to be put into the center of this policy debate. The goals of our strategy were that the new regulations should, at least, not damage the sector; to look for benefits from the new resources being made available for energy upgrades; and to share what we had learned in supporting early efforts to audit how energy was used in multi-unit buildings and retrofit them to be more energy efficient.



Sangath is committed to improving health across the life-span. Its primary focus areas are child development, adolescent and youth health, and mental health in Goa, India.

number of communities taking part made the intended research impossible. But we had a direct influence far wider than we could have hoped.

A Learning Agenda

We have a deeper understanding of the value of a purposeful approach to learning from every phase of our work. I am looking for us to be even more open to new ideas and fresh approaches to existing programs. At that same time, like all foundations, we need to hold ourselves accountable, be clear about our goals and methods, and make sure that everything we do is open to independent assessment.

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Lessons learned in one area of work can translate to others. Not long ago, we decided that we added no special value in traditional school reform, and we brought our work to a close. Yet from it we learned ways to influence social systems that suggested how we should approach our then-nascent work in juvenile justice reform. We turned from offering a model of reform to harnessing and accelerating reform already underway, resulting in stronger partnerships and more progress toward a shared ideal.

Apparent failures can be success by another route. Some years ago, we established a research project in Melanesia designed to help local communities manage their marine resources more efficiently. Our goal was to understand what conservation techniques fishing villages could implement that would lead to more sustainable harvesting. Very soon, the program was in demand across the region and the

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This requires an organizational culture that is open and supportive, in which self-criticism is a norm, and the disposition to be ruthlessly honest is a requirement.

MacArthur aspires to be this kind of an organization. We are placing a higher priority on assessment and thinking more rigorously about how we build strategies, set goals, monitor progress, and evaluate results. Our goal is to strengthen the cycle of continuous improvement and self-reflection.



MacArthur's population and reproductive health grantmaking focuses on improving maternal mortality rates in India and Nigeria. (Photo Credit: Akintunde Akineye)

We also aim to increase transparency, believing that what we and our grantees are learning has value that should be shared with fields of work and other stakeholders.

And, like others, we are deploying new opportunities offered by technology. We have, for example, funded the Carnegie Airborne Observatory laboratory that uses chemical analysis to remotely identify the plant species present in tropical landscapes. This yields results that would be impossible to achieve by traditional means, indicating the prevalence of invasive plants over large landscapes in a single study. Monitoring of elections in Nigeria through mobile phones made a significant contribution to a more open and accurate poll. And new approaches to collecting and analyzing economic and social data could make our work in Chicago's disadvantaged neighborhoods more sophisticated and responsive. Our support for the City of Chicago to work

with Chapin Hall and the Computation Institute at the University of Chicago will help lay the foundations for urban analytics that will inform new directions for research, policy, and practice.

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Conclusions

I cannot offer penetrating insights into the causes or future of the Arab Spring. I hope, as we all do, for a region that will become more peaceful, prosperous, and responsive to the aspirations of its people. But this great shift in international affairs has been a salutary reminder that change is the only reliable constant.

The world is continually reinventing itself. Just as those who work in national security and foreign policy must adapt to more complex and challenging circumstances, we in philanthropy must become more agile, creative, and committed to learning. MacArthur is committed to this course in the years ahead.

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