Hewlett Foundation 2010 Annual Report

THE WILLIAM AND FLORA HEWLETT FOUNDATION

2010 Annual Report

Making grants to solve social and environmental problems at home and around the world.

2010 Annual Report: President's Essay

BEYOND THE GRANT DOLLARS

This PDF represents a printable version of an annual report that was originally published in digital-only format on an earlier version of the Hewlett Foundation's website. Minor changes have been made to improve formatting.

About the Foundation

The William and Flora Hewlett Foundation has been making grants since 1967 to solve social and environmental problems at home and around the world.

The Hewlett Foundation At A Glance (as of December 31, 2010)

Total assets: $7.4 billion

Total dollar amount of grants awarded in 2010: $205,273,667

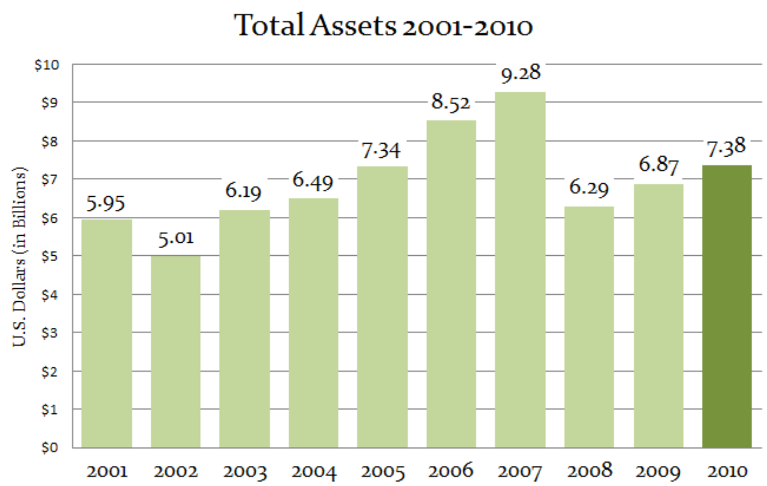
Total dollar amount of grants disbursed in 2010: $358,100,000 (estimated)

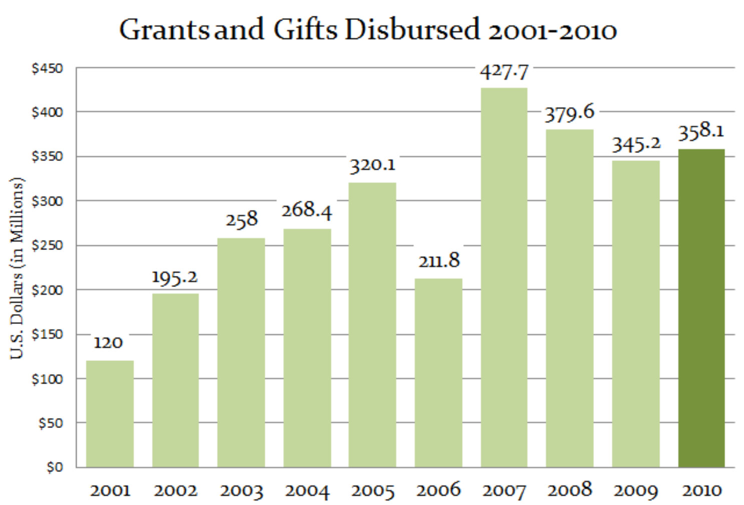
Total number of grants awarded in 2010: 526

Average grant amount in 2010: $393,900

Median grant amount in 2010: $135,000

Number of employees: 104





BEYOND THE GRANT DOLLARS[1]

Because grantmaking lies at the core of the Hewlett Foundation's work, our endowment is the fundamental asset on which our activities depend. But the Foundation has two other major assets as well: its reputation and the staff members who make good use of the endowment and maintain and strengthen its reputation. The Beyond the Grant Dollars (BTG$) project focuses particularly on the role of the program staff. It describes and analyzes the activities that they perform to maximize the Foundation's impact beyond the monetary amount of our grants.

The BTG$ project has two primary objectives:

- To improve the Foundation staff's and Board's decisions about the mix of strategies and the allocation of financial and human resources that can best achieve our goals.
- To determine the skills, experience, and other qualities we should look for in new staff members and ways to improve the development of Foundation program staff.

This essay provides the groundwork for pursuing both objectives by documenting the activities that program staff engage in and their contributions to the Foundation's outcomes. We also aim to communicate to new staff members, grantees, other funders, and the public at large the Hewlett Foundation's role as a highly engaged, outcome-oriented philanthropic organization.

THE HEWLETT FOUNDATION'S ROLE IN PHILANTHROPY

This project is premised on the Hewlett Foundation's Guiding Principles,[2] which open with a definition of the Foundation's role as a "strategic philanthropic investor." The first three principles are particularly relevant to the BTG$ project:

1. The Foundation strives to follow the commitment to philanthropy and style of operation established by the Founders.
2. The Foundation focuses on the most serious problems facing society where risk capital, responsibly invested, may make a difference over time, and on sustaining and improving institutions making positive contributions to society.
3. The Foundation strives to maximize the effectiveness of its support.

Principle 2 supports two overlapping approaches to philanthropy. Each responds in a different way to the question: *How can a foundation add social value beyond the dollars of its grants?*

Supporting Institutions and Fields

A vibrant pluralistic society necessarily includes a diverse array of nonprofit organizations—from universities and cultural institutions to advocacy groups and community-based providers of social services. Philanthropy

1 This document reflects the input of almost every member of the Foundation's program staff and many other staff members over a period of almost a year. Paul Brest and Karen Lindblom are the main editors.
2 http://www.hewlett.org/about-us/values-policies/guiding-principles

supports the ongoing work of these organizations and provides risk and growth capital to expand the scope, efficiency, and quality of their work. The vitality of individual institutions depends on the vitality of the fields in which they operate—whether in domains of knowledge, culture, or practice. Thus, the motivations that underlie supporting institutions entail a concern for the strength of their broader fields.

In its role of supporting institutions and fields, a foundation can add value beyond the grant dollar in a number of ways:

- by identifying, through due diligence, the most effective or promising nonprofit organizations in its areas of interest;
- by pressing organizations to articulate and improve their strategies and outcomes;
- by strengthening organizations, either through the direct efforts of program officers or through grants to retain consultants;
- by encouraging other funders to join in supporting particular organizations;
- by creating new organizations to fill gaps in a field; and,
- by linking organizations, policymakers, funders, and various stakeholders.

Hewlett Foundation grants that support institutions include those to the San Francisco Symphony, Marie Stopes International, and the University of California, Berkeley, among many others. The Foundation's previous work in conflict resolution and its current initiative in open educational resources (making high-quality educational materials freely available on the Web) are paradigmatic of field building. The Foundation also has played an important role in strengthening fields in its Western environmental work, international family planning, quality education in developing countries, deeper learning, and the nonprofit sector.

Collaborative Problem Solving

Collaborative problem solving comes into play when the Foundation focuses specifically (in the words of Principle 2) on "the most serious problems facing society." Of course, institutions play essential roles in addressing these problems. But in their problem-solving mode, philanthropists put the problem rather than the institution at the center. Organizations, funders, and others in a field are often fragmented or competitive and may lack the coordination necessary to solve complicated problems. Philanthropists in problem-solving mode often engage with these actors to design, implement, and coordinate strategies. The Great Bear Rainforest initiative, described later, is an example of collaborative problem solving among a group of foundations, nonprofits, and government agencies.

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While they have different centers of gravity, these two basic approaches often intersect. The Foundation's problem-solving approach tends to focus on problems that the world faces right now, while our work to support institutions aims at building long-term capacity to solve problems that may not even be foreseen. (The Foundation's separate grants of project and general operating support to the Center for Global Development reflect these two time horizons, with the former supporting the organization's particular work in population and reproductive health, foreign aid, and universal basic education.)

There are a number of ways to achieve philanthropic goals, none of which is a priori better than any other. But like all institutions, foundations develop particular practices, cultures, and areas of expertise—and eventually particular niches in their fields. Over the years, the Hewlett Foundation has developed a set of practices that reflects Principle 2 and that gives us a particular role in philanthropy. Our core practices include:

- Highly ambitious goals, focusing on some of the most serious problems facing society, with the understanding that achieving and sustaining these goals depend on strong institutions.
- A presumption in favor of general operating support when an organization's mission and activities are well aligned with the Foundation's goals.[3]
- Considered risk taking.
- A collaborative problem-solving approach.
- Continuous learning to improve our practices and procedures.
- A set of grantmaking practices that we have come to call "outcome-focused grantmaking."[4]
- Term limits for program officers and directors to ensure that we periodically revisit our assumptions about strategies.

As a result of these practices, the Foundation tends to be a highly engaged philanthropist. Engagement involves continuous consultation and dialogue with grantees, other practitioners, and experts in a field. It also requires the judgment to know when to step back and allow grantees great independence in designing and implementing strategies. But we believe that the Foundation could not be a smart, responsible risk taker and cannot be successful without a high level of engagement that adds value beyond the grant dollars.

THE FOUNDATION'S WORK

This section provides examples of five tactics that program staff pursue as they undertake the Foundation's two main approaches to philanthropy—supporting institutions and fields (the first two tactics) and collaborative problem solving (the remaining three):

- Building, supporting, and strengthening institutions
- Building, supporting, and strengthening fields
- Catalyzing multiparty problem solving
- Supporting advocacy for policy change
- Collaborating with other funders

It concludes with a review of the operational activities that program staff undertake to achieve outcomes.

Building, Supporting, and Strengthening Institutions

Much of the Hewlett Foundation's grantmaking is designed to build and strengthen organizations concerned with research, teaching, arts and culture, and policy advocacy. Our typical form of funding for these grants is general operating support (GOS), sometimes supplemented with smaller organizational effectiveness grants—funds that allow grantees to retain expert consultants in areas of mutually agreed-upon need, such as governance, communications, and fundraising. As the examples below show, GOS grants, even to "anchor" grantees (institutions that play major roles in the fields in which we work) often require ongoing involvement. This is true not only when organizations are in trouble (e.g., because of poor governance or leadership

3 See Forms of Philanthropic Support: The Centrality of Alignment

4 See Doing Good Today and Better Tomorrow.

structure, or uncertain financial sustainability), but also when they are undergoing natural, healthy developments (e.g., growing pains for a start-up, leadership transition, or dealing with changes in the external environment).

Global Development and Population Program. Because the field of global development is new and rapidly changing, we have helped build a number of new organizations such as Uwezo, which conducts annual learning assessments in Kenya, Uganda, and Tanzania; IMCO, a think tank in Mexico's transparency and accountability portfolio; and the International Initiative for Impact Evaluation, also part of the Program's transparency and accountability component.

With respect to the Program's work in population, Foundation staff and consultants support a multifaceted strategic planning effort by the International Planned Parenthood Federation to increase its focus on outcomes. The INDEPTH network, the major source of demographic information throughout Africa, has benefitted from ongoing capacity-building support, as have the African universities whose demography programs we support.

Environment Program. In the American West, we provide general operating support to the Greater Yellowstone Coalition in its efforts to protect land, water, and habitat in the Yellowstone ecosystem. The organization is well run and has clear goals and strategies, a talented staff, and an engaged board. Even so, our Program staff work very closely with the Coalition's staff. For example, we are currently engaged in a long-term planning project with the Greater Yellowstone Coalition that will help it determine whether and how to amend its strategy based on the predicted effects of climate change.

In the areas of energy and climate, we recently switched our grants to the Energy Foundation from project to general operating support, reflecting the close alignment of our goals and strategies. But this change has not decreased the degree of staff engagement with the Energy Foundation: we meet regularly to discuss strategy and coordinate our respective grantmaking plans. In addition, Foundation staff have become more involved in helping the Energy Foundation develop the systems it needs to implement its strategies successfully.

Performing Arts Program. In addition to providing ongoing capacity building for many small and midsized organizations, our program staff play a significant role in strengthening organizations at critical junctures in their lifecycles. For example, working together with its leadership, we have provided Young Audiences of Northern California with two years of capacity-building support to help it meet the arts education needs of its rapidly changing constituencies.

Philanthropy Program. Our support for some relatively new infrastructure organizations, such as the Center for Effective Philanthropy and The Bridgespan Group, has required extensive staff involvement. For example, we played a leading role in helping the Center for Effective Philanthropy, which has revolutionized how foundations gather data from their stakeholders, to diversify its funding base. We helped the *Stanford Social Innovation Review*, the most important practitioner-oriented journal in the field, transfer from Stanford's Graduate School of Business to its Center on Philanthropy and Civil Society.

The Foundation helps build and strengthen institutions in three ways:

- Most fundamentally, the task of strengthening institutions falls to program officers in their direct work with grantees. The time that program officers spend providing capacity-building assistance to grantees, in areas ranging from strategy to governance, often greatly exceeds their time spent doing due diligence and monitoring grants.
- During the past five years, the Foundation has supplemented the work of program staff with organizational effectiveness grants that allow grantee organizations to retain consultants to improve their performance in particular areas of need. These consultants provide an intensity of engagement beyond the capacity of the Foundation's own staff. Even so, our staff play a significant role in assessing the needs of organizations and helping them design engagements and implement results.
- In 2011, we instituted a $700,000 fund to provide organizational effectiveness support to a small set of anchor grantees to improve their strategic planning, monitoring, and evaluation practices. The idea was received enthusiastically, and this Outcomes Fund for Anchor Grantees has already supported a handful of engagements. For example, the Center for Reproductive Rights, a grantee in the Global Development and Population Program, is embedding monitoring and evaluation practices in its strategic planning process. Creative Commons, a grantee of the Education Program's Open Educational Resources portfolio, is developing a strategy for a sustainable future in an increasingly international environment.

With due regard for the subjectivity of grantee perceptions and their limitation as weak proxies for actual impact, in its 2009 *Grantee Perception Report*, the Center for Effective Philanthropy notes: "Hewlett receives very high ratings on measures related to its effect on individual grantee organizations. The Foundation is rated higher than 75 percent of funders for its impact on grantees' organizations and its understanding of grantees' goals and strategies. Grantee comments describe how specific characteristics of Hewlett Foundation's grantmaking, such as multi-year and general operating support grants, help strengthen their organizations and their work. The Foundation also provides grants that are larger than that of the median funder and larger than typical given the amount of administrative time grantees spend fulfilling requirements for the Foundation. Surprisingly, though, the Foundation is only rated typically for its impact on helping grantees sustain the work funded by Hewlett in the future."

Building, Supporting, and Strengthening Fields

The Foundation has played a major role in building some new fields—both domestic and international—including conflict resolution, open educational resources, transparency and accountability, and deeper learning. This work involves large start-up costs, and there are considerable risks of failure. Nevertheless, the potential is enormously high.

Field building involves several different elements, including conducting research, testing new ideas, coordinating or drawing on organizations doing distinct work, and sometimes growing the number of those organizations in order to achieve critical mass in a field. The nature and quantity of research depend on the maturity of the field, its knowledge gaps, the identification of audiences that will benefit from the research, and the engagement of researchers who can meet the field's needs. Here are three examples.

Transparency and Accountability. During the past two decades, core areas of the transparency and accountability field have seen extraordinary progress, including freedom of information laws, increased revenue and budget transparency, and better service delivery through citizen monitoring. Yet only recently have transparency and accountability practitioners begun to share and compare lessons across disciplines rather than pursue discrete initiatives concerned only with, say, budget transparency, natural resource governance, or international aid flows.

While we know which transparency and accountability tools and approaches have and have not succeeded in particular settings, we do not know enough about how impact was achieved to apply these models across different contexts at scale. The Foundation supports various strategies to address these knowledge gaps and also supports large-scale models of transparency and accountability at the country level in Mexico and East Africa.

The transparency and accountability work in Mexico, which is managed there by Foundation staff, has supported the development of a community of grantees to advance access to information and budget accountability in the country. Foundation staff regularly convene grantees to discuss common problems, engage in collaborative advocacy campaigns, and identify and fill knowledge gaps. For example, a collaborative effort to make agricultural subsidies for Mexican farmers transparent has led to caps on subsidies to wealthy farmers and a move to provide payments owed to over a million poor farmers.

Open Educational Resources. The field of open educational resources (OER) seeks to provide equal access to knowledge worldwide through the development and use of openly licensed digital resources for education. A 2001 Foundation grant to MIT to put course materials online eventually led to the OpenCourseWare Consortium, an international group of 200 institutions of higher education committed to OER. At the same time, the Foundation helped create an infrastructure for the new field, funded demonstration projects to illustrate OER's potential, and funded studies on the use of and demand for OER. One very promising outcome is the increasing number of high-quality textbooks published under Creative Commons licenses and made available to students at a far lower cost than conventional textbooks. After a decade of helping create and consolidate organizations in the field, we are providing general operating support to a number of the organizations we helped create.

Quality Education in Developing Countries. In addition to developing new fields, the Foundation has helped existing fields improve strategies and shift strategic direction. This can include building new organizations and structures within a field. Our Quality Education in Developing Countries initiative is paradigmatic.

For decades, international donors supporting K-12 education in developing countries focused on school construction and student attendance but failed to assess whether students were actually learning. In 2001, the Foundation began to try to improve learning outcomes in reading, math, and problem-solving skills.

Because few existing organizations were closely aligned with this goal, the Foundation drew on many entities to put together a strategy. For example, we made grants to the Council on Foreign Relations to establish the Center for Universal Education (now at the Brookings Institution) to make learning outcomes a high priority of the global policy agenda. The Foundation made grants to the Aga Khan Foundation to develop an approach to teaching reading and math, and then to implement that approach in Kenya and Uganda. We engaged the African Population and Health Research Center to assess the effectiveness of these approaches and worked with MIT's Poverty Action Lab to assess others. We made grants to share innovative educational ideas in many countries—for example, supporting an East African team's visit to India to learn about the implementation of a nationwide assessment of literacy and numeracy.

Over time, the Foundation hopes to foster the development of in-country organizations to which we and others can make general operating support grants. The Uwezo initiative in East Africa shows early signs of success. But for now, the work continues to require considerable coordination and support for organizational development by Foundation program officers who travel frequently to work directly with grantees in India and Africa.

Catalyzing Multiparty Problem Solving

Many of the preceding examples illustrate the Foundation's role in solving problems through building and strengthening organizations and fields. This section focuses on the program staff's more direct problem-solving role, which has been critical in almost every area of the Foundation's work. This often occurs when a field has no core organization able to address the entire problem it faces. Here, our program staff's perspective, expertise, and objectivity enable them to link together the work of organizations whose spheres of activities do not intersect or that compete with one another.

Nuclear Security Initiative. In the Nuclear Security Initiative, which works across fragmented fields, we supplement grantmaking by bringing together groups that do not ordinarily communicate with one another. For example, we convened experts on the nuclear fuel cycle from the United States, Asia, and Europe to share their work and collectively urge governments to establish nuclear spent-fuel storage facilities. We bring together technical and security policy experts—two groups that do not normally interact—to generate ideas about verifying reductions in nuclear weapon arsenals. In conjunction with other funders in the field, Foundation staff also facilitate coordination among U.S. nuclear security organizations that have not communicated with each other in the past. Their collaboration has included field-wide strategy sessions, messaging coordination, and help for grantees adjusting to rapidly changing political environments. Though impossible to quantify, we believe that this work has multiplied many times over the value of the Initiative's grants budget of approximately $2.5 million per year.

Renewable Energy Siting. Over the last two years, the Environment Program has helped conservation organizations and clean energy groups work together to dramatically increase the development of solar and wind energy in the West while protecting wildlands, water, and habitat. The Program supports some grantees working on conservation and others working on clean energy. Through a major investment of staff time, we have linked these organizations and helped them collaborate. The result is a common goal and strategy for renewable energy siting in the West that has broken gridlock and moved the issue forward.

Supporting Advocacy for Policy Change

By its nature, policy advocacy is dynamic, calling for the ability to shift in real time to respond to changing circumstances. Strategic planning, monitoring, and evaluation for advocacy are complex because of nonlinearities and uncertainties, the difficulties of assessing the probability that particular strategies will succeed, and the need to consider alternative routes to success if one path fails.

For example, our Global Development and Population Program staff work with grantees to adjust to rapid political changes involving domestic support for family planning and reproductive rights. Moreover, advocacy doesn't simply end with the adoption of a policy. It requires continuous efforts to prevent regression and ensure that policies are effectively implemented. For example, staff members in our Mexico office are highly engaged with grantees to counter efforts to roll back transparency and accountability successes in that country.

With high engagement comes potentially high payoffs, as illustrated below.

California Environmental Policy. The Environment Program has made grants to a variety of organizations focused on advancing climate change and air quality policies in California. Traditional environmental groups like the Natural Resources Defense Council, Sierra Club, and Environmental Defense Fund have provided critical advocacy and analytical capacity to help develop California's climate change policy. On the local and regional level, public health, environmental justice, and community groups like the Fresno Madera Medical Society, Coalition for Clean Air, Communities for a Better Environment, and East Yard Communities for Environmental Justice have achieved significant improvements in air quality. Program staff have devoted considerable effort to helping these diverse groups collaborate to develop and implement a shared strategy.

Great Bear Rainforest. Our work to achieve sustainable development in the Great Bear Rainforest, a large region of temperate rainforest in Canada, required coordinating experts with knowledge of the relevant industries, First Nations, government entities, NGOs and other organizations, and experts on the statistical modeling of complex strategies. In addition, Rainforest Solutions Project, a joint initiative of Greenpeace, ForestEthics, and Sierra Club BC, was created to help broker an environmental deal. More than a decade of deep engagement led to a multiparty agreement that bars logging on 5 million acres and places an additional 19 million acres under sustainable land management rules, supported by a new public/private financing mechanism.

Of course, policy advocacy that has potentially high returns also involves a significant risk of failure. In recent years, the Education Program supported a diverse group of grantees in an effort to achieve school finance reform in California. Pursuing this ambitious policy change required coordinating the efforts of grantees working in policy research and analysis, media and communications, advocacy, and grassroots mobilization, as well as providing technical assistance to policymakers. Program staff played a critical role in networking grantee organizations, sharing information, and brokering relationships among nontraditional allies. For all of this work, the results fell far short of our hopes—in large measure because of the broader fiscal and governance challenges facing the state.

It should be noted that grants to organizations that advocate for policy change typically incur greater than average legal costs to ensure that the Foundation and its grantees remain well within the lawful scope of the Internal Revenue Code and state regulatory schemes.

Collaborating with Other Funders

Achieving the Foundation's goals frequently requires collaborating with other funders. Meaningful progress often takes more capital than we alone are able to commit, and there are other benefits to developing common strategies. Whoever takes a lead role, collaboration requires Foundation staff to actively engage in meetings with other foundations, create coalitions, serve on advisory panels, draft mutual terms of reference, and align multiple funders with somewhat different strategies toward one common goal, as the examples below show.

Great Bear Rainforest. Collaboration in conserving the Great Bear Rainforest (mentioned above) took two forms: joint funding and collaborative staffing. None of the foundations had sufficient resources alone to implement a comprehensive conservation and economic development agreement. Together, the Hewlett, Packard, Moore, and Wilburforce foundations and the Rockefeller Brothers Fund built a large enough pool of philanthropic support to attract matching public funds from the governments of Canada and British

Columbia—funding that was essential to protecting the rainforest. Program officers from the participating foundations collaborated on the shuttle diplomacy necessary to bring together timber companies, environmental NGOs, First Nations, and the British Columbia provincial government in a negotiated settlement for conserving the rainforest.

ClimateWorks Foundation. In 2007, a small group of foundations concluded that global strategies for mitigating climate change required at least $300 million per year and would be ideally funded at $500 million per year. Because none of us was able to fund the entire work at this scale, together we created the ClimateWorks Foundation to provide a coordinated strategy. The Hewlett Foundation has dedicated significant staff and, indeed, Board members' time to seeking still other funders' investments in ClimateWorks.

California Forward. Five California foundations joined to create California Forward, a bipartisan organization dedicated to reforming the state's fiscal and governance practices. The planning process took almost two years and involved scores of meetings among foundation staff and CEOs, consultants, and other advisors. The project involved numerous stakeholder meetings, two competitive request-for-proposal processes, and two strategic plans. At various points, the funder collaborative seemed on the verge of falling apart because of differences about both ends and means, but we finally reached agreement. Four years after its launch, California Forward is recognized by many observers of state politics as the best hope for achieving the significant fiscal and governance reforms needed to get the state back on track.

Community Leadership Project. In 2009, the Packard, Irvine, and Hewlett foundations launched the Community Leadership Project, a $10 million partnership to build the capacity of organizations serving low-income people and communities of color in the greater San Francisco Bay Area, Central Coast, and San Joaquin Valley. In the belief that those closest to their communities best understand local needs, the Project works through intermediary organizations, which provide grants to grassroots organizations, provide technical assistance through workshops and peer networking, and fund leadership development programs. An evaluation of the Project is in process.

Operational Activities of Program Staff Members

The preceding sections discussed the Foundation's various grantmaking tactics. Here we summarize the tasks and activities performed by program staff.

Staying current with the field. Program staff members must stay current with their own and related fields and with advances in technology, communications, and evaluation in order to develop and adjust strategies, recognize gaps, and identify new opportunities. They do this through reading, participating in meetings, and maintaining relationships with other actors in their fields.

Strategic planning, monitoring and evaluation, and other grant-related processes and documentation.
Program staff undertake major strategic planning reviews every five to eight years, engage in ongoing monitoring and evaluation, and prepare annual memos reviewing the past year's performance and proposing plans for the coming year. They also write initial summaries and closing reports for each awarded grant.

Complying with regulations. In cooperation with the Legal and Grants Administration departments, program staff take responsibility for compliance with applicable federal, state, and international regulations.

Capturing and disseminating knowledge. Program staff acquire substantive knowledge in their fields and expertise in grantmaking and in the various other activities described in this essay. We are working to capture this knowledge for internal use and to disseminate it externally when it has the potential to inform nonprofit organizations, foundations, and others.

Communicating with the Board. The programs' main communications with the Board are through proposed annual plans and budgets, grant recommendations, and assessments of progress. All of these are first critiqued within the programs and through peer review by staff members from across the Foundation.

International Grantmaking

The Foundation's international grantmaking demands considerably more time and effort than similar domestic grantmaking. This is due to cultural differences, staff travel, weaker enabling environments for philanthropy and civil society, shallower human resource pools both for the leadership of nonprofit organizations and for specialized consultants, restrictive legal requirements, and the complexities of managing expenditure responsibility grants, including substantiation of a grantee's charitable purpose, adherence to reporting requirements, and greater oversight to ensure that grant funds are spent for charitable purposes.

Mentoring and peer learning. New program officers and directors are assigned mentors to assist in learning grantmaking and acquiring understanding of the Foundation's processes. Program staff also regularly engage in cross-program learning on subjects ranging from planning and evaluation to assessing and improving the capacity of grantee organizations.

Providing administrative support for grantmaking. While this essay focuses on the grants-related work of program staff, it also has implications for the Foundation's administrative departments, who regularly collaborate with program staff to improve the effectiveness of their and their grantees' work. For example, the Communications Department organizes an annual training workshop for grantees to improve their communications strategies. The Information Technology Department advises on an initiative to provide videoconferencing equipment to grantees with the aims of increasing their effectiveness and decreasing the environmental impact of travel.

The roles of our Investment and Finance and Grants Administration departments are as obvious as they are essential. The Foundation's grantmaking in developing countries and support for organizations engaged in advocacy call for special expertise by our Legal department. The Foundation's term limits for program directors and officers entail frequent searches and the training of new staff members, which demand special support from Human Resources personnel. In short, program staff would be unable to engage beyond the grant dollars they award were it not for the contributions of administrative personnel—work that is often invisible to our grantees but highly valued by everyone within the Foundation.

BECOMING MORE EFFICIENT AND EFFECTIVE

Given the Hewlett Foundation's role in the philanthropic sector and the fields in which we work, and assuming no significant growth in the size of our staff, we have asked how we can improve the effectiveness of the Foundation's work. The three main variables under our control involve:

- Grantmaking strategies

- Outsourcing
- Hiring and training program staff

Grantmaking Strategies

The Foundation's grantmaking practices demand high staff engagement. How can we make these practices more efficient without compromising our effectiveness in achieving the Foundation's programmatic goals?

We start with the observation that the number of problems the Foundation might effectively address and the number of institutions we might support are nearly infinite. It is no wonder that the Board and staff are tempted to address new challenges, start new initiatives, and pursue new ideas. But we cannot do it all, and, for the most part, we have imposed the self-discipline not to try.

Within its programs and initiatives, the Foundation already pursues a mix of approaches to grantmaking that requires varied levels of staff engagement. But the decision-making process for choosing that mix has not always systematically taken into account the labor intensity demanded of our staff. We could be more intentional about this. The fundamental question that program directors, the president, and Board should consider as they consider new opportunities is: *How much staff effort will it require to undertake a particular strategy or initiative, and does the program have the resources to support it?* Questions that will guide the answer include:

1. What is the expected value of the strategy's or initiative's social impact? How does it compare to the impact of less labor-intensive approaches?
2. How lengthy and complex will the strategic planning process be, and what internal resources will it require?
3. Given the maturity of the field and the organizations within it, how much time will program staff need to spend on organizational capacity building to ensure that grantees can be successful? (Given limits on staff capacity and expertise, might we need to outsource some capacity-building assistance, particularly for international grantees, and, if so, are good consultants available?)
4. Are there any well-developed organizations in the field that can serve as anchor grantees? (The demands on staff tend to be lower when one or more high-performing organizations can play a leadership role, allowing Foundation staff to complement those organizations' work with grants to smaller, less well-developed institutions.)
5. Are other funders already playing a leadership role, or must we take the lead?
6. Are there organizations outside the Foundation that can supplement and complement our own staff's work, through regranting; strategy, monitoring, and evaluation; strengthening organizational capacity; and research? We discuss this approach in the following section.

Outsourcing

At least two potential outsourcing mechanisms can improve the efficiency and effectiveness of the Foundation's own staff: hiring consultants and supporting intermediary organizations that can make smaller grants to multiple organizations, a concept known as "regranting." The fundamental question that the Foundation should consider is: *When is it most effective to use external organizations and consultants rather than our own staff?*

Supporting Intermediaries

The Foundation provides funds to regranting organizations for a variety of reasons. Often, such intermediaries can support smaller grantees that we cannot reach directly because of our limited staff capacity. By the same token, grantees may require extensive technical assistance that we are unable to provide. Finally, intermediary organizations may know a community better and be able to build networks more effectively than program staff can.

For these reasons, supporting intermediaries has the potential to decrease the burden on the Foundation's staff over time. At the same time, conducting due diligence, setting up a regranting structure, and developing monitoring and evaluation plans add a layer of complexity to our grantmaking, as described below.

ClimateWorks Foundation. The birth and development of the ClimateWorks Foundation (mentioned above) demanded considerable involvement by several full-time staff members. Even as the organization has matured, it continues to require extensive staff attention. This is due in part to the ambition of our shared goals, the complexity of the ClimateWorks network, the need to coordinate the organization's work with that of other actors, and its ongoing fund-raising needs. Our staff actively collaborate with ClimateWorks staff on a variety of strategic issues, such as how to redirect resources following the defeat of national climate policy in the United States and how to address climate policies in Latin America. In addition, we have provided advice on organizational development from information technology and human resources systems to evaluation and communications.

Think Tanks Initiative. The Global Development and Population Program supports the International Development Research Centre (IDRC) in implementing an initiative designed to strengthen policy research institutes based in the developing world. Our partnership with IDRC was launched in 2007 following an intensive six-month joint planning process. IDRC committed $10 million of its own resources to the program, and together we have now raised $67 million in additional funding. From the early days of the initiative, Foundation program staff invested significant time to recruit additional funders. With the resulting pooled fund of $107 million, four-year general operating support grants have been awarded to fifty-two think tanks in East and West Africa, Latin America, and South Asia. Although our day-to-day involvement has decreased in the past year or two, our program staff continue to serve actively on an executive committee of funders that meets four or five times a year to make grant selections, discuss strategic directions, and oversee the external evaluation of the Initiative.

California Education Policy Fund. A $3.5 million grant to Rockefeller Philanthropy Advisors (RPA) enabled that organization to establish the California Education Policy Fund to make grants to nonprofits working to improve state policies that affect underserved students. Program staff serve on an advisory committee and monitor the Fund's activities but have delegated the grantmaking process to RPA. This arrangement enables us to maintain a significant presence in California education reform while focusing on a new national strategy.

Retaining Consultants

Consultants complement the work of our staff in many ways. For example, they may possess particular skills in strategic planning or have other knowledge not readily available to staff. Sometimes a consultant will be hired to provide independence, as when the Foundation wants to evaluate a project, grantee, program, or strategy. However, as the following examples show, using consultants requires considerable staff engagement to conduct due diligence, agree on the scope of work, and monitor progress.

Field mapping. Fractured Atlas helped the Performing Arts Program create the San Francisco Bay Area Cultural Asset Map, which helps the field better understand where and by whom art is being made, who benefits from it, and who funds it.

Technical assistance. Capitol Impact supports the Education Program's grantees with a variety of services, including regular updates on state education policy, help in building relationships with key education stakeholders, and facilitating meetings on key education policy issues.

Communications assistance. Hired by the Global Development and Population Program, Baird's CMC created a plan for communicating the results of a research initiative on the relationship between reproductive health, population dynamics, population policy, and economic development, with a particular emphasis on research being conducted in Africa.

Substantive expertise. A foreign aid expert advises the Global Development and Population Program on its U.S. aid reform strategy and helps monitor the work of the Program's Washington, D.C.–based grantees.

Foundation-wide strategic planning. For a number of years, Redstone Strategy Group has assisted the Foundation's programs and administration in developing strategic plans.

Grantee training. Spitfire Strategies offers an annual three-day communications training program and additional technical assistance for Foundation grantee organizations across all program areas.

Hiring and Training Program Staff

The work described in this essay requires program staff with expertise in their substantive fields and in grantmaking practices, as well as extraordinarily strong analytic skills, a strategic orientation, and management and leadership abilities. While the Foundation prides itself on the caliber of staff it hires, it is unrealistic to assume that all staff members will possess every skill at the same competency level when they first step into their roles. In fact, it is not necessary for every program officer to have every one of the skills critical for a program's success, since program staff work as a team.

> "If you are making multimillion-dollar investments in a small number of nonprofit service providers, the way the Edna McConnell Clark Foundation does, you had better be excellent at due diligence and supporting grantees. If you are trying to influence public will and public policy, as the Irvine Foundation is, you had best hire people with policy experience and superb communications skills. If you're creating and disseminating knowledge, you need to make sure that your organization is designed around, and plugged into, all the networks of experts who are relevant in and for your field."
> —Thomas Tierney and Joel Fleishman, *Give Smart: Philanthropy that Gets Results* (2011).

When making hiring decisions, program directors and human resources personnel should consider these basic questions:

- What skills are essential for achieving success?
- Which of these skills are important for employees to possess when they are hired, and which can be developed over time?
- How can we best teach skills through training, apprenticeship, discussions, or learning opportunities?

Aided by the observations in the preceding pages, we have begun to systematically address these questions—especially how to provide opportunities to improve the skills of program staff members.

CONCLUSION

The last decade has seen a significant increase in the Foundation's endowment, in our annual grants budget, and in the number of staff members necessary to effectively deploy the Foundation's resources. The Hewlett Foundation's impact on society has continued to grow during this period. The foregoing analysis suggests that the value of our grant dollars is multiplied—often many times over—by our staff's work.

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Published December 2011

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Gonzalo Villa
Facilities Assistant

Gregory Helfrich
Facilities Assistant

Ibeth Olmos
Consulting Administrative
Associate/Receptionist

The Education Program in 2010

Deeper Learning at City Arts and Technology High School You Tube Link

Goals:

- Increase economic opportunity and civic engagement by education students to succeed in a changing world through deeper learning
- improve the conditions for education reform in California
- Equalize access to knowledge for teachers and students around the globe through Open Educational Resources
- Raise educational achievement in disadvantaged communities in the San Francisco Bay Area

In 2010, the Education Program made 117 grants to 87 organizations, totaling over $32 million.

The Education Program in the News in 2010:

- Expanding the Focus of the Education Program – *April 2010*
- Hewlett Foundation Joins Other Major Foundations and U.S. Department of Education to Invest in Education Innovation – *April 2010*
- The Hewlett Foundation's Role in Advancing Open Educational Resources – *April 2010*
- Video: Envision Schools - City Arts and Technology High School – *May 2010*
- A Twenty-First Century Education – *May 2010*
- Denis Udall Joins Hewlett Foundation as Education Program Officer – *May 2010*
- Christopher Shearer Joins Hewlett Foundation as Officer in the Education Program – *September 2010*
- "Foundations" - A Q&A with Denis Udall, Education Program Officer – *September 2010*
- The Quest for 'Deeper Learning' by Barbara Chow – *October 2010*
- Education for All – *November 2010*

Appendix
Education Program's 2010 Report to the Board

The Environment Program in 2010

The Environment Program makes grants to improve sustainable transportation in China, Brazil, and Mexico. Mexico City's Bus Rapid Transit system, known as Metrobus, was recently honored by Harvard University's John F. Kennedy School of Government as a model for urban transit worldwide.

Goals:

- Conserving the ecological integrity of the North American West for wildlife and people.
- Ensuring the global average temperature increases less than 2 degrees Celsius.
- Ensuring that energy efficiency is increased and that the energy supply is clean in nations with high energy demand.

In 2010, the Environment Program made 109 grants to 87 organizations, totaling over $43 million.

The Environment Program in the News in 2010:

- Margarita Parra Joins Hewlett Foundation as Officer in Environment Program – *January 2010*
- Cleaner, Greener Public Transit a Success in Mexico and Elsewhere – *February 2010*
- Featured Web Site: Yale Environment 360 – *February 2010*
- "Foundations" - A Q&A with Peggy Duxbury, Environment Program Officer – *April 2010*
- "Foundations" - A Q&A with Joe Ryan, Environment Program Officer – *July 2010*
- Featured Website: Parkinfo.org – *September 2010*
- Going Global with the Fight against Climate Change – *November 2010*
- Turning Back the Clock in San Francisco Bay – *November 2010*
- Saving the Great Bear Rainforest – *November 2010*

Appendix
Environment Program’s 2010 Report to the Board

The Global Development Program in 2010

The Global Development Program has made improving the quality of education in the developing world one of their goals. Shruti Nag, a community surveyor who works with ASER in India, assesses a young Kenyan boy's reading and math abilities. ASER conducts community surveys in India to determine levels of student achievement, and was in Kenya to share its techniques with Uwezo, a Hewlett grantee. Photo courtesy of Uwezo.

Goals:

- Improve the efficiency of agricultural markets
- Promote transparent and accountable governance around the world, with an emphasis on Mexico
- Improve the quality of education in the developing world
- Increase the amount of high-quality policy analysis created in the developing world

In 2010, the Global Development Program made 77 grants to 58 organizations, totaling over $52 million.

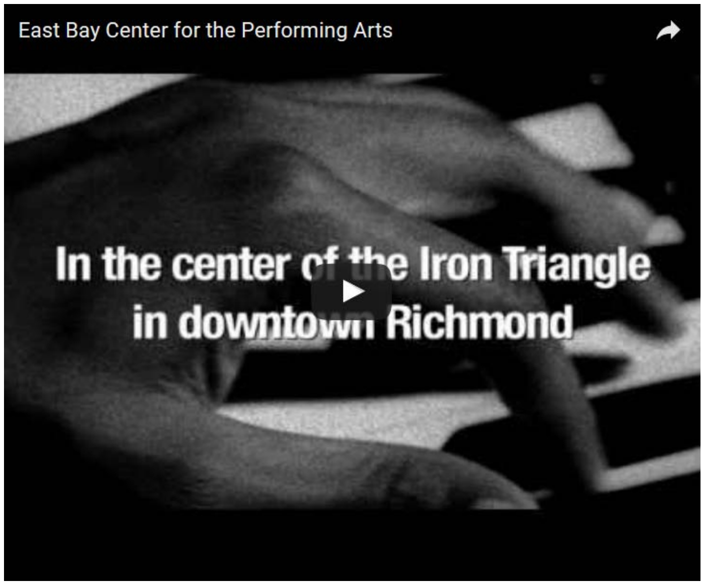
The Global Development Program in the News in 2010:

- Measuring Learning in India, Village by Village - Video – *January 2010*
- Video: Alex Ezeh, CEO of the African Population and Health Research Center – *May 2010*

- Featured Website: J-PAL – *May 2010*
- Reaching Across Borders to Improve Teaching – *March 2010*
- Chloe O'Gara Joins Hewlett Foundation as Officer in Global Development Program – *July 2010*
- Common Interests Prompt Integration Of Global Development and Population Programs – *September 2010*
- The International Budget Partnership Open Budget Survey 2010 – *October 2010*
- "Foundations" - A Q&A with C.R. Hibbs, Global Development Program Officer – *October 2010*
- Featured Website: Publish What You Fund – *October 2010*
- Presumptions of Guilt – *October 2010*
- Home-Grown Policy Solutions – *November 2010*

Appendix
Global Development Program's 2010 Report to the Board

The Performing Arts Program in 2010



East Bay Center for the Performing Arts You Tube Link

Goals:

- Build robust public support for, and appreciation of, the arts.
- Support a diverse community of high-quality artists living and working in the Bay Area.
- Support infrastructure for arts creation, presentation, and participation.
- Support Bay Area organizations that work at the intersection of arts, community engagement, and disadvantaged populations.

In 2010, the Performing Arts Program made 106 grants to 97 organizations, totaling over $14 million.

The Performing Arts Program in the News in 2010:

- Six Commissions for Playwright Collaborations – *January 2010*
- "Foundations" - A Q&A with John E. McGuirk, Performing Arts Program Director – *February 2010*
- Hewlett and Irvine Foundations Announce Partnership to Support Emerging Arts Leaders in California – *February 2010*
- The Wallace Alexander Gerbode Foundation and The William and Flora Hewlett Foundation Invite Applications for the 2010 Composer Collaboration Awards – *May 2010*
- The Performance of Their Lives – *April 2010*
- Video: East Bay Center for the Performing Arts – *May 2010*
- Featured Websites: Bay Area Arts Calendars – *July 2010*
- Americans for the Arts Honors Hewlett Foundation Program Officer – *July 2010*
- Room and Bard: CalShakes Introduces the Bard to Youth in Residential Treatment – *September 2010*

Appendix
Performing Arts Program's 2010 Report to the Board

The Philanthropy Program in 2010

In November, the Hewlett Foundation used its newsletter to reflect on its many roles in philanthropy. One highlight was a unique collaboration among foundations and government that has made it possible to restore 15,100 acres of industrial salt ponds around the San Francisco Bay to their natural state as a rich mosaic of tidal wetlands. Hewlett contributed $12 million to the effort. Here is a view of the salt ponds before restoration. Photo courtesy of Judy Irving/Pelican Media.

Goals:

- Increase and improve information available to donors about nonprofit performance
- Develop information about strategic philanthropy and share what we've learned

In 2010, the Philanthropy Program made 31 grants to 28 organizations, totaling over $5 million.

The Philanthropy Program in the News in 2010:

- Featured Web Site: The Bridgespan Group – *March 2010*
- The Many Forms of Philanthropy – *November 2010*
- Featured Website: Philanthropy Awareness Initiative – *November 2010*
- Foundations - A Q&A with Walter Hewlett – *November 2010*

Appendix
Philanthropy Program's 2010 Report to the Board

The Population Program in 2010

[Alex Ezeh of the African Population Health and Research Center You Tube Link]

Goals:

- Ensuring international access to family planning and reproductive health.
- Supporting research, training, and advocacy to create sound policy.
- Supporting family planning and reproductive health in the United States.
- Reducing teen and unplanned pregnancies in the Bay Area and Central Valley.

In 2010, the Population Program made 57 grants to 47 organizations, totaling over $41 million.

The Population Program in the News in 2010:

- "Foundations" - A Q&A with Helena Choi, Population Program Officer – *March 2010*
- Featured Web Site: kNOw More – *April 2010*
- Video: Alex Ezeh, CEO of the African Population and Health Research Center – *May 2010*
- Touching Young Lives – *May 2010*
- Margot Fahnestock Joins Hewlett Foundation as Officer in the Population Program – *September 2010*
- Common Interests Prompt Integration Of Global Development and Population Programs -- *September 2010*
- Innovating in Reproductive Health – *November 2010*

Appendix
Population Program's 2010 Report to the Board

Special Projects in 2010

The Hewlett Foundation partners with the Packard and Irvine foundations in the Community Leadership Project. The project funds organizations that serve disadvantaged communities and communities of color in order to strengthen their capacity and provide leadership training. Cheri Allison (top row, second from left) is an attorney and the executive director of the Family Violence Law Center. Her involvement in leadership training allowed her connect with other leaders, helping each other along the way.

Special Projects is intended to allow the President flexibility to fund organizations that cut across programs, to respond to unexpected opportunities, and to support high-impact organizations that the Foundation has incubated or supported for many years.

In 2010, Special Projects made 66 grants to 40 organizations, totaling over $16 million.

The William and Flora Hewlett Foundation

THE EDUCATION PROGRAM IN 2010

OVERVIEW

In March 2010, the Education Program began pursuing an expanded strategy with three distinct core components: Deeper Learning, Open Educational Resources (OER), and California Education. All three components are aimed at the Program's goal: providing all students access to rigorous, relevant, and innovative educational opportunities.

In addition to adopting the new deeper learning agenda in 2010, the Program updated the other components of its work with revised goals and investments for 2011 and beyond. We plan to accelerate our work toward vigorous implementation of the deeper learning agenda in schools and states, begin the transition of OER into mainstream educational use, and reduce but stabilize grantmaking for California policy activities.

Our largest investments will be made to advance Deeper Learning, where strategic planning and key policy developments in 2010 have set the table for the Program and its grantees to play a clear, vital role. Grantmaking in 2011 will take advantage of expected shifts in federal and state *policy* to secure a broad commitment to deeper learning, support its improved *practice* through technology and innovation, and establish an influential set of *proof points* documenting its benefits, particularly for underserved students. The Open Educational Resources component will focus its work on supporting the deeper learning reform agenda where appropriate and on transforming OER into a self-sustaining field. The Program is also prepared to respond nimbly to changing circumstances using a reserve of flexible funds.

2010: Setting the Table

The year was marked by notable achievements in each of our major strategic components, starting with Deeper Learning, which found strong support in new government policies. Perhaps most significant, a large majority of states adopted the nation's first shared set of academic standards: the Common Core. Those standards—a sound foundation for deeper learning—were backed by $350 million in federal funding for new assessments. Together, the new standards and standards-based assessments should drive schools to focus on critical thinking, communications, and other deeper learning skills—giving the Education Program a solid starting point for our new strategy. In addition, the highly competitive federal Investing in Innovation Fund (i3) awarded funding to a Hewlett Foundation grantee to begin tackling one of the toughest problems on the Deeper Learning agenda, supporting teachers' efforts to improve their practices. The Program's goal is to

The Foundation's Annual Report describes both the programmatic work of the Hewlett Foundation, as well as summaries of the current events and the work of our grantees for context. In particular, although some of the goals listed in the Annual Report may reflect the passage of legislation, the Hewlett Foundation does not lobby or earmark its funds for prohibited lobbying activities, as defined in the federal tax laws. The Foundation's funding for policy work is limited to permissible forms of support only, such as general operating support grants that grantees can allocate in their discretion and project support grants for non-lobbying activities (e.g., public education and nonpartisan research and analysis).

ensure that 15 percent of U.S. students are assessed based on Deeper Learning metrics by 2017, and that all students become proficient in this powerful set of knowledge and skills.

After eight years of field building with the Hewlett Foundation as its primary supporter, OER is beginning to shift from a nascent movement to a respected force in education. The movement was featured in both the New York Times and Wired magazine in 2010. At the same time, other foundations dramatically increased OER funding, and federal grant programs began to include OER as a priority in their grant application guidelines, signaling greater acceptance of the field.

In California, the campaign to increase college readiness and completion rates moved forward as the state's K-12 and higher education systems agreed on the Early Assessment Program as a common exam to test students' readiness for credit-bearing college courses and legislators approved an early warning system for potential high school dropouts. In addition, the chancellor of the community college system authorized a pilot program—originally supported by the Hewlett and Gates foundations—designed to increase students' chances for success by streamlining community colleges' assessment and placement systems. A 2008 grant to California State University supported a pilot for the Brokers of Expertise project—a Web portal to allow teachers to share information with peers around the state—that was featured prominently in the state's Race to the Top applications. The pilot, completed and launched in 2010, is available for educators throughout California. Finally, the state's online pupil longitudinal data system went live.

On a separate but related track, the Program, in concert with Special Projects, is recommending continued support for California Forward, which is working on a major overhaul of the state's governance. Governance reform—particularly of California's deadlocked budget process—continues to represent the clearest path forward to support the education system, which is highly dependent upon state financing.

The year 2010 saw setbacks as well. Across the nation, states used the $100 billion in federal stimulus funding primarily to avoid teacher layoffs in public schools rather than to sustain a widespread reform agenda. A guaranteed funding stream to support OER courses, which the Obama administration had included in student aid legislation, failed to advance through Congress. In California, the ongoing fiscal crisis and a failure to reach consensus thwarted efforts to increase education funding. This political environment and the desperate revenue situation confirmed our strategic decision to extend our state-based education grantmaking beyond California.

2011: Developing Opportunities

With the table set, the hard work begins in 2011, as grantees advocate and implement Deeper Learning in states from coast to coast, targeting both K-12 schools and community colleges. Although many of the most important education policymakers nationwide are on board now, it is important to recognize that the policy environment is fluid. The landscape could be altered this fall, when thirty-seven governors are up for reelection, at least nine states install new chief school officers, and power in Congress may shift. Depending on election results, state and federal policymakers who backed the Common Core and major changes in instructional practice could be gone in January, when reauthorization talks for the Elementary and Secondary Education Act (ESEA) shift into high gear. Slow recovery from the recession could also slow the current pace of reform.

Nonetheless, the Program has every reason to believe there will be significant progress again in 2011. Enthusiasm for the Common Core and the principles of Deeper Learning is widespread among state governments, and ESEA reauthorization talks have been remarkably bipartisan. Federal funding for state tests has begun to flow, ensuring that significant work to support new English/language arts and math assessments can advance in coming years. The Program plans to monitor this national activity closely since our central strategic assumption is that strong common assessments will drive local reforms in policy and practice toward Deeper Learning. In addition, as the Common Core is actively adopted by the states, we will expand efforts to identify key states with which we can work to bring Deeper Learning into K-12 classrooms and community colleges with fidelity.

Following a strategic analysis completed in 2010, OER grantmaking will shift to emphasize infrastructure investments that move the field into the core of education and strengthen its potential to become self-supporting. Infrastructure grantmaking will focus on diversifying the movement's funding and revenue, promoting its applications in core educational contexts, and increasing its acceptance in traditional K-12 and community college institutions. In addition, OER will begin to play an integral role in advancing Deeper Learning, capitalizing on the OER community's experience in technology to help create twenty-first century tools for delivering instructional materials and training.

In California, the Program plans to continue to support grantees' work in state education policy, but shift to a new grantmaking strategy that gives priority to building the effectiveness of state policy and advocacy organizations. Reduced investments will focus on multiyear grants to a balanced group of organizations that we believe are best positioned to improve policymaking conditions in the state.

DEEPER LEARNING

GOAL: Increase economic opportunity and civic engagement by educating students to succeed in a changing world. To that end, every student should know and understand core academic content, think critically and solve complex problems, work collaboratively, communicate effectively, and learn how to learn. Our goal is that 15 percent of U.S. students are assessed on Deeper Learning metrics by 2017.

THEORY OF CHANGE: Advancing Deeper Learning nationwide requires coordinated work on three fronts that complement and reinforce one another:

- Promoting supportive policy at the state and federal levels
- Spreading promising instructional practices to schools and classrooms across the nation.
- Assisting schools and systems to become proof points for the benefits of Deeper Learning.

Supportive Policy

Progress in 2010

In the summer of 2010, thirty-six states and the District of Columbia adopted the Common Core, endorsing the shared standards for English/language arts and mathematics, and laying a critical foundation for broad support of Deeper Learning. For example, the new standards reduce the breadth of topics that teachers are required to cover in each discipline every year. That frees time for them to teach in greater depth toward students' mastery of academic content through collaboration, communication, and critical thinking rather than memorization.

The Program anticipated that its goal of broadening policy support for Deeper Learning would advance further in 2010 when the Alliance for Excellent Education, a Hewlett Foundation grantee, was to release its policy-reform agenda. This agenda was developed with the Foundation's network of proof point schools, grounding it in proven Deeper Learning practices.

Plans for 2011

At the national level, the Program's grantees spent 2010 defining the principal policy barriers to Deeper Learning and identifying the best incentives for advancing its agenda for K-12 and community college students. In 2011, grantees anticipate movement on influential federal education legislation, ranging from the Elementary and Secondary Education Act—which guides K-12 standards and teacher support—to the Education Sciences Reform Act—which addresses educational research. Our goals call for our grantees to serve as trusted sources of information for both the public and policymakers on Deeper Learning.

Equally important will be grantees' work to improve the climate for, and ability of, states to adopt rigorous policies on curriculum, teacher proficiency, or assessment in support of Deeper Learning as part of their alignment to the Common Core standards. That work will likely be led by at least one intermediary organization selected to head policy efforts in focus states over the coming years.

System-wide Practice

Progress in 2010

To ensure that standards reform is carried out in the classroom, the Program set a goal of supporting the development of new performance assessments that test the Common Core and Deeper Learning knowledge and skills. The thirty-one-state SMARTER Balanced Assessment Consortium, a Hewlett grantee, took an important first step in that direction when it won $160 million in the Department of Education's competition for assessment development grants. As part of our efforts to foster rigorous alternative assessments, we also backed work to adapt the Organisation for Economic Co-operation and Development's respected Programme for International Student Assessment for individual schools and districts.

In 2010, the Program awarded grants to gauge which instructional materials and teacher development programs best support Deeper Learning. We also funded the development of OER courses for higher education based on Deeper Learning principles as well as the construction of open-source platforms for digital learning management systems and formative assessments (the tests teachers use to determine how best to teach their students). WestEd, a Hewlett Foundation grantee, ranked third among nearly 1,700 competitors in the federal i3 contest for its teacher professional development program to foster Deeper Learning skills, particularly for English language learners. The Hewlett Foundation led the successful effort to match federal funds for this grantee and is contributing $1.5 million of the match (42 percent).

Plans for 2011

It is important to acknowledge the pivotal role testing plays in the Education Program's strategy. Because K-12 education is largely driven by assessments—the lasting legacy of a national discussion capped by No Child Left Behind—tests to assess Deeper Learning knowledge and skills must be radically transformed if the movement is to succeed. We see the adoption of quality performance assessments as a tipping point for reform and are encouraged by rapid progress toward establishing common standards and developing aligned tests. Yet the lessons of past testing failures are sobering. Political posturing, a lack of public support, and concerns about costs have derailed such forward-thinking initiatives as student portfolio assessment and comparable multistate tests.

Consequently, the Program's first priority in 2011 is to support the two new federally funded state consortia as they tackle the difficult transition from planning to design and implementation of new assessments. Key areas of work will include reducing the cost of new common-performance assessments and encouraging open, collaborative, and transparent practices for their administration and data use. We will continue to support the development of technology and tools to help schools teach through Deeper Learning.

Addressing practice issues is more challenging in higher education, which has no movement for developing new assessments equivalent to that in K-12. However, most governors are getting behind an effort—led by the Obama administration, the National Governors Association, and others—to set clear, public goals for improving college completion rates and to use common metrics to report progress. These goals are creating demand for states to identify and implement better approaches to raise completion rates. Recognizing this window of opportunity, the Program will fund the development of innovative Deeper Learning approaches to improve the academic success of at-risk students and accelerate their progress toward completion of community college. We will join the Lumina Foundation in supporting six state higher education systems as they include Deeper Learning in high-enrollment degree programs. We will partner with the Gates Foundation to fund the Next Generation Learning Challenges program to develop new college preparatory models.

Proof Points

Progress in 2010

To establish proof points, the Program organized a network of school operators and professional development providers—including more than 350 schools—to showcase Deeper Learning practices to the public, policymakers, and opinion leaders. This network also serves as the source of the best-in-class innovations we hope to spread in the Program's Practice subcomponent. With targeted investments to identify commonalities, determine measures of success, and crystallize a reform policy, we are helping the network develop an active and coherent voice and eventually become self-sustaining.

In addition, the Program has initiated a multifunder effort to support work by the National Research Council of the National Academy of Sciences to advance consensus on Deeper Learning design and practice principles, such as critical thinking and problem solving.

Plans for 2011

The drive for data to document the case for Deeper Learning will move to field building from identifying network schools and assessing their evidence base. Our goal is to support the development of a "network of networks" that shares a common vision and agendas for communications, policy, and advocacy. On a parallel track, the National Research Council will develop a document that defines Deeper Learning skills in greater detail and presents the evidence linking these skills to better lives. The Center for Community College Research will examine how deeper learning curricula and instruction affect the college completion rates of at-risk students. This research will help the Program identify a core set of "proof-point" colleges that demonstrate the effectiveness of Deeper Learning approaches.

OPEN EDUCATIONAL RESOURCES (OER)

GOAL: Equalize access to knowledge for teachers and students around the globe and improve the practices of teaching and learning through OER. At the heart of the OER movement is the simple and powerful idea that the world's knowledge is a public good and that technology in general—and the World Wide Web in particular—provide an extraordinary opportunity for everyone to share, use, and reuse knowledge.

THEORY OF CHANGE: Mainstream adoption of OER sustainably increases educational capacity, and OER increase deeper learning gains by delivering personalized educational experiences and reduced costs.

Building a Sustainable Infrastructure

GOAL: OER producers sustainably provide high-quality resources for the core academic subjects in K-12 and higher education; supportive policies remove restrictions on OER funding and implementation and provide incentives to support OER; and the field adopts and implements standards that guide OER development and increase discoverability, interoperability, and accessibility.

Progress in 2010

After years of field development, the Open Educational Resources movement won greater public recognition in 2010 as a more efficient way of educating students in hard times. *Wired* magazine published two lengthy articles extolling OER, and the *New York Times* devoted a Sunday pullout section to the field.

Increased recognition, however, should not be confused with full acceptance of OER in the education community, where too many view open online materials as little more than novelties. The OER movement must join the mainstream before it can become self-sustaining. In acknowledgement of that point, the Program has shifted its strategic focus beyond launching the field and toward promoting its widespread adoption. Future work will concentrate on support for incorporating OER practices into government, markets, nonprofits, and educational institutions.

Important first steps in 2010 included progress toward the development of better standards—an essential ingredient for encouraging the large-scale adoption of Web-based content. Hewlett Foundation grantee Achieve completed the first draft of guidelines for measuring the quality of OER as part of that work. Promising signs were evident, too, in federal requests for competitive proposals that encouraged applicants to make content, research, and tools available as OER.

The OER field also moved closer to sustainability as funding from other foundations grew by more than 50 percent. The Program joined several projects with other funders, including the design of a $20 million grant competition with Gates Foundation's Next Generation Learning Challenges, which includes community college OER.

Plans for 2011

The Program's new OER strategy is to continue developing a sustainable infrastructure and demonstrating the field's potential while shifting resources to deeper learning as appropriate. A primary mission will be to identify partners to help align both existing and new OER with the Common Core. We will support grantees that are encouraging changes in federal and state policy designed to provide incentives for, and remove barriers to, funding OER projects. If the grantees are successful, benchmarks will be set for the numbers of federal grant programs requiring open licenses, states permitting academic credit for proficiency, and states allowing Creative Commons licenses for teacher-produced content.

Transform Teaching and Learning

GOAL: Demonstrate OER's potential to improve teaching and learning by delivering personalized educational experiences at reduced costs. Research spurs demand for, and guides production of, OER. Opportunistic innovation helps build an OER pipeline that continuously transforms teaching and learning.

Progress in 2010

The Program targeted a number of its 2010 investments at projects designed to collect evidence of the value that OER adds to teaching and learning. A Maine study looked at the impact of OER on teacher behavior, and a Brigham Young University project is evaluating the learning gains and efficiency of open textbooks in comparison to proprietary texts in K-12 schools. The Community College Consortium for OER expanded from ninety-three to more than 150 members during the year.

Plans for 2011

In 2011, the Program plans to back research projects on the productivity and learning gains delivered by OER, as well as an investigation into the common themes and persistent gaps in OER research. It also plans to continue support for StartL, an incubator of innovation in education.

CALIFORNIA EDUCATION

ULTIMATE GOAL: Support infrastructure for effective policymaking. Raise the achievement of all students and close equity gaps in California as measured by high school graduation rates, college readiness of the graduates, remediation rates of low-skilled community college students, and transfer and completion rates of community college students.

THEORY OF CHANGE: This theory of change relies on revisions of state policy and mechanisms that encourage continuous improvement at the local level. To address the most significant barriers to this goal, the Program has invested in grantees working primarily in three areas:

- Redesigning state education finance systems.
- Improving the quality and use of education data.
- Improving policies and incentives for college readiness and completion.

NOTE: *Starting in 2011, the Program will move to a new grantmaking strategy, reducing continued investment in work to revise state policy and shifting support toward an infrastructure for effective education policymaking.*

Redesign Education Finance Systems

GOAL: Redesign state education finance systems by making categorical funding programs more flexible, revise the K-12 and community college finance formulas to better support underserved students, and increase overall K-12 funding.

Progress in 2010

California continued to reel from crippling budget shortfalls in 2010 as the state government faced a new $19 billion deficit. The governor called for trimming $2.48 billion more from K-12 spending, crushing any hope for increased funding in the near future. In another blow to the cause of finance reform, a grassroots initiative intended to combine the political clout of unions with the influence of the business community also fell victim to the current budget climate and did not reach consensus on a strong set of reforms, which was necessary for our philanthropic support.

However, two investments by the Hewlett Foundation may still provide a path forward for California policy. The first is an effort by the Los Angeles, Twin Rivers, and Pasadena school districts to pursue a weighted funding formula. Their pilots will direct more money to needy students and bring transparency and flexibility to the overall system, while a research component produces lessons for statewide adoption of similar strategies. The second effort is a RAND-led research partnership to study the impact of the state's decision to eliminate a number of categorical programs. The project's findings could offer a long-term strategy toward flexible funding in California.

Improve Education Data Quality and Use

GOAL: Improve the quality and use of data by building a robust K-12 data system and requiring community colleges to report outcomes for underprepared students.

Progress in 2010

One of the Hewlett Foundation's primary accomplishments in California education reform is the statewide student data system known as CALPADS, launched in 2009 with the advocacy and support of our grantees. Even in the midst of the state's fiscal crisis, the new system enjoyed such strong support that the governor proposed spending $5.9 million for its expansion in his 2010 budget—despite cutting overall K-12 funding. While the project continues to move forward, delays and political disputes between the governor and the Department of Education (CDE) resulted in his veto of funding for CDE staff to oversee the project. CDE had sufficient funding through December 6, 2010, but continuation of its oversight role required negotiation between the governor and superintendent of public instruction. The legislature also approved a law requiring data on student absences to be reported in CALPADS. This is significant since chronic absence is an indicator of the risk of dropping out of school.

Increase College Readiness and Completion Rates

GOAL: Improve policies and incentives for college readiness by preventing high school dropouts and establishing shared college readiness standards. Raise college completion rates by implementing effective practices for community college students with basic skills.

Progress in 2010

Despite daunting fiscal constraints and legislative gridlock, a campaign to increase college readiness and completion rates moved steadily forward in 2010 with the Program's support. Following the recommendation of a commission supported by the Hewlett Foundation, the State Board of Education adopted new Common Core State Standards focused on college readiness. The state's higher education systems agreed to use the Early Assessment Program, administered in the junior year of high school, as a measure of college readiness. The chancellor of California Community Colleges launched a new data project encouraging colleges to use one of three common placement tests for evaluating student preparation for college classes. Finally, with the launch of two initiatives to significantly increase the number of community colleges employing effective practices for reaching underskilled students, California is well on the way to improving basic-skills instruction and raising completion rates in 80 percent of its colleges.

Support Infrastructure for Effective Policymaking

GOAL: Improve the overall quality of California's education system—and especially close persistent achievement gaps—by reinforcing the infrastructure essential for developing good education policy. Support projects aimed at improving California governance systems. Address both policy change and the organizational effectiveness of reform advocates.

Plans for 2011

The Hewlett Foundation's support has long played an important role in California education reform, helping to create, grow, and strengthen a deep bench of talented policy analysts and advocates who are working hard to improve the state's education system. But California's problems are complex, and the state's deadlocked political process has made real reform increasingly difficult to achieve, despite the best efforts of our grantees. Looking around the country—especially as the Program considers the interest in, and capacity for, advancing Deeper Learning—it is clear that other states have become the new frontier of policy and practice innovations.

Even as we shift our attention toward a nationwide agenda and away from a concentration on California's unique education problems, we remain committed to ensuring that key California organizations have the resources they need to continue their work in state education policy issues. To fulfill that commitment, while allowing for unanticipated developments, we are exploring a new grantmaking mechanism that we are calling the California Education Policy Infrastructure portfolio. The investment plan would have the following characteristics:

- Multiyear grants
- Emphasis on more flexible general operating support grants
- A competitive process
- A balanced "ecosystem" of organizations

The Program will likely select a nonprofit organization by the end of 2010 to manage the portfolio, leading work in two areas:

- Policy Change: to support new education policies designed to assist at-risk K-12 and community college students improve their performance.
- Organizational Effectiveness: to provide ongoing support and technical assistance to grantees.

OPPORTUNITY

GOAL: Continue to support areas of inquiry that can have substantial impact but arise on short notice.

SERVING BAY AREA COMMUNITIES

GOAL: Support local organizations to strengthen our overall goal consistent with our Deeper Learning strategy.

The William and Flora Hewlett Foundation

THE ENVIRONMENT PROGRAM IN 2010

OVERVIEW

The Environment Program has three long-term goals:

- Conserving the ecological integrity of the North American West for wildlife and people.
- Ensuring that the global average temperature increases less than two degrees Celsius.
- Ensuring that energy efficiency is increased and energy supply is clean in nations with high energy demand.

In 2010, our grantees' biggest successes included protection of an additional 67 million acres of wild land in the western United States and northern Canada, defense of a clean-truck plan for Southern California ports (equivalent to taking 200,000 cars off the road for a year), and significant commitments on renewable energy and efficiency in Colorado and California.

A setback towards our Energy and Climate goals was the failure to see adoption of a comprehensive U.S. climate or energy policy aimed at significantly reducing greenhouse gas emissions. Efforts are under way to adjust the Program's U.S. and global climate and energy strategy accordingly.

WESTERN CONSERVATION

GOAL: Conserve the ecological integrity of the West for wildlife and people.

THEORY OF CHANGE: Ecosystems throughout the North American West will thrive if (1) public lands are better managed to protect remaining large roadless areas and other ecologically important land, (2) river flows are increased to support the plants and animals dependent upon them, (3) energy development shifts from fossil fuels to increased energy efficiency and renewable energy development, and (4) public funding for private land conservation is available in priority conservation areas. Achieving each aim requires public policy improvements. Western constituencies such as ranchers, hunters, anglers, Latinos, faith groups, Native Americans, and environmental advocates must all be key partners in improving land, water, and energy policy in the region.

Conserving Western Lands

In 2010, grantees made significant progress to conserve western land, securing 67 million acres of protection against a 48 million-acre target. Two actions account for the bulk of the acreage. First, U.S. Secretary of Agriculture Tom Vilsack adopted a policy protecting the remaining 58 million acres of roadless National Forest lands. The secretary's order, affecting some 30 percent of all National Forest lands, means that these wild places will not be developed. Several of our grantees worked diligently to secure this decision, including The Wilderness Society and Trout Unlimited.

Second, an additional 9 million acres were set aside in the boreal forest in 2010, and a precedent-setting agreement was forged with the Forest Products Association of Canada that should result in 70 million additional acres protected and will ensure that another 100 million acres will be under much better land-management standards. What makes this agreement significant is that the entire 170 million acre area is currently under lease by timber companies and slated for harvest. Several factors contributed to the timber industry's willingness to collaborate, including the sluggish market for wood products and steeply declining woodland caribou numbers. Our grantee, the Pew International Boreal Conservation Campaign, was the main architect of the agreement.

In 2011, grantees expect to protect tens of millions of additional acres of boreal forest in Alberta, British Columbia, and the Yukon. Grantee efforts in western states could also yield permanent protection of an additional 3 million acres of wilderness.

Increasing Western River Flows

Grantees continue making progress on protecting western rivers by successfully negotiating new water leases and securing agreements to take down dams throughout the region. However, progress is somewhat below the Program's expected target of 750 miles, with only 575 river miles being improved in 2010. Two dam removal projects in 2010 deserve special attention. One dam, in Grand Teton National Park on Spread Creek, a tributary of the Gros Ventre River, has blocked spawning Yellowstone cutthroat trout for forty years. Once removed, fifty miles of river will be open to three native species of fish. The dam is coming down because of an agreement struck between one of our core grantees, Trout Unlimited, and the National Park Service. As the Grand Teton Park Superintendent put it, "We appreciate and applaud the work of Trout Unlimited … in making this project possible."

Farther west, work has begun to take down two dams on the Elwha River in Olympic National Park that for 100 years have blocked five species of salmon from spawning on seventy miles of the river. When the dams are breached, it is expected that salmon numbers will swell from 3,000 to more than 300,000 within a decade, and natural sediment flows will rebuild the estuary at the mouth of the Elwha. A Hewlett Foundation grantee, American Rivers' Hydropower Reform Coalition, played a key role in negotiating the dam removal agreement and in shepherding it through a myriad of regulatory approvals. In 2011, we expect grantees to secure dam agreements in Oregon and Washington that will improve 225 river miles, as well as water leasing agreements in four western states that will improve 350 river miles. Grantees expect permanent protection for 200 river miles in three western states.

Increasing Western Clean Energy

Western energy policy goals not only complement the Foundation's national energy and climate priorities, but also involve many uniquely western activities. The Program's Western Clean Energy priorities are (1) to reduce the demand for fossil fuels by blocking development of new coal-fired power plants and slowing development of oil and gas resources and (2) to increase energy efficiency and solar, wind, and geothermal development. This work has important benefits for our energy and climate goals and helps protect the important habitats and landscapes in the West.

In the intermountain West, efficiency funding for electric utilities increased 44 percent in 2009, saving consumers at least $5 billion over the lifetime of these programs. Meanwhile, the Pacific Northwest and California continue to lead the country with pioneering efficiency programs. Several grantees—including the Southwest Energy Efficiency Project, the Center for Energy Efficiency and Renewable Technology, and the Natural Resources Defense Council—have been instrumental to these efforts. In 2011, we plan to support grantees focused on Los Angeles Department of Power and Water and Salt River Project, two of the nation's largest publicly owned utilities, each with lagging efficiency programs and a strong dependence on coal-fired power generation. The Program also hopes to see more states adopt decoupling policies that separate energy sales from utility profits.

Western states continue to lead the country in renewable energy development, with about 5 percent of the region's energy coming from renewable resources, higher than the national average of about 3.6 percent. Colorado and California now have the most aggressive state mandates in the country. In Colorado, the legislature raised its renewable electricity standard to 30 percent by 2020, while in California, the state's air quality agency mandate calls for a 33 percent standard by 2020. A large number of solar energy projects in Southern California, totaling 4,300 megawatts, were racing to break ground before the end of 2010, when federal grant funds were to expire.

Many challenges remain to achieve the 2011 goal of 10,000 megawatts of additional renewable energy capacity. It is taking longer than expected for developers to get regulatory approval for large solar projects, particularly on public lands. Differing priorities between conservation grantees and clean-energy grantees are slowing the approval of some projects, and the efforts to find solutions balancing habitat protection with the siting of renewable projects become more challenging as specific projects become more real.

Western grantees, working with support from multiple funders, made excellent progress limiting new oil and gas leasing and development in order to promote renewables and better protect fish and wildlife habitat. They secured policy changes that reduce or eliminate the impact of development on 30 million acres of public land.

This exceeds the 15 million-acre target for 2010. The Department of Interior adopted new, far-reaching fossil energy leasing policies as the result of the collaborative work of several of our grantees including Western Energy Project, The Wilderness Society, and Sportsmen for Responsible Energy Development. The new rules require the Bureau of Land Management, the federal agency that leases public land for fossil energy development, to avoid leasing roadless land and sensitive wildlife habitats. The National Audubon Society, another grantee, brokered an agreement with the Department of Interior that ensures that sage-grouse habitat on 30 million acres in Colorado, Utah, Nevada, Idaho, and Oregon will not be adversely affected by energy development. This new agreement builds on another sage-grouse agreement secured in 2009. That agreement also covered 30 million acres of public land, but was limited to Wyoming.

In 2011, funding is likely to focus on grantees that continue to develop more renewable energy and efficiency programs. Grants would also support work to ensure that over 1 million additional acres are set aside from fossil-energy leasing and aid implementation of new fossil-energy leasing regulations to protect land and wildlife in Wyoming, Colorado, and Montana.

Building Broad-based Support

Our funding for broad-based support focuses on building lasting engagement on land, water, and energy issues from indivduals, communities, and organizations not traditionally engaged in environmental protection. This work is being expanded from California into the interior West with a focus on energy development issues. In California, which has the most polluted air in the nation, we continue to fund efforts to reduce air pollution.

Exciting progress was made in 2010 toward cleaner air in Southern California by reducing truck pollution at the ports. A federal district court denied an appeal by the trucking industry that would have blocked ports in Los Angeles from enforcing the clean truck plan. This major win for clean-air advocates has helped build their determination to defend the rule through an appeal to the U.S. Supreme Court. The reduced pollution from trucks since 2008 equates to removing 200,000 automobiles from Southern California highways for one year. This work has strengthened collaboration among labor, social justice, and environmental grantees, such as the Coalition for Clean Air, the Los Angeles Alliance for a New Economy, and the Center for Community Action and Environmental Justice, who are working closely on the clean-air effort for the ports.

The trucking industry continues its efforts to roll back the state's 2009 landmark rule to reduce diesel truck pollution. Ongoing support linking the medical community with grantees that reach a multiethnic base is critical to the defense of the provision. A Hewlett Foundation-funded RAND report analyzed the health costs to insurance payers as a result of air pollution. The report has helped bolster public and policymaker support for the clean air provision. Safeguarding current clean air rules and tackling new rules on Central Valley diesel pollution from farm operations will be major challenges for grantees in 2011.

In 2011, the Program will accelerate efforts to replicate broad-based support in other western states. The visibility of business and labor allies is key to advancing the Hewlett Foundation's energy goals, especially against the backdrop of the recession. In a sign of progress in 2010, a Hewlett Foundation-funded study in five western states (Colorado, Montana, New Mexico, Utah, and Wyoming) documented a 30 percent growth in green jobs between 1995 and2007, while overall job growth hovered at 19 percent for the same period. Support to labor allies like the Front Range Economic Strategy Center could strengthen efforts to ensure that good green jobs are generated from Denver's efforts to implement energy efficiency policies.

In 2010, several American Indian tribes made it a priority to transition away from coal and to advance renewable energy projects with support from the Foundation. Funding for tribal and other organizations will be needed to help the nascent Navajo Green Economy Coalition and others succeed in identifying viable economic benefits from nonfossil-fuel sources. Strengthening broad support for environmental policies requires savvy collaboration among labor, environmental, and Native American allies. We intend to work in concert with other foundations to support appropriate grantees in this area.

Finally, in 2011, we plan to establish better metrics to track the breadth of support for our western goals. Support is not easy to measure quantitatively, and the quality of polling data we use for this purpose in California is not readily available in other states. We plan to recommend polling and communications grants to expand polling measurement in other western states.

ENERGY AND CLIMATE

GOAL: Ensure that global average temperature increases less than two degrees Celsius, that energy efficiency is increased, and that energy supply is clean in nations with high energy demand.

THEORY OF CHANGE: The worst effects of climate change on people and the environment will be avoided if temperature increases are kept below two degrees Celsius. To do this, atmospheric concentrations of greenhouse gases must be stabilized at or below 450 parts per million. This can be achieved along with significant increases in energy efficiency and clean energy supply if nations with high existing or projected energy demand adopt and implement policies requiring that (1) new energy demand be met through efficiency and at least 25 percent of existing demand be met with clean sources; (2) high-carbon fossil fuel development like coal, tar sands, and oil shale are curtailed; (3) the vast majority of vehicle greenhouse gas and conventional pollution is cut through increased efficiency, clean fuels, and improved urban design; and (4) the full cost of greenhouse gas pollution is borne by the emitter. The Program pursues these goals by supporting grantees focused on energy and climate policy in key developed countries with high energy demand, like the United States and the European Union nations, and in developing countries with high and fast-growing energy demand, like China, India, Mexico, and Brazil.

Clean Energy and Climate Policy

Two of our grantees' top climate goals were to help create an environment conducive to the passage of a binding global agreement in Copenhagen, at the 2009 U.N. Climate Change Conference, and comprehensive legislation in the United States Congress. Neither was accomplished and neither appears likely to occur in

2011. These failures were a major disappointment for the global climate community and, along with other foundations, we are trying to understand what factors contributed to this setback and what lessons can be learned.

While gridlock prevails in Congress, grantees will continue to pursue other avenues for federal action, mostly through work with key federal agencies. The Program's grantees will work to ensure that the Environmental Protection Agency continues to reduce air, water, and waste pollution associated with mining and burning fossil fuels. Since the national debt is likely to cast a long shadow across every policy debate, including energy, the Bipartisan Policy Center will continue focus on discouraging fossil dependence while at the same time reducing deficits.

State work will be important as well, with energy efficiency gains looking promising thanks to the American Recovery and Reinvestment Act, which in 2009 funded the largest federal investment in state and local energy efficiency programs in U.S. history. This funding provided an important first step to introducing consumers and decisionmakers to the cost-saving benefits of energy efficiency, particularly in states that in the past were not served by utility efficiency programs. Grantees hope to take advantage of this one-time federal funding by working in hard-to-reach places like the southeastern region of the United States. States spend about $4.3 billion for ratepayer-funded electricity and natural gas efficiency programs, up from $2.5 billion in 2007. However, few of these efficiency investments occur in the Southeast, which is home to three of the four largest coal-fired utilities in the country. One goal in 2011 is to begin to build capacity in the Southeast so that in the next few years the region has policies similar to those that have emerged in the intermountain West and parts of the Midwest.

To support these and other efforts, the Foundation will shift resources away from grantees working on comprehensive global and national climate policies toward ongoing and expanded efforts targeting those economic sectors and geographic regions that hold the most promise for reducing greenhouse gas emissions.

Lowering global dependence on coal and increasing the use of lower carbon sources of energy is a high priority among our energy and climate strategies. This is particularly important in China and the United States, which together burn enough coal to produce 27 percent of the world's greenhouse gas pollution.[1] China now leads the world in coal production, and its output grew by 28 percent in the first quarter of 2010. Our grantee ClimateWorks has set a goal of eliminating 362 million tons of the country's coal emissions. Already, it is seeing some progress. China recently announced that it will close a number of small coal plants and has emerged as the world's largest producer of wind power.

We will also support grantees working to stop new U.S. coal plants and retire existing ones. Coal is the nation's largest source of greenhouse gas emissions and comes with a long list of other environmental and

[1] In 2008, coal emissions in the United States produced 2.1 billion tons of greenhouse gas emissions and in China 5.4 billion tons. Total worldwide emissions were 30 billion tons.

health risks. As the Environmental Protection Agency moves forward on several new rules to reduce fossil fuel pollution, we hope to see a better accounting of the true cost of coal to society. The Program's grantees, led by the Energy Foundation and the Sierra Club, will make the economic and environmental case for fewer coal plant retrofits and more retirements.

But it is not enough to say no to coal. Supporting grantees who work for cleaner alternatives is at the core of our energy agenda. Most of our grantees work on an integrated approach to energy policy: saying no to coal and yes to renewable alternatives, pursuing aggressive energy efficiency programs, and, in some cases, supporting a switch to lower carbon fuels like natural gas.

Part of this integrated work includes funding grantees to participate in new venues. The Federal Energy Regulatory Commission, for example, has typically been ignored by environmental policy interests. This is no longer the case. Today, the commission determines key regulations to encourage an increase in renewable energy generation. Likewise, at the state level, utility commissions are now almost as important as state environmental agencies. One priority for the Foundation in 2011 is to ensure that grantees are building the capacity and expertise to engage in these new venues.

Increasing Clean Transportation

Like power generation, the transportation sector is dependent on fossil fuels and is key to mitigating climate change and promoting clean-energy policies. Transportation is second only to the power sector in greenhouse gas emissions, representing 23 percent of the world's total. The strategies of our clean-transportation agenda address the growth of carbon emissions, as well as conventional pollutants in the United States and in the key developing countries of China, Brazil, and Mexico. Our strategies are to support grantees seeking to promote clean fuels, make cars more efficient, expand effective transit systems, and improve urban planning.

Brazil and China achieved national transit policy improvements in 2010. In Brazil, the pressure of hosting the 2014 World Cup has driven investment in transit infrastructure from the federal government, including at least seventeen new bus rapid transit systems. Tthe Brazilian National Congress considered an unprecedented Urban Mobility National Policy bill. In China, the Ministry of Transportation was developing its Five Year Plan with clear targets and enforcement mechanisms for public transit development; a bus rapid transit system is part of the plan. Action at the local and regional level also continues to be strong. In the Chinese cities of Jinan and Kunming, success in building a bus rapid transit system gained the trust of city government and provided an opportunity to implement transit-oriented development sites along bus lines that integrate walking and biking. A bike-share program was launched in Mexico City with eighty-five stations and 1,200 public bikes. Here in the United States, California achieved a major milestone when the Air Resources Board drafted ambitious targets to reduce greenhouse gas emissions through fuel-efficient transportation and land-use planning. Adoption is expected at the end of the year, reducing greenhouse gas emissions by 15 million tons by 2035.

In 2011, the challenge for the Program's grantees is to ensure that policy adoption leads to implementation. Adopted legislation in China (transportation targets), Brazil (low-sulfur diesel production), Mexico (vehicle fuel economy standards), and California (greenhouse gas emissions reduction targets with land-use and fuel economy standards) will require continuous technical and advocacy support to ensure it is implemented effectively.

SERVING BAY AREA COMMUNITIES

GOAL: Improve outdoor recreational opportunities, urban parks, and transit availability, and reduce negative environmental impact in disadvantaged San Francisco Bay Area communities.

THEORY OF CHANGE: Outdoor recreational opportunities, transit mobility, and air and water quality will improve in the Bay Area's underserved communities through investments in organizations and community foundations that engage residents to address those needs.

In 2010, the Hewlett Foundation expanded its support to organizations working to reshape how land use in the Bay Area impacts open space, the availability of public transportation, and air pollution, particularly in underserved communities. New state laws require planning agencies and cities to meet greenhouse gas targets as they plan for the future by developing sustainable community strategies. Low-income and minority communities have much to gain, or lose. To make sure that community voices are heard, support for members of the Great Communities Collaborative expanded in late 2009 to include Urban Habitat and the Non-Profit Housing Association of Northern California. We also made grants to the Silicon Valley Community Foundation and the Asian Pacific Environment Network. With continued support for the San Francisco Foundation and TransForm, we anticipate that the Great Communities grantees will work with key Bay Area cities to support approaches that are more equitable both economically and environmentally.

Also new in 2010 is support for bringing more open space to East Palo Alto, where the bay-side Cooley Landing area is being restored. East Palo Alto lacks adequate parks and open space.

Creating and protecting access to parks and the outdoors and supporting efforts to improve air quality continue to be grantee priorities. Grants to Outward Bound, Trips for Kids, the Trust for Public Land, the Fresno Regional Foundation, and the Rose Foundation continue to help ensure that underserved communities have more opportunities to enjoy and influence the quality of their neighborhoods. Due to the challenging economic environment, it is expected that the number of children served and community organizations supported will remain level rather than grow as in past years. In 2011, an estimated 2,000 children will be served, efforts to improve air quality will continue in Fresno, and three urban parks will move closer to completion in the Bay Area.

THE GLOBAL DEVELOPMENT PROGRAM IN 2010

OVERVIEW

The Global Development Program seeks to improve the lives and livelihoods of people in developing countries, particularly the poorest—most of whom are women and children—by promoting equitable and sustainable economic growth. Three interrelated elements are key to the achievement of this goal: (1) securing sustainable economic livelihoods for the world's poorest people, especially women; (2) establishing the conditions for transparent and accountable governance, particularly in the financing and delivery of public services; and (3) investing in human capital by ensuring that all children have the opportunity to learn in school. Good policymaking in these three areas relies in part on strong policy research institutes that generate locally relevant evidence and expertise to inform good public policies.

TRANSPARENCY AND ACCOUNTABILITY

GOAL: Improve the delivery of basic public services to the world's poor.

THEORY OF CHANGE: Without appropriate information and oversight of how public funds are collected, allocated, and spent, problems of mismanagement and corruption often undermine the delivery of basic public services. Grantmaking will seek to increase public oversight of two key revenue flows into developing countries—from foreign aid and the extractive industries—as well as public oversight of spending and service delivery.

Better Revenue Allocations

It is important that governments in poor countries have adequate revenue to fund the delivery of basic services, and for these resources to be allocated effectively. The Program's goal is to improve the transparency of two key revenue sources for poor countries—foreign aid and natural resources (e.g., from mining or oil)—so that citizens can monitor how much money is coming in and where it ends up.

Foreign Aid

Inefficiencies in the way international donors allocate and distribute their development assistance mean that fewer funds reach poor citizens in the form of quality public services. These inefficiencies persist in part because recipient governments are not fully aware of the aid they are getting, and citizens cannot track how aid monies are actually spent. One key strategy for reducing these inefficiencies is to make aid more transparent, which the Hewlett Foundation is advancing by supporting and participating in the International Aid Transparency Initiative. A second strategy is to improve the way the United States, the world's largest aid donor in total dollars, invests in development.

The Hewlett Foundation began supporting grantees working on U.S. aid reform in 2004, with the goal of improving overall effectiveness and ensuring that aid allocations are consistently guided by evidence of needs and priorities on the ground. With the election of President Obama, who campaigned on a strong global development platform, expectations mounted that significant progress on reform could be achieved early in his administration.

Hewlett grantees applauded the release in September 2010 of a new U.S. Global Development Policy, which reflects many of their recommendations for improving the effectiveness of U.S. foreign assistance. The policy elevates the importance of development, calls for better alignment of U.S. development investments with local needs and priorities, and commits to strengthening the U.S. Agency for International Development (USAID). In 2010, the House Foreign Affairs Committee also began to circulate draft legislation to reform and update the Foreign Assistance Act of 1961. With momentum growing, marked by the new policy and draft bill, 2011 promises to be a critical year for our grantees advocating for comprehensive aid reform. Challenges ahead include continuing to strengthen USAID in a time of intense pressures on the foreign affairs budget, and building more consensus for country-based development strategies, as opposed to funding directives from Washington that do not necessarily address on-the-ground needs.

Natural Resource Revenues

Efforts to improve the transparency and accountability of revenue flows from extractive sectors in resource-rich countries received a boost in 2010 with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which included provisions requiring companies to disclose payments they make to governments when exploiting and extracting oil, gas, and mineral reserves. The law applies to all energy and mining companies listed with the Securities and Exchange Commission, which includes twenty-nine of the world's thirty-two largest oil and gas companies and eight of the ten largest mining companies.

"This law sets a new, higher global standard for financial transparency," said Open Society Institute (OSI) founder George Soros. "Making public the revenues that governments receive from oil, gas and mining companies will make those governments more open and more accountable to their citizens." Along with OSI, the Hewlett Foundation is a strong supporter of groups such as Revenue Watch Institute and Oxfam

America, whose programs emphasize that appropriate legal and regulatory provisions are critical to ensuring resource transparency.

This U.S.-led effort is consistent with the best practice measures of the Extractive Industries Transparency Initiative (EITI), the global norm that establishes a reporting cycle for countries to publish their revenues from the sale of extractives and for citizen groups to monitor their governments' compliance. Thirty-two countries are now implementing the EITI, and more than $68 billion has been reported. The quality of the first reports is mixed, and the data is still being verified by external auditors, but these documents are already revealing the magnitude of revenue generated by natural resource taxes and royalties that could be contributing to national development. Citizen watchdog groups can now use this information to ensure that they are benefiting from the sale of their natural resources.

More Effective Use of Public Funds

Public Spending

Better access to budget information is a prerequisite to establishing mechanisms that citizens can use to exercise more effective oversight of public spending. Every two years since 2006, the International Budget Partnership (IBP), our lead grantee in this area, has been compiling the Open Budget Index, which ranks countries on how easily their citizens can access information on their national budgets. The number of countries in the survey has increased from fifty-nine in 2006 to more than 100 in the 2010 survey. A number of encouraging developments indicate the growing influence of the Index in the eyes of governments around the world. In 2008, for example, only five countries responded to IBP's request for comments on survey results. By 2010, however, forty-five countries responded—many directly from ministries of finance. Since 2008, some countries have also taken steps to share with the public a simplified version of the national budget (what IBP calls a "citizen's budget"); these include Mexico, the Democratic Republic of the Congo, Azerbaijan, Tanzania, Guatemala, El Salvador, and Mali.

Based on these encouraging developments, IBP is redoubling its efforts to establish a new global norm of budget transparency. Now that the Obama administration has identified "open government" as a priority both at home and abroad, it seems likely that the United States will be a chief ally in this effort.

Why Does Access to Budget Information Matter? The Six Questions Campaign

We know from the Open Budget Index that more than half of governments provide little or no information on how they manage public funds. In 2010, the International Budget Partnership joined forces with nine other international organizations to take stock of what this means on the ground. Through an ambitious and carefully coordinated global campaign, local advocates in eighty-four countries asked their governments to provide basic budget information on investments in key development goals. The effort was timed to coincide with the global focus on progress toward reaching the eight Millennium Development Goals adopted by the international community in 2000. The basic premise of this Six Questions Campaign is that if we want to know whether countries are on track to meet these goals by the target date of 2015, then we need to know how much governments are spending in each area, and on what.

To illustrate, one of the six questions asked governments to report how much they have spent on two basic medicines that are critical for preventing life-threatening complications during pregnancy and childbirth. After 500 information requests in eighty-four countries, resulting in more than 2,000 letters, phone calls, and face-to-face meetings, the local researchers received information from only twenty-seven of the eighty-four governments surveyed. Without knowing what governments are spending on these critical drugs, how are local advocates to evaluate whether spending on maternal health is adequate or appropriate? IBP and its partners are now using these disturbing findings to urge the United Nations and other donors to recognize that government budget transparency is essential for meeting the Millennium Development Goals. This campaign highlighted the importance of being able to access budget information to achieving all development goals, including high-quality reproductive health care, for example.

Service Delivery

Without objective ways to assess the quality of basic services, it is very difficult to identify and correct problems at the local level. The Hewlett Foundation has been working with partners at the African Economic Research Consortium and the World Bank since 2008 to develop an index to benchmark the quality of service delivery in African countries. This dataset is truly unique; it captures objective data about what citizens actually experience when they attend a local school or health clinic. After developing the indicators and survey methodology in 2009, our partners piloted data collection in Tanzania and Senegal early in 2010. In each country, a local think tank carried out the survey, visiting approximately 250 randomly selected public health clinics and primary schools over a two-month period. Both think tanks involved—Research on Poverty Alleviation in Tanzania and the Centre de Recherche Economique et Sociale in Senegal—are strong independent policy research institutes as well as grantees of the Hewlett-supported Think Tank Initiative (see below).

After verifying and analyzing the survey data, AERC, the Hewlett Foundation and the World Bank convened a small, expert meeting in late 2010 to solicit feedback on the survey methodology, the relevance of this data for policy and advocacy purposes, and possible partnership models for expanding the pilot. The ultimate goal is to spur healthy competition both among and within countries to improve the quality of service delivery.

Through a parallel effort to encourage governments and donors to replicate the most effective interventions for improving service delivery in Africa, the Hewlett Foundation provided support in 2010 for the establishment of a research and training unit at the University of Cape Town. The new unit is affiliated with MIT's Abdul Latif Jameel Poverty Action Lab (J-PAL), also a grantee and the premier entity devoted to reducing poverty by generating evidence on what works through randomized evaluations of poverty alleviation programs. The new program—dubbed "J-PAL/Africa"—is being set up to improve the effectiveness of social programs in sub-Saharan Africa by ensuring that policymakers and the public have access to evidence about which social interventions are most successful and cost-effective.

Mexico

In 2010, while Mexico celebrated the 200th anniversary of its independence from Spain and the 100th anniversary of the Mexican Revolution, current events suggested the country is experiencing a complex chapter in its history. Its government's fight against organized crime has resulted in increased violence throughout the country, its economy continues to struggle, and partisan interests have only intensified as political maneuvering for the 2012 electoral cycle has begun. This context has added new challenges for the Global Development Program's transparency and accountability grantees in Mexico, as they face increasing resistance to their efforts to strengthen and implement access to information guarantees in the service of public budget accountability, particularly for the poor. Freedom of information advocates across the globe are watching Mexico closely, for in spite of the push-back against more open, transparent, and accountable governance, Mexico remains a global model for freedom of information, and ranks only behind Sweden on the strength of its federal access-to-information law. The fate of citizen rights to access government information in Mexico is viewed by many as having potential for regional, and even global, ripple effects.

In 2010, the Foundation's Global Development Program grantees in Mexico continued their efforts to make public subsidies for the poor more transparent, and they made innovations in the use of access-to-information guarantees to construct comparative indices to measure such things as state-level budget transparency and the effectiveness of government spending on social programs. The Inter-American Development Bank recognized our grantees' innovations and effectiveness, and brought civil society groups from across Latin America to Mexico so they could learn what Hewlett Foundation grantees are doing to improve the transparency and accountability of public spending for the poor.

QUALITY EDUCATION IN DEVELOPING COUNTRIES (QEDC)

GOAL: Improve learning outcomes for the very poor in target regions.

THEORY OF CHANGE: Our strategy to achieve this goal has three parts: (1) increase attention to and accountability for student learning by improving public knowledge about learning outcomes; (2) support the development of effective instructional models that improve student learning in many schools at low cost; and (3) press governments and development agencies for efficient use of sufficient resources to improve the quality of education.

In 2010, Kenyans found out that fewer than 20 percent of second graders in their country could read at grade level. Ugandans learned that only 2 percent of their third graders could read at a second grade level. And Tanzanians were alerted to the fact that just 33 percent of third graders could read a second grade text. Unless something changes, the second and third graders who cannot read today will remain behind for the rest of their years of schooling and beyond.

These dismal learning results were collected by Uwezo ("capability" in Kiswahili), a four-year citizen-led initiative to collect data on learning achievement supported largely by the Hewlett Foundation. Uwezo mobilized thousands of volunteers to visit more than 80,000 households—the largest household survey ever conducted in the region—to test roughly 200,000 children in reading and math. The resulting information proved just how little children are learning.

The reports have captured public and government attention across the region and beyond. For example, in addition to capturing front-page press in major regional newspapers, Uwezo featured on the first page of the World Bank's new draft strategy for Africa. As grantees continue to share the results, it will become increasingly incumbent on governments to improve learning for the poorest children.

Shifting the Conversation from Education for All to Learning for All

When QEDC began its work in 2006, our goals were driven by the recognition that children attending school in developing countries were not learning very much. Governments were focused almost exclusively on building enough schools and hiring enough teachers to respond to rapid increases in enrollment. Donors were by and large providing funding to serve the same cause. But their efforts stopped short of determining whether the children, once in school, were learning.

Today, thanks in part to the work of QEDC grantees like Uwezo, it is increasingly difficult for governments and donors to ignore the learning crisis. The Uwezo survey built off the success of the Annual Status of Education Report (ASER) in India, also funded in part by the Hewlett Foundation, that pioneered the method and has now conducted five annual assessments. In 2011, QEDC will support a similar assessment in Mali. After a Hewlett Foundation-supported visit to ASER in India and Uwezo in Kenya, a Malian group has been inspired to begin planning for a powerful and credible survey there. We have evidence that its findings will also show very low learning levels since a smaller scale assessment of reading conducted by the Research Triangle Institute found results in Mali even worse than Uwezo's in Kenya and Uganda—in Mali, less than 20 percent of second graders were able to read a single word.

In 2010, the Fast Track Initiative, the largest donor consortium for funding in education, adopted a new indicator that, once in place, will require recipient countries to report on learning outcomes. USAID and the Millennium Challenge Corporation are also developing learning indicators to track progress. In addition, the United Kingdom's Department for International Development issued a new education strategy focused on learning. The U.K. government has also decided to try out "cash on delivery," an outcomes-based approach to aid developed by the Center for Global Development with a grant from the Hewlett Foundation. Thus, one of the biggest successes in the education sector in 2010 was that more than ever, governments and donors were waking up to the learning crisis. Conversations that were once about providing education for all began to focus on providing learning for all.

Demonstrating That Learning for All Is Possible

The good news is that we continue to amass evidence that children in these countries are capable of much more than they are achieving today. QEDC's growing portfolio of grantees is working in diverse settings to find solutions to improve reading and math. They have found that when teachers have realistic goals for student learning, they feel it is their job to help children reach those goals, and when they have the methods and materials they need to teach effectively, their students can and do succeed. Moreover, our grantees have shown that governments can achieve this at sustainable costs.

Thus far our largest demonstrations of success have come from India. QEDC's instructional models in Africa are now off the ground, so we expect similar success stories to emerge in 2011 and beyond despite deeper implementation challenges than expected. In Mali, students lost up to 60 days of school in 2010 because teachers were on strike. Our partner, l'Institut pour l'Éducation Populaire, contends that "2010 was the year that the system pushed back on us; 2011 will be the year that we push back on the system."

Pushing for System Change in 2011

QEDC grantees will be putting both bottom-up and top-down pressure on African governments and donors to hold education systems in our focus countries accountable for children's learning. We would like to see that education system administrators and technical staff at the closest level to schools are aware of our grantees' instructional approaches, participate in meetings about them, and plan to expand them to additional schools. At a national level, we hope governments will respond to external assessments by improving their own assessments, improving sector performance indicators, and taking concrete action to address low learning levels.

These goals require that donors and governments allocate and use their resources effectively. To that end, we would like to (1) see evidence that education funding is allocated in ways that improve learning, (2) track resource flows to ensure that money gets where it is intended to go, and (3) advocate for a post-2015 Millennium Development Goal indicator on learning to ensure that the metrics of success in education are not only enrollment and completion, but also learning.

Our agenda is ambitious and will require not only the unilateral efforts of individual grantees, but also their collective voices. For that reason, we will be building a more robust group of grantees and other champions in each country, nurturing a stronger network to take action on learning, and creating a cohesive communications strategy. These efforts will help ensure that our grantees' influence continues to grow and begins to change systems and practices so that more children in the developing world learn basic skills critical for their future learning, their economic success and the success of their countries.

KNOWLEDGE BUILDING FOR DEVELOPMENT

Think Tank Initiative

GOAL: Strengthen a select group of promising policy research institutes based in developing countries over ten years, so that by the end of the Initiative, these institutions are consistently providing objective, high-quality research that informs and influences policy.

THEORY OF CHANGE: Good policymaking requires locally generated data collection, research, and policy analysis, but governments and NGOs often do not have the right mix of skills and incentives to produce objective research themselves. Independent research institutes are sources of objective research and analysis that can inform the policymaking process, but in order for research institutes to play this role, they must be sustainable and effective organizations. The Program's strategy is to strengthen policy research organizations through a combination of financial and technical support so they can address organizational development challenges and establish forward-looking research agendas.

The goal of the Think Tank Initiative is to strengthen policy research institutes in the developing world through a combination of long-term financial support and targeted technical assistance. In November 2007, the Hewlett Foundation approved a $40 million grant to the International Development Research Centre (IDRC) to launch this Initiative in four regions: East Africa, West Africa, Latin America, and South Asia. IDRC made the first round of grants in East and West Africa in 2009 and the second round of grants in Latin America and South Asia in 2010. With new donors joining, the Think Tank Initiative has grown exponentially, both in the number of think tanks supported and in its overall budget. The Initiative now has fifty-two grantees in twenty-three countries, and has a total budget—including contributions from five donors—of over $107 million for the first five-year phase.

2010 Highlights

In 2010, the United Kingdom's Department for International Development India office and the Netherlands' Directorate General for International Cooperation joined the Think Tank Initiative—a significant development, since the two anchor donors are private U.S. foundations (Hewlett and Gates). One of the Initiative's goals is to encourage large government donors to invest more of their research dollars in southern think tanks versus northern ones, and to provide long-term programmatic support versus short-term project support. Both the British and the Dutch make significant investments in development research, so their decision contribute to the Think Tank Initiative is an extremely encouraging sign of progress toward this goal.

In 2009, the Initiative's Call for Proposals in seven countries in Latin America and five countries in South Asia resulted in more than 300 applications. During the first half of 2010, IDRC carried out a rigorous review process, including comprehensive site visits to fifty-two short-listed institutions. Based on the application materials, the findings of these site visits, and the input of the Initiative's International Advisory Group, twenty-eight institutions were selected to receive grants. As was the case in Africa, most of these will be four-year general-support grants representing approximately one-third of each think tank's current operating budget. At this level, and when combined with ongoing technical support, the Initiative has the potential to significantly impact the future trajectory of these institutions.

In thirteen countries in East and West Africa, Think Tank Initiative staff at IDRC were busy supporting the work of the first cohort of grantees through both customized support and peer learning events. In addition, IDRC commissioned a Policy Community Survey in each of the thirteen countries. The survey will provide baseline data for monitoring the reputation and impact of the funded think tanks in the eyes of local policymakers, journalists, and civil society advocates. It will be repeated at the end of the grant period so changes can be tracked.

Plans for 2011

Since 2007, IDRC's Think Tank Initiative team, which now numbers eight staff in Ottawa and eight in the regional field offices, has focused its efforts on the enormous task of soliciting and assessing applicants, selecting grantees, negotiating grant agreements, and collecting comprehensive baseline data for evaluation purposes. Given the numbers—nearly 600 proposals, eighty-four initial assessment visits, and negotiating grants with fifty-two think tanks—this was no small accomplishment. In 2011, the focus of IDRC's Think Tank Initiative team will shift to (1) working with individual grantees to identify areas where they would benefit from customized support, either via expert consultants or mentoring from other think tanks in the program; (2) monitoring and evaluation activities, particularly in preparation for the 2011 launch of a long-term external evaluation; and (3) launching a global communications strategy with the goal of improving other donors' investments in research institutes based in the developing world.

The William and Flora Hewlett Foundation

THE PERFORMING ARTS PROGRAM IN 2010

OVERVIEW

The economic downturn severely affected performing arts organizations, simultaneously shrinking both their earned and contributed income streams. Innovative Bay Area organizations are responding by adapting artistic programming; presenting smaller, less risky productions; deferring large-scale projects; decreasing staff; and reducing education and outreach programs that do not have dedicated funding. New approaches have emerged, such as the first-time collaboration of three grantees—American Conservatory Theater, Magic Theatre, and Marin Theatre Company—to produce Tarell Alvin McCraney's trilogy, *The Brother/Sister Plays*, which received its West Coast premiere in fall 2010. The three companies each produced one play in the series, then worked together to market the productions to build crossover audiences. For example, subscribers to each theater will have access to $40 tickets to the other two shows in the trilogy. This creative approach to collaborative productions builds on each organization's artistic strengths to maximize ticket revenues while sharing marketing expenses.

Financial data collected by the California Cultural Data Project indicates that our grantees' fiscal health is slowly beginning to improve, although many organizations are still highly vulnerable. Grantees are reporting that ticket sales and individual contributions are beginning to stabilize as consumer confidence and spending rebounds. However, financial success will depend on attendance and ticket sales and critical year-end fundraising appeals.

In January 2010, the Performing Arts team sent a letter informing all grantees of the selection criteria by which we would invite applications for renewed funding:

- Strategic alignment with portfolio.
- Quality artistic product.
- Participants and engagement.
- Board and staff leadership.
- Fiscal responsibility.

We conducted six grantseeker workshops in February, June, and September of 2010 to explain our application process, describe these selection criteria for renewal grants, and discuss the Program's strategic framework and grantmaking strategies as we operate with greatly reduced resources. The year required many difficult funding choices with significant grant reductions for most organizations and tie-off or exit grants for twenty-two organizations, several of which have been in our portfolio for decades.

In July 2010, amid this new economic reality, the Performing Arts Program began to explore updates to its strategic framework based on outcome-focused grantmaking. Given that this planning process will take an estimated nine to twelve months, we see 2011 as a transitional year. Our current framework and logic model, developed in 2008 under former program director Moy Eng, will remain largely in place through 2011, while we create and position a new outcome-focused grantmaking framework for implementation in 2012.

At least three converging factors have driven this strategic action: (1) recent changes in staffing with the addition of a new program director, John E. McGuirk; (2) major cuts in performing arts funding in general, and at the Foundation specifically, during the economic downturn; and (3) steady changes in the performing arts field as the sector adjusts to influences such as new technologies and shifting regional demographics. In light of these factors, we will take this opportunity to reassess the relative value of our historical investment patterns and refine our Program strategy.

Finally, we are pleased to report the completion of two capital and facilities grants made between 2002 and 2007 to Oberlin Dance Collective (ODC).

In October 2010, the region's newest performance facility, the 210-seat ODC Theater, opened to the public. This culminates a successful, two-year, $9 million renovation and expansion campaign, and the Collective's extraordinary, decade-long, $20 million effort to realize a national center for contemporary dance and performance on the West Coast. The Foundation provided two major grants totaling $3 million to support this project.

The newly completed arts campus with two facilities creates a space for the dance company's core values of cultural exchange, programming innovation, and community building to come alive. ODC Commons includes eight studios, three performance venues, and several office suites. It serves as home to a world-class dance company, ODC/Dance; professional, pre-professional, and recreational dance training programs through the ODC School and the Rhythm & Motion Dance Program; the Healthy Dancers' Clinic; the Pilates Training Center of San Francisco; and a presenting program at the ODC Theater. The campus also relieves San Francisco's notorious shortage of rehearsal and performance space in order to better serve a dynamic community of artists, students, and audiences. Now one of the most active contemporary dance centers on the West Coast, ODC Commons is recognized for its programming breadth and far-reaching impact: more than 10,000 people annually take part in training, mentoring, commissioning, presenting, health, and rehearsal rental programs.

DEMAND

GOAL: Robust public support for, and participation in, the arts.

THEORY OF CHANGE: More opportunities for participation in arts experiences are created by supporting high-quality organizations representing a diversity of performing arts disciplines, aesthetics, and communities. Barriers to arts participation can be reduced by offering free or low-cost performances, providing arts activities in nontraditional settings, and using technology to improve accessibility. Through support for grantees conducting state-level policy advocacy and for local programs that build educators' ability to deliver standards-based arts education, we can improve the quality of every child's education in California's public schools and ensure audiences for the future.

In 2010, the Performing Arts Program made multiyear general operating support grants to thirty-two organizations to encourage broad participation in the arts. Of these, twenty-three were renewal grants, three were to new grantees, and six were tie-off grants. Sample grants within this component include renewals to a cluster of arts education organizations (detailed below), as well as support for a variety of community-based venues throughout the Bay Area that present multi-disciplinary performing arts events at no or low cost, including Dance Palace (Point Reyes Station), Bernard Osher Marin Jewish Community Center (San Rafael), CounterPULSE (San Francisco), and Diablo Regional Arts Association (Walnut Creek).

Social Media

The Program's 2008 review of the Bay Area arts landscape revealed that new technologies play an increasingly important and rapidly evolving role, not just in how art is being created but also in how audience engagement and participation are being cultivated. In 2010, we were the lead funder in a regional collaboration to train twenty-five arts organizations to use social media platforms to improve their marketing efforts and deepen their relationships with current and potential patrons. Beth Kanter, technologist-in-residence at the Packard Foundation and co-author of The Networked Nonprofit: Connecting with Social Media to Drive Change (a 2010 bestseller in Amazon's Nonprofit & Charities category), conducted a two-part workshop to teach theater, opera, dance, and film and media grantees how to listen to what Facebook, Twitter, and other social media users are saying about them. The workshops also helped grantees determine which platforms are most relevant for their audiences and art forms and, most importantly, gave them guidance in efficiently managing this emerging component of their communications strategy. More than 100 organizations applied for the workshop, and attendees rated the experience highly—a clear indication that arts organizations recognize the need to come up to speed in creating and implementing social media strategies and need help in doing so.

Arts Education

Since 2005, the Performing Arts Program, in collaboration with the Education Program and Special Projects, has conducted exploratory arts education work focused on increasing support for, and delivery of, an education that includes the arts—music, dance, theater, and visual arts—to California's 6.5 million K-12 public schoolchildren. This exploration has been a complementary extension of the arts education efforts that grantees supported by our Performing Arts portfolio deliver through a variety of programs in and out of school settings. The investment in this separate cohort of arts education grantees totals more than $10 million, focusing on research, statewide arts education advocacy networks, and funding for select providers of exemplary arts education programs.

New leadership in both the Performing Arts and Education programs committed to continue to work together, leading to an additional allocation of $1.5 million for arts education in 2010. This made it possible for us to make two-year renewal grants to all our arts education grantees (in most cases at reduced levels) in order to maintain the momentum of their work. We also had productive talks with the Education Program about the potential of continuing our joint investments in arts education. To that end, our programs cofunded two new grants in 2010: (1) to Envision Schools in the East Bay, an arts-rich charter school doing interesting work implementing performance-based assessment of learning in and through the arts with the Alameda County Office of Education; and (2) to the Partnership for 21st Century Skills to develop an Arts Map tying standards-based curricula to twenty-first century (Deeper Learning) skills. In total, we made a $2.7 million investment in our core arts education grantees in 2010.

As our Program's new outcome-focused strategic framework is developed in 2011, we will continue to look for intersections with the Education Program's work, as well as monitor the arts education policy environment in California.

SUPPLY

GOAL: A diverse community of high-quality artists living and working in the San Francisco Bay Area.

THEORY OF CHANGE: Exceptional works of art are created, performed, and preserved by supporting high-quality arts organizations that sustain and refresh traditional art forms and that develop new, innovative works in diverse disciplines and aesthetics. We also accomplish this goal by providing a range of support for individual artists through intermediary service organizations, regranting and commissioning programs, and artist residency programs.

In 2010, the Performing Arts Program made forty-two grants to organizations to create, perform, and preserve exceptional works of art. Of these, thirty-six were renewal grants, and six were tie-off grants. Sample grants within this component include two major renewals to joint commissioning funds: the Wallace Alexander Gerbode Foundation and the Creative Work Fund at the Walter and Elise Haas Fund. In addition, we supported a variety of organizations representing the diverse cultures of the Bay Area, including the Ali Akbar College of Music, which focuses on traditional North Indian classical music; Nā Lei Hulu I Ka Wēkiu Hula Halau, which preserves Hawaiian culture and hula dance; and Theatre of Yugen, which presents traditional Japanese theater forms of Noh and Kyogen.

INFRASTRUCTURE

GOAL: Enough physical assets and intellectual resources to provide for arts creation, presentation, and participation.

THEORY OF CHANGE: By investing to improve the organizational and financial management of nonprofit arts organizations, the information available to arts and culture funders, and the facilities available for artistic use, we will help strengthen the resources that enable arts experiences to happen.

In 2010, the Program made five renewal grants, including tie-off grants to three national service organizations, as we focused our resources on the Bay Area. In addition, we added one new grantee for support of the Multicultural Arts Leadership Institute.

California Cultural Data Project

Launched in early 2008, the California Cultural Data Project (CACDP) is a ground-breaking statewide collaborative of more than forty arts funders that collects and makes available longitudinal, organizational, and financial information about California's nonprofit arts and culture sector. Operated by the Pew Charitable Trusts, the project uses this more effective financial management, analysis, and reporting tool to strengthen the sector by supporting fact-based decision making and providing standardized data for grantmaking and research efforts. Its model is now operating in eight states, well on its way to becoming the national standard for data collection in the arts and culture sector.

During its first three years, the Project staff has trained almost 3,000 arts administrators statewide in the use of the database and collected organizational and financial data from 2006 on from more than 2,800 organizations. Currently, seventy grants programs across the state accept or require CACDP profiles as part of their application processes. With this critical mass of data, nonprofits are using the Project's custom capabilities to run annual, trend, and comparison reports. Data are also increasingly requested by researchers, government agencies, and nonprofits across the state to amplify the economic impact of the arts and make the case for arts-friendly policies. For example, The James Irvine Foundation is leading a major statewide research foray into the arts and culture sector using Project data. As active members of the CACDP Working Group, the Performing Arts staff has been involved with key decisions on the collection and use of data, statewide training and communications activities, and the research agenda, as well as plans for future database enhancements.

Bay Area Cultural Asset Map

In January 2010, the Program launched the first phase of the Bay Area Cultural Asset Map (BACAM), a suite of map-based Web applications that collectively aggregate, analyze, and publicize data about who is making art, where it is happening, who is engaging with it, and how it is being supported. Our short-term vision is that this online tool will enable our staff to make better funding decisions and track field-wide trends and progress toward our outcomes.

The Program contracted Fractured Atlas, a national arts service organization with expertise in developing technology tools, to build BACAM during this fourteen-month pilot. By the end of November, we will have three tools available for the Program's use: (1) an advocacy module that displays and analyzes information about cultural amenities in the districts of state and local elected officials; (2) a performing arts spaces module with a robust, searchable database of performance and rehearsal spaces available for rent throughout the Bay Area, created in partnership with two local grantees, Dancers Group and Theater Bay Area; and (3) a funder module that combines aggregated data from the other modules with California Cultural Data Project profiles and analytical tools tailored to inform staff grantmaking decisions.

Next Generation of Leadership

In November 2009, the Hewlett and Irvine foundations partnered to make several grants to launch or bolster emerging leadership networks of arts professionals across California and to seed a professional development scholarship fund administered by the Center for Cultural Innovation. In 2010, emerging leadership groups in the San Francisco Bay Area and Silicon Valley increased their memberships; conducted multiple programs to improve access to, and quality of, mentorships among arts professionals; and connected young arts professionals with leaders in both the arts and nonprofit sectors. In addition to providing direct support to hundreds of young arts professionals, the Center has built the first statewide database of this population and administered a sixty-five question survey to more than 1,100 young leaders. This database should prove to be a powerful tool for tailoring programs to serve this cohort and for tracking the effects of the Foundation's various "next-gen" initiatives.

The primary goal of this work is to ensure that the arts sector has great leadership in the future. Research conducted by the Hewlett and Irvine foundations determined that retaining talent in the sector is critical; too many twenty somethings attracted to careers in arts leadership have been abandoning the sector. Although grants to advance young leaders' training and facilitate their peer learning are a core part of our strategy, an equally important component is support for behavioral change throughout the field so that smart, talented, driven young professionals have more opportunities to lead within arts organizations. To this end, the Program has added to its grants application questions that assess how an organization provides its staff—at all levels—with opportunities for professional development, participation in organizational goal setting, and individual career planning.

In 2010, the Program conducted several activities to encourage peer funders and arts organization managers to think more deeply, and act more deliberately, to ensure excellence in the next wave of the field's leaders. Program staff addressed the nation's leading arts funders on this topic at the national conference of Grantmakers in the Arts; delivered a presentation to arts organization managers and public arts agency officials at the Americans for the Arts annual summit; contributed blog posts and recorded podcasts for that organization's website; and partnered with the San Francisco branch of the Foundation Center to gather Bay Area artists, managers, and funders for a conversation on this topic. The joint presence of Hewlett and Irvine staffs discussing leadership development has signaled to the arts sector that it must take this issue seriously and encouraged our foundations' staff members to work together to gain allies and remove barriers to ensure extraordinary arts leadership.

The William and Flora Hewlett Foundation

THE PHILANTHROPY PROGRAM IN 2010

OVERVIEW

There are two ways to increase the impact of philanthropy: increase the number of dollars donated and increase the impact per dollar given. The Philanthropy Program has typically favored quality over quantity, though the two are no doubt interrelated. If donors gain confidence that their giving is creating impact, they are more likely to give more. In return, more giving increases the demand for good tools and information.

In 2010, the two richest men in the United States, Bill Gates and Warren Buffett, launched a major effort to increase the quantity of giving. This project may prove to be a powerful complement to the Philanthropy Program's work. In June, Gates and Buffett announced the "Giving Pledge"—an initiative to persuade billionaires in the United States to commit to give away at least half of their wealth. By August, forty billionaires had made the pledge and more are expected to sign on. Many of them explicitly stated that they intended to do most or all of their giving during their lifetime and were not interested in creating a perpetual foundation.

Hope Consulting's Six Donor Segments

Repayer—*"I give to my alma mater."*
Casual—*"I primarily give to well known nonprofits through a payroll deduction at work."*
High Impact—*"I give to the nonprofits that I feel are generating the greatest social good."*
Faith-Based— *"We give to our church."*
See the Difference—*"I think it's important to support local charities."*
Personal Ties—*"I only give when I am familiar with the people who run an organization."*

As part of this effort, the Bill & Melinda Gates Foundation pledged about $9.5 million to provide tools and resources that these new donors can use as they educate themselves about effective giving. The majority of the money went to two Hewlett Foundation grantees, The Bridgespan Group and Rockefeller Philanthropy Advisors. We have been in regular contact with our colleagues at the Gates Foundation and are making every effort to align this new effort with our existing programs.

In 2010, the Philanthropy Program has worked to foster cohesion among disparate organizations working to build a stronger philanthropic infrastructure—the databases, websites, training programs, and research institutes that support effective giving. Many of the organizations that make up this infrastructure operate in isolation, which makes growth difficult, keeps costs high, and limits the possible impact. Accordingly, the Philanthropy Program's staff has invested significant time and resources to support partnerships with the highest potential. In 2010, we provided technical support to six bilateral collaborations, one trilateral collaboration, two mergers, three potential acquisitions, and three efforts to set field-wide standards. Especially noteworthy is the 2010 launch by GuideStar of the TakeAction website, which aggregates program analysis by four Hewlett Foundation grantees: GreatNonprofits, GiveWell, Philanthropedia, and Root

Cause's Social Impact Research. The TakeAction site is a critical part of what we call the "supply chain" of nonprofit information, the system that gets information about nonprofit performance to the people who need it for decisionmaking. Together, our grantees now offer performance profiles on more than 10,000 nonprofits.

Providing high-quality information is only one part of the equation. To influence giving, donors need to actually use that information. In 2010, Hope Consulting released a major new research study on donor behavior entitled "Money for Good." This research, partially funded by the Hewlett Foundation, was based on a detailed survey of 4,000 donors and offered new insights into the thinking that underlies giving decisions.

- 85 percent of donors believe that nonprofit performance is important.
- 32 percent of donors research nonprofits before finalizing a gift, primarily to validate their decisions.
- Only 3 percent do research in order to choose among multiple prospective organizations.

Hope Consulting's research segmented donors into different psychographic groups (see box). The project identified about 16 percent of the U.S. giving population as "high-impact donors" who together account for about $30 billion of the $220 billion in individual giving each year. We remain focused primarily on these donors, because we believe they are more likely to adopt the practices of outcome-oriented philanthropy. All told, these findings are both sobering and reassuring: we need to be realistic about donor behavior, but we can move forward with the knowledge that there is tremendous unmet demand for high-quality information.

PHILANTHROPY INFRASTRUCTURE

GOAL: Philanthropic giving achieves as much social and environmental impact as possible.

THEORY OF CHANGE: Donors are more likely to maximize the impact of their dollars if they use good information about nonprofit performance to inform their decisions (Nonprofit Marketplace) and have access to high-quality research and analysis (Knowledge about Philanthropy). We focus our efforts on wealthy individuals, although many of the tools and resources provided by our grantees are also used by the Foundation's staff and smaller donors.

Nonprofit Marketplace: Donors are more likely to make impact-oriented, good philanthropic decisions if they have easy access to high-quality data about the goals, strategies, and results of nonprofits—and then use that information. Accordingly, the Program funds efforts to increase the supply of information about nonprofit performance and the demand for that information by donors. Finally, the Program funds efforts to build the technical architecture to make it easy for donors to access this information.

Knowledge about Philanthropy: Philanthropy is a complex and evolving field. Donors need high-quality research and analysis to inform their giving. The Program funds academic institutes and contracts with consulting firms that do research on good philanthropic practice. In addition, the Program funds communication channels like magazines and websites to ensure that the research reaches its intended audience, generally without charge.

Progress in 2010

Nonprofit Marketplace Initiative

In 2010, we reaped the benefits of our earlier investments in the supply of information about nonprofit performance. Midway into the year, there were more than 10,000 individual high-quality profiles of nonprofit performance, well above our goal of 3,300.

The organizations that supply this high-quality information are core to our strategy, but most have not yet reached financial sustainability. In 2010, we facilitated collaborations among organizations and initiatives designed to improve our grantees' financial health. These collaborations also increase our donors' use of good information. Most donors are unlikely to visit multiple websites, so if we want them to find sufficient information about nonprofit performance, we need mechanisms to aggregate that information. Further, these investments in the architecture of the nonprofit marketplace allow our grantees to extend the reach of companies like Fidelity or Facebook that interact with people when they make decisions about giving. Broadly stated, this collaboration reduces barriers to use, which increases donors' demand for high-quality information.

Knowledge about Philanthropy

The Program staff devoted considerable time and resources to align the work of organizations in our Knowledge about Philanthropy strategy. In September 2010, the Stanford Center on Philanthropy and Civil Society completed its acquisition of the Stanford Social Innovation Review, consolidating two major Program-supported initiatives at the university and strengthening both. The November docket includes a grant to support the Foundation Center's alliance with IssueLab, creating the strongest single platform of research by and about nonprofits, with more than 5,000 pieces of research.

Plans for 2011

Nonprofit Marketplace Initiative

For the last three years, we have invested a great deal of time building and advocating for the Nonprofit Marketplace framework; now we need to allow time for these efforts to play out. In 2011, we will continue to tweak the framework and help broker relationships among the key players in the marketplace—but most importantly, we believe we need to give our grantees time to execute their next steps.

GuideStar, Independent Sector, and BBB Wise Giving Alliance have collaborated in a major initiative to establish a uniform question protocol for every nonprofit. This effort would lay the groundwork for standardized profiles of nonprofits, better enabling donors to compare and assess prospects. The results of the initiative are scheduled to be announced in early 2011.

The "Money for Good" research project led by Hope Consulting (cited above) has reinvigorated the field's discussion about donor behavior. The Gates Foundation is leading the funding of the next phase of the research, which will include detailed recommendations about how our grantees should structure their products and services so they are most likely to be useful to (and used by) donors.

Q: What do we mean by "more than 10,000 individual high-quality profiles of nonprofit performance"?

A: We mean the total number of nonprofit profiles generated, reviewed, or analyzed by Hewlett grantees, as follows:

- GuideStar Exchange certification: 4,218 (2011 target: 7,000).
- GiveWell: 410 (2011 target: 600).
- GreatNonprofits (organizations with >30 reviews): 140 (2011 target: 300).
- Philanthropedia: 62 (2011 target: 150).
- DonorEdge profiles: 5,300 (2011 target: 6,000).
- Root Cause: 20 (2011 target: 100).

NOTE: This data is not perfectly comparable, given the variety of analytical approaches used by these organizations.

Knowledge about Philanthropy

Most of the funds in the Program's Knowledge about Philanthropy strategy are allocated as operating support to the academic and consulting research institutions working in philanthropy. In 2010, we invested significant time in building the strength of grantees charged with the distribution of research by supporting their integration with other institutions. In 2011, we are free to concentrate on other initiatives.

We will also continue to encourage our grantees to make more of their content available under Creative Commons licenses. Open-content licenses make it easier for organizations to share and remix content, helping link disparate efforts across the field. The Philanthropy Program is grateful for Open Educational Resource's work with Creative Commons, work that corresponds to our own goals.

HEWLETT FOUNDATION EFFECTIVENESS

GOAL: The Foundation maximizes its impact in its fields of funding.

THEORY OF CHANGE: The Foundation is most effective when its programs develop clear goals and coherent grantmaking strategies and use measurable indicators to assess progress.

In addition to the Philanthropy Program's broader efforts, our staff attempts to strengthen the effectiveness of the Foundation's own work through outcome-focused grantmaking. This type of grantmaking requires the creation of clear goals, coherent strategies, and ways to measure progress so that the Program staff can make mid-course corrections as needed. Our team consistently works with the Foundation's programs and administrative departments to strengthen planning, evaluation, systems, and processes, in addition to creating and moderating staff meetings that allow employees to learn from each other and build their skills as strategic grantmakers.

ORGANIZATIONAL EFFECTIVENESS

GOAL: Hewlett Foundation grantees supported by the Foundation's Organizational Effectiveness program increase their ability to become high-performing, impact-focused organizations.

THEORY OF CHANGE: Strong organizations[1] are more likely to achieve their missions. Targeted capacity-building grants can strengthen grantee management, leadership, strategies, and systems, thereby improving organizational health and effectiveness. Healthy grantee organizations minimize risk in the Foundation's grant portfolios and strengthen the Foundation's other investments in our grantees and their work.

The Foundation's Organizational Effectiveness (OE) program is based on the premise that strong organizations are more likely to achieve their goals and be sustainable. Since its inception six years ago, the program has funded nearly 300 capacity-building projects designed to strengthen grantee organizations. Grantees use the supplemental funds to hire outside consultants who help them think through issues related to strategic planning, communications, fundraising, leadership transition, evaluation systems, and board development.

Progress in 2010

In a weak economic environment, many Hewlett grantees continued to struggle with diminished resources. Of the thirty-eight OE grants made in the first ten months of 2010, more than 60 percent of the organizations requested support to take a deeper look at their financial assumptions, strengthen their ability to optimize revenues, and step back to assess their niche in the social marketplace. Whether the grants supported communications planning, fundraising capacity, or strategic planning, the target outcome was to improve grantees' financial sustainability. Almost all of the 2010 OE grants helped our grantees examine their assumptions about target audience, donor giving patterns, and how their organization fits within their field. These grants provide a basis for grantees to revamp their economic logic.

One grantee stated, "We expect the new business plan to enable the organization to identify which initiatives are critical to reaching our mission and goals, which are worth considering under better economic conditions, and which should be eliminated or, if appropriate, transferred to other partner organizations."

Additionally, the Communications Department commissioned a study to assess the effectiveness of Hewlett's annual Communications Academy programs. Staff members from over 180 grantee organizations have taken part in the training in the last five years. Preliminary findings reveal rich lessons that are likely to result in new recruitment criteria for these programs and for the creation of post-training resources:

[1] A strong organization has effective governance and systems for management, plus clear goals and coherent, well-implemented strategies for achieving those goals. A strong organization is able to adapt to changing circumstances in the field in which it works, and its people are committed to continually reassessing how well they are moving toward their goals.

- Developing specific readiness factors that enable program staff to judge the timeliness of grantee participation in the training, such as the need to develop new funding sources and leadership transitions.
- Asking grantees to bring a high-level decisionmaker, such as the executive director, and an implementer, such as a communications or program officer, to the training.
- Conducting robust follow-up by offering technical assistance, refresher learning opportunities, and periodic check-ins with training participants on their communications work.
- Integrating communications with program strategy as Foundation grants are developed, managed, and evaluated.

Plans for 2011

In 2011, we anticipate collaborating with program staff across the Foundation on capacity-building grants to strengthen the organizational health of our grantees. We also plan to fund the Hewlett Foundation Communications Academy for grantees, benefiting from lessons learned from the study mentioned above.

As discussed in the Hewlett Foundation Effectiveness section, the Foundation's programs have significantly increased the clarity of their planning and implementation through the outcome-focused grantmaking approach. We propose adding funds in 2011 to the OE budget to support similar strategic processes for some of the Foundation's key grantees. These grants will typically be made to anchor organizations.

Measuring and assessing progress more effectively

In the past we have tried to determine the success of an Organizational Effectiveness grant by asking grantees to assess the impact of the grant on their operations, typically with broad open-ended questions like: "Did the project meet its goals, and how?" Unfortunately, this approach has not been sufficient to the full understanding of the long-term impact of an OE grant on an organization. In 2011, we anticipate reviewing OE grants made from 2005 to 2009 to gain a clearer picture of the grants' short- and long-term impact. This would serve as a basis for assessing and improving the value of our OE funding.

The William and Flora Hewlett Foundation

THE POPULATION PROGRAM IN 2010

OVERVIEW

Across the developing world, there are two constants. Women of all income levels want access to contraception, and poorer women have more children than women who are better off—almost three more children on average. In sub-Saharan Africa, the region with the highest fertility levels in the world and the focus of the Population Program's international work, the desire of women at all income levels to limit their fertility is roughly equal. But women with the fewest economic advantages lack access to information, services, and contraceptives that can help them avoid pregnancy. These challenges—access to contraception and population growth—are at the heart of the Program's work.

The Population Program's goals are interdependent: to promote and protect reproductive health and rights, and to help countries stabilize their populations in ways that promote human well-being and sustain the environment. As more couples choose to limit and space their children, rates of population growth decline, reducing both environmental strains and carbon emissions. In addition, the Population Program's goals benefit from and amplify the investments of the Global Development Program. As the merger of the programs proceeds, more opportunities for synergy will arise.

Achieving the Program's goals requires the availability of political, financial, and technical resources to ensure access to necessary services and rights. Federal policy has shifted significantly in the last two years. For 2011, the Obama administration proposed $716 million for bilateral and multilateral international family planning and reproductive health (FPRH), a 10 percent increase from 2010. If appropriated, this would represent the largest U.S. investment in international FPRH and a 54 percent increase since 2008. In addition, there have been several encouraging international developments:

- The Population Program's support catalyzed an unprecedented collaborative now being guided by France and the United States to stimulate policymaker commitment and new resources for FPRH in West Africa, the region with the world's highest fertility and maternal mortality rates.
- The U.K.'s government plans to protect its overseas aid budget of almost 3 billion pounds from the spending cuts planned for other budgets.
- The World Bank plans to increase investment in maternal health, including contraceptive access, in 58 countries where maternal mortality remains high.

- The Canadian government put forward the Muskoka Initiative for consideration by the G8. The Initiative is an effort to accelerate progress toward Millennium Development Goals 4 and 5, which are related to children's health in developing countries. The Foundation was one of the signatories to the declaration.
- At the U.N. summit on the Millennium Development Goals in September 2010, the U.S., U.K., and Australian international development agencies and the Bill & Melinda Gates Foundation announced a five-year public-private alliance to increase the number of modern contraceptive users by 100 million.

Though the Millennium Development Goal of reducing maternal mortality has seen the least progress, access to maternal health services has improved in 80 percent of countries since 1990, although the reductions fall far below the rates required to meet the Millennium Development Goal target, and more resources will be needed to speed progress. Over the last five years, consistent with a Plan of Action endorsed by sub-Saharan governments in Maputo, the African Union Commission has provided solid leadership on sexual and reproductive health and rights. Many key policies are in place, but implementation is uneven, largely due to limited financial and human resources. For the Maputo Plan of Action and the Millennium Development Goals to be fully achieved, a robust commitment of resources and support will be necessary.

Domestic Family Planning and Reproductive Health

Several important developments took place in the United States in 2010, all of which will affect the Foundation's work in 2011:

- Passage of health care reform, including expanded Medicaid coverage in all states by 2014 and provisions to allow states to offer Medicaid family planning at higher levels.
- Continued shifting of resources away from abstinence-only programs into comprehensive sex education programs that include information on contraceptives.
- Repeal of federal restrictions that denied low-income women in the District of Columbia coverage for abortions paid for with local Medicaid funds, the first repeal of federal abortion restrictions in decades.
- Release of data indicating increased use of IUDs in the U.S., from 2 percent in 2002 to 6 percent in 2008.

Within this context, our domestic priorities for 2011 will include support for public education and policy dialogue on these issues:

- Implementation of health care reform, including ensuring that family planning is treated as preventive care in new health insurance programs and not subject to copayments.
- Increased contraceptive use through greater access to publicly funded family planning programs; increased use of long-acting, reversible contraceptives.
- Expanding knowledge on contraceptive use, identifying barriers to consistent use, and increasing awareness of the benefits of reducing rates of unintended pregnancies.
- Repeal of policies that restrict access to safe, legal abortion.

INTERNATIONAL ACCESS TO FAMILY PLANNING AND REPRODUCTIVE HEALTH

GOAL: Reduce unintended pregnancy and ensure reproductive rights in developing countries, focusing on sub-Saharan Africa.

THEORY OF CHANGE: Reducing the number of unintended pregnancies requires providing access to information and services through an affordable and effective system of service delivery, one that offers a wide range of family planning methods, including contraception and safe abortion. An enabling policy and legal environment must exist to ensure access, adequate funding, and supportive social norms.

The Population Program supports a strategic mix of service delivery, research, advocacy, and training strategies, mostly in sub-Saharan Africa. These strategies are aimed at averting unintended pregnancies by ensuring the widest possible access to services and allowing the exercise of reproductive rights. The goals are the delivery of 10 million contraceptive Couple Years of Protection[1] (CYPs) annually in Africa and the adoption by three more African nations of broad legal grounds for abortion by 2013.

The Program makes investments in high-performing partners that can work simultaneously in a number of places and through a variety of approaches that promise significant and timely progress. We have seen impressive results from our investments, which have attracted additional funding and enabled programs to grow, and we plan to continue our support to these partners.

In 2010, our grantees increased delivery of contraceptive CYPs in sub-Saharan Africa by 15 percent by expanding the use of longer-acting contraceptive methods through social franchising programs and rural outreach efforts. In 2011, CYPs and family planning visits are expected to increase by 10 percent.

[1] One couple year of protection is defined as the amount of contraception required to protect a couple against unwanted pregnancy for one year. For example, 12 months of oral contraception is roughly equal to one CYP.

We have seen promising results from a three-year pilot effort to demonstrate ways to increase access and use of emergency contraception in Africa. Activities in Kenya included a national awareness campaign conducted through mass media (called Tulia, Swahili for "relax"); technical assistance to the ministry; and efforts to improve the provision of emergency contraception in private sector pharmacies. By the project's conclusion, new survey data showed that knowledge of emergency contraception methods among all women reached 40 percent (from 24 percent in 2003) and the percentage of sexually active women who have used emergency contraception rose to 11 percent (from 3 percent in 2003).

Our strategy of expanding the mix of available contraceptive methods has also focused on the female condom, the only female-controlled method that prevents pregnancy and exposure to sexually transmitted infections, including HIV/AIDS. While we will maintain a commitment to contraceptive technologies such as the female condom that both protect against sexually transmitted infections and prevent pregnancy, in 2009 and 2010 we phased out providing new funding for family planning and HIV service integration projects. The funding environment for addressing integration of FP and HIV/AIDS services has become more favorable through mechanisms such as the Global Fund. We continue to be involved in sharing lessons learned and promising practices. Since 2007, we have invested $2.2 million in model programs in Africa that also received U.S. HIV/AIDS funding. The United States released new guidelines in 2010 promoting the inclusion of family planning in its HIV/AIDS programs. The Foundation can be credited with supporting the voices of key advocates and providing data that contributed to this shift.

INFRASTRUCTURE

GOAL: Ensure adequate financial and human resources, and evidence-based policies for good reproductive health and strong population sciences in developing countries, with a focus on sub-Saharan Africa.

THEORY OF CHANGE: High-quality reproductive health programs and demographic information require adequate funding, trained experts, research, and useful, accessible data. This is best achieved with investments in the training of population scientists, strong research institutions, increased access by policymakers to useful demographic information and research, and advocacy for increased and better uses for FPRH funding.

To support the infrastructure of the population field, the Program invests in research, training, and advocacy activities and organizations. A major investment in research has been in building the evidence base on the relationship between a woman's reproductive health and household poverty and between population dynamics and economic growth (Pop/Pov Initiative). Since 2005, the Foundation has played a strategic role in setting and driving this research agenda in consultation with some of the best researchers and scholars in the field of development economics. We have spurred coinvestments of more than $7 million from research councils in the U.K., the Netherlands, France, and Norway and created a vibrant network of scholars. An annual workshop brings these scholars together to review ongoing research and discuss new methodologies. This kind of rigorous exchange has helped network members to maintain the high quality of research, to push methodological boundaries, and to build the capacity of scientists from developing countries.

One of the major goals of the Initiative was to provide ministers of finance, development economists, and others with evidence on the benefits of investing in FPRH as a way to achieve broader development goals. As more studies are completed, our challenges will be to identify the most compelling research findings and to develop an effective communications strategy to reach ministers, economists, advocates, donors, and other influential audiences. In the near term, communication efforts will focus on helping researchers better understand the importance of a well-defined communications strategy, and on mapping and generating demand for this evidence with our target audience.

The Program's support for advocacy work aims to generate more resources for FPRH and to ensure these resources are spent wisely. In 2009, we launched the Money Well Spent Initiative, and six organizations have received $2.7 million in grants to date. These grantees will address a range of issues, such as getting African governments to take responsibility for improving reproductive health for women, enhancing access to a broad range of services, and increasing transparency and accountability in reproductive health spending.

Evidence-based policies require good, up-to-date knowledge. The Program supports institutions that help advance population sciences. Last year, these long-term grantees conducted research on topics such as the ability of community-based programs to delay the age of marriage and childbearing; the family planning needs of HIV-discordant couples (where one individual has HIV, but the other does not); the role of women's empowerment in ensuring fertility reduction; and barriers to meeting the reproductive health needs of women and girls in poor, urban settings.

The Population Program invests in rebuilding Africa's population research and training institutes so that they can produce evidence that will build and sustain commitment to FPRH. The Foundation's African training partners now lead this once declining field, pioneering new models for training and research that have steadily increased the numbers of internationally competitive population scholars. Sustainability for these institutes depends on their ability to compete successfully for research grants. Our grantees have designed small grant programs and incentives that have motivated original staff research that has won new grants from international donors. The additional revenue has underwritten the education of more students. In 2011, we will focus on untapped opportunities to increase the quality and quantity of scientists trained at these schools and to work with our grantees to implement experimental new curricula and student support programs.

IMPROVING FAMILY PLANNING AND REPRODUCTIVE HEALTH IN THE UNITED STATES

GOAL: Good family planning and reproductive health policies and access to services for all Americans.

THEORY OF CHANGE: By engaging in advocacy to enact supportive policies and increase funding, and by expanding the use of services by increasing access to information and services and promoting behavior change, our grantees will advance the goal of good family planning and reproductive health policies and access to services for all Americans. These policies and services will improve public health and reduce unplanned pregnancy rates and provide a range of benefits for individuals, families, and society.

In 2010, the Foundation's Population grantees and their allies contributed to a major victory. The health care reform law's expansion of Medicaid eligibility will dramatically increase the number of states that receive federal funding to make contraception free for all low-income women. Research commissioned by the Hewlett Foundation suggests that this will reduce the number of abortions in the United States by 200,000 a year.

A number population grantees have also made great advances in the use of new mobile technology. One example of this is Planned Parenthood Mobile, which provides live, confidential information from Planned Parenthood—just a text message away. Once the service is fully launched, cell phone users will be able to exchange text messages with Planned Parenthood and get crucial information, right when they need it. For young people who expect instant access to information, this new initiative offers tremendous potential. A pilot project discovered sizeable demand, including many users from other countries.

Information about contraception and pregnancy is already available online, but recent research shows that many young people prefer to get information on their phones. Young women in a panic about a missed period, a positive pregnancy test, or symptoms of a sexually transmitted disease want answers right away, and now they'll be able to get them. This project will connect young people with accurate information and resources when, where, and how they need it.

SPECIAL INITIATIVE TO REDUCE THE NEED FOR ABORTION

GOAL: Reduce the U.S. abortion rate by 50 percent over 10 years by reducing unplanned pregnancy.

THEORY OF CHANGE: Launching a national campaign to reduce the need for abortions will attract new and broader political and popular support for effective policies to reduce unplanned pregnancy and abortion, an effort that complements our broader domestic strategy.

For some women, reducing the cost of contraception is enough to make a difference in their behavior. For others, the problem is not so simple. During the past year the National Campaign to Prevent Teen and

Unplanned Pregnancy, took a major step forward in dissecting this problem in a report called The Fog Zone[2]. This survey revealed the myths and magical thinking that contribute to the confusion of many young adults about family planning methods. A significant proportion of young adults in the United States believe the pill causes cancer or that the government uses birth control to suppress racial minorities.

SERVING BAY AREA COMMUNITIES

GOAL: Reduce teen and unplanned pregnancy in disadvantaged communities in the San Francisco Bay Area and California's Central Valley.

THEORY OF CHANGE: By increasing access to information and services and promoting behavior change, our grantees will make progress toward the ultimate goal of reducing teen and unplanned pregnancy.

Support for family planning services in California was among the first areas of grantmaking for the Foundation, and its sustained investment in services, advocacy, and research has contributed to remarkable success. Between 1991 and 2008, the teen birth rate in California declined by a staggering 50 percent, and is now at its lowest level ever. This is the steepest decline of any state and a far greater rate of decline than the national rate of 37 percent. Although there are many factors that may affect the teen birth rate, a report in the Guttmacher Policy Review cites the efforts of the Foundation, along with four other private foundations and their grantees, as among the likely key factors in the decline.[3] While many states and counties saw an increase in their teen birth rates over the past two years, the San Francisco Bay Area and the Central Valley both continued to see declines (to 37 from 39 births per 1,000 teens).

Family planning clinics, such as those the Foundation supports, saw a 5 percent increase in clients in 2009, the greatest increase in five years. The need for services continues to outpace supply.

[2] www.thenationalcampaign.org/fogzone
[3] Heather D. Boonstra. "Winning Campaign: California's Concerted Effort to Reduce Its Teen Pregnancy Rate." *Guttmacher Policy Review*: Spring 2010, Volume 13, Number 2.

The William and Flora Hewlett Foundation

SPECIAL PROJECTS IN 2010

OVERVIEW

Special Projects is intended to allow the president flexibility to fund organizations that cut across programs, to respond to unexpected opportunities and problems, and to support high-impact institutions that the Foundation has incubated or supported for many years. In broad terms, Special Projects has four components:

- Initiatives (Nuclear Security and Community Leadership Project)
- Collaboration with programs for special opportunities
- General support for programs and institutions
- Opportunistic grantmaking

INITIATIVES

Over the years, Special Projects has incubated numerous initiatives that either went on to become larger Foundation programs or were stand-alone efforts aimed at taking advantage of a unique opportunity. We currently support two such initiatives: the Nuclear Security Initiative and the Community Leadership Project.

Nuclear Security Initiative

GOAL: A reduced probability of a state or terrorist nuclear attack.

THEORY OF CHANGE: Think tanks, academics, and advocacy groups convince the United States to (1) reform its nuclear weapons policies, reduce its arsenal, and agree to never again test nuclear weapons and (2) lead a global effort to develop and enforce stricter rules to manage nuclear materials and technologies.

Other states follow the United States' lead, developing, in the meantime, sufficient bases for collaboration so as to address near-term nuclear threats. States without weapons respond by (1) agreeing to new rules and restrictions and (2) reinforcing existing ones.

The new rules make it much harder to acquire weapons or sell materials on the black market. The world learns where all the nuclear weapons and materials are, locks them up, and significantly reduces the ease of and incentives for proliferation, minimizing the threat of a state or terrorist nuclear attack.

Nuclear threats today remain unacceptably high. North Korea, Iran, and other unstable states have or are seeking nuclear weapons, while several countries remain interested in acquiring nuclear capabilities. In addition, the threat of a terrorist acquiring a nuclear weapon persists. To the extent that there are solutions to these near-term crises, it is mostly governments that must implement them, although a few Hewlett Foundation grantees have played important roles. The role of these nongovernment experts is to prompt systemic change. There is broad concensus of what needs to be done: find and count all nuclear weapons and materials, secure them, and make them both more difficult and less tempting to acquire. But the international community has been unable to agree to such a system in part because states without weapons refuse to agree to any new rules until the states with weapons begin to live up to their 1968 promise to work toward eventual nuclear disarmament.

The Nuclear Security Initiative (NSI) has focused its efforts on the strategies and regions where there is the greatest potential return. Our grantees helped facilitate the United States' recommitment to the vision of a world free of nuclear weapons, helping convince other countries to agree to stronger rules. In 2009, the international nuclear policy community, including both government and nongovernment representatives, seriously debated grantees' proposals. In 2010, grantees contributed to major policy accomplishments that will reduce the number of active nuclear warheads and alter the terms under which international agreements to stop proliferation and terrorism are negotiated. Our grantees' work in 2011 will shift toward convincing international partners to share additional responsibility.

Progress in 2010

In 2010, the Obama administration, influenced by the work of our grantees and others, made major progress in bringing the importance of nuclear security to the attention of world leaders and the public. A centerpiece of the administration's effort was the negotiation of the New START agreement with Russia in April and its ratification by the Senate in December. This landmark agreement will reduce the number of U.S. and Russian nuclear weapons to 1,550 each. The treaty fulfills President Obama's 2009 Prague speech on a world free of nuclear weapons and signals the United States' strong commitment to its responsibility under the Nuclear Non-Proliferation Treaty. The New START Treaty has also reinvigorated worldwide interest in reducing the number of nuclear weapons and provided the United States with credibility when it asks other countries to better secure their nuclear weapons and fissile material.

With support from multiple funders, grantees like the Ploughshares Fund and the National Security Network used public and policymaker education to ensure that the Senate understood the impact of reducing the number of nuclear weapons. In addition to negotiating New START, the United States and Russia displayed a relatively united front on Iran in 2010. Though the outstanding divide in their interests and differences in willingness to expend diplomatic energy remained a roadblock, the two did collaborate—and even convinced China to sanction Iran.

The Obama administration made impressive progress in spring 2010 toward its goals for nuclear policy reform. President Obama's Nuclear Posture Review, released in April, narrowed the role of nuclear weapons in U.S. national security and promoted talks with China on nuclear arms reductions. In May, President Obama hosted a Nuclear Security Summit, which brought together heads of state from over forty countries to reach a common understanding of the threat that nuclear terrorism poses, to agree to effective measures to secure nuclear material, and to prevent nuclear smuggling and terrorism. The high-profile event brought nuclear security to the attention of leaders who often leave nuclear issues to their countries' technical experts and engaged many rising powers with nuclear ambitions, including Malaysia, Indonesia, Brazil, and Turkey.

The month-long Nuclear Non-Proliferation Treaty Review Conference was the next major push by the Obama administration to highlight the importance of reducing the number of nuclear weapons around the world. The 189 countries that took part in the Review Conference were able to agree on a consensus document, a signal that after a decade of decline in multilateralism, the conference had revived some belief in the international institutions that govern nuclear security.

In 2010, many experts in nuclear policy wondered whether U.S. leadership on the issue would affect other countries' willingness to adopt strong rules governing nuclear materials and capabilities. The Department of State's special advisor for nonproliferation and arms control, Robert Einhorn, reported that the United States' disarmament efforts have significantly increased other countries' readiness to help with export controls and the containment of Iran's nuclear ambitions. However, the next several years will show whether U.S. activity on nuclear security will catalyze lasting changes in the many countries interested in acquiring nuclear power and weapons capabilities.

Community Leadership Project

GOAL: Small and midsize organizations serving low-income people and communities of color in the San Francisco Bay Area, San Joaquin Valley, and Central Coast are better able to achieve their missions by 2012.

THEORY OF CHANGE: Strong organizations are more likely to achieve their missions. Multiyear general operating support, combined with targeted technical assistance and leadership development, can strengthen organizations' governance, strategic thinking and planning, infrastructure, and management systems. Intermediary organizations that have strong networks in low-income communities and communities of color are best poised to deliver effective capacity-building and leadership development programs to grassroots organizations serving these communities.

The Community Leadership Project (CLP) is a $10 million collaboration of the Packard, Irvine, and Hewlett foundations to strengthen small and midsize organizations serving low-income people and communities of color in targeted regions of California. Guided by a three-pronged strategy of regranting, technical assistance, and leadership development, the three foundations funded twenty-seven intermediaries in 2009 to advance an assortment of capacity-building approaches that address the core components of effective nonprofit management.

Progress in 2010

Our project consultant, Learning Partnerships, submitted a progress report to the three foundations based on first-year written reports from nine intermediaries funded in June 2009 and telephone interviews with eighteen intermediaries funded in December 2009. Highlights of the progress report include:

- Intermediaries are gaining momentum to reach target organizations and individuals with CLP funding.
- CLP is meeting its goal of reaching small to midsize organizations: over two thirds of community organizations that have received CLP regranting funds report budgets of $500,000 or less.
- CLP is also attaining its goal of reaching a diverse population: 39 percent of regranting funds support organizations identified with a specific ethnic group, and 61 percent support nonprofits that serve a multiethnic constituency.
- Challenges include identifying the appropriate budget size for capacity building, optimizing participation of leadership, mitigating the immediate impact of the economy, and sustaining the foundations' ongoing commitment to racial equity and social justice issues.

Priorities for 2011

Building synergy and dialogue among regranting intermediaries. At the one-year mark, we saw impressive progress in CLP's implementation. Intermediaries offered positive, constructive feedback about CLP activities, and more regional coordination seemed to be desired.

Monitoring grants and assessing progress. The three foundations identified a team of consultants from Social Policy Research Associated and Leadership Learning Community to develop and implement an evaluation plan. Working closely with the foundations and twenty-seven intermediaries, the team will refine CLP's logic model to include metrics to report relevant data and prioritize effective approaches to capacity building.

COLLABORATION WITH PROGRAMS FOR SPECIAL OPPORTUNITIES

Special Projects collaborates with other programs to support opportunities for impact in their primary areas of work. This funding is not designed to supplement other programs' budgets. Rather, it is extended at unique moments when Special Projects funds can enhance the commitment that another program is making to one of its grantees or can support an organization whose focus is beyond the scope of a program's strategy but still relevant to its work.

For example, the Education Program brought to our attention an organization exploring a community-led movement that would unite inner city, suburban, and rural communities to address tax and fiscal reform challenges—a movement that could create a new center of gravity for winning systemic change.

Special Projects also funded a consultant to continue helping the Foundation's programs apply outcome-focused grantmaking principles to their strategies. The Education Program applied these principles to its Open Educational Resources and Deeper Learning components in 2010, and the Performing Arts Program started to engage with the consultant, with plans to continue in 2011.

Together with the Foundation's IT department, Special Projects continued to provide programs with matching funds to improve videoconferencing facilities available to grantees, thereby helping to reduce both grantees' and Foundation staff members' travel costs and carbon footprints. We intend to continue this effort in 2011.

GENERAL SUPPORT FOR PROGRAMS/INSTITUTIONS

Special Projects funds some institutions that the Foundation has incubated or supported for many years that do not fall within any program's grantmaking strategy, yet that the Foundation values highly. In general, these institutions play significant roles in promoting scholarship, evidence-based public policy, and international relations and foreign policy.

In addition, we continued our support to two key media institutions that provide citizens with high-quality, independent information: National Public Radio (NPR) and the *PBS NewsHour*. NPR creates and distributes award-winning news, information, and music programming to a network of 900 independent stations, reaching 27.1 million listeners every week. The *PBS NewsHour* continues to provide straightforward, informative news reporting and analysis on all distribution platforms.

OPPORTUNISTIC GRANTMAKING

Special Projects has unique flexibility to fund opportunities that have no particular relationship to programs but are promising on their own merits. In 2010, this included support to the California Association of Nonprofits for its efforts to transform into a healthy, visible, and connected statewide force that responds to the needs of California's nonprofit sector. We also supported emergency humanitarian relief to Pakistani communities recovering from the severe flooding due to heavy rainfall in July and August 2010. And we funded a conference in Kabul to help build consensus among Afghan and international actors (including those in civil society and the business community) on the Afghanistan government's objectives, as well as its plans to achieve them.

This varied trio of grants seized unexpected opportunities to affect change in small but significant ways, and we envision taking similar timely actions in 2011.