

A Shared Dream: A WORLD FLOURISHING WITH EVERYONE'S CREATIVITY

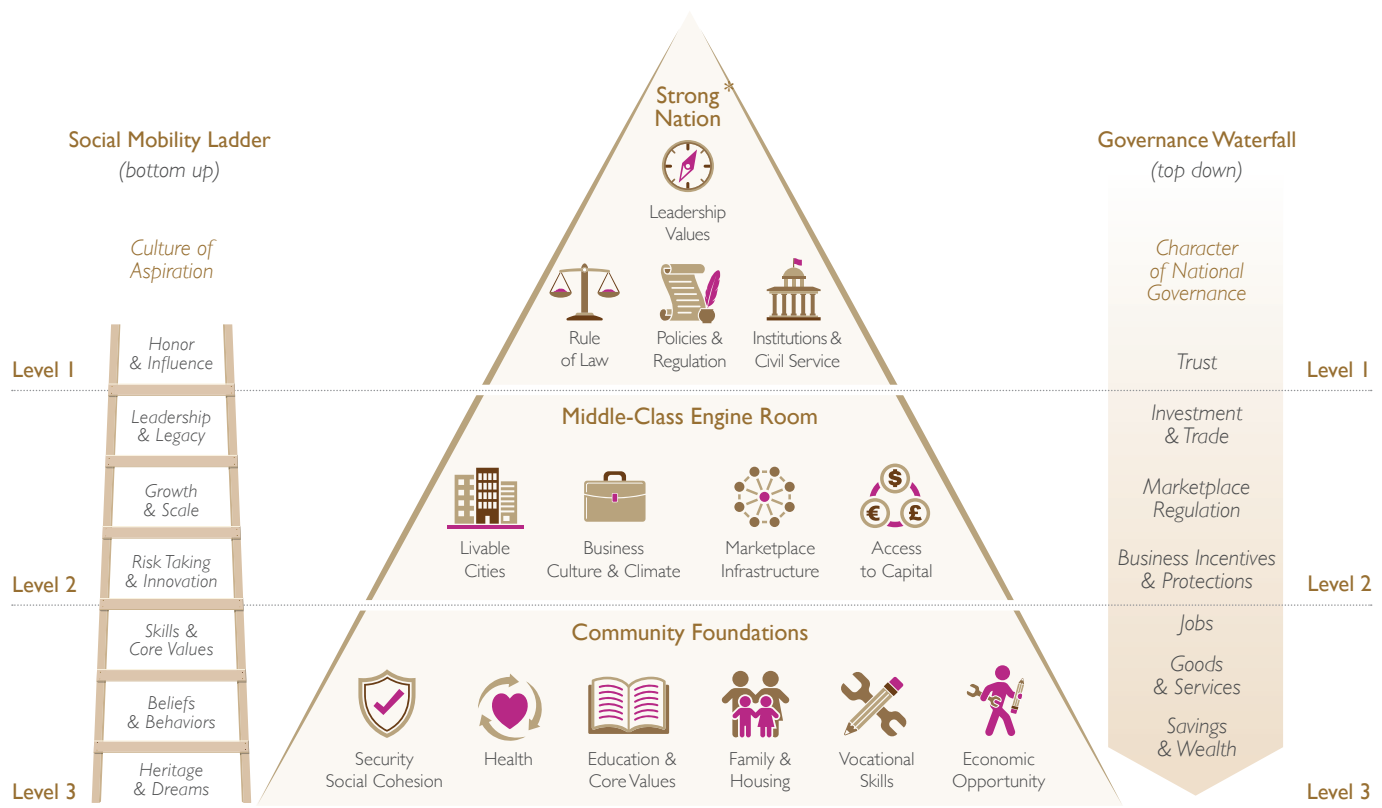
BY TIM HANSTAD

Lifting Our Sights – From Poverty Alleviation to Prosperity Creation

Today, “philanthropy” often remains a synonym for aid and charity, while the philanthropic endeavours that most readily come to mind tend to be “direct-service delivery” – digging wells, donating clothes, and handing out food. These efforts are noble and can improve lives, but they often struggle to be scalable and sustainable, limiting their long-term impact and ability to tackle challenges on a national or global scale. This approach to philanthropy also frequently fails to empower those it intends to benefit, and at its worst, it can stifle initiative and increase dependency.

As I look back on my first year as CEO of the Chandler Foundation, I am heartened that the Chandler Foundation dares to dream of a more impactful philanthropic approach, one which goes beyond alleviating the symptoms of poverty to addressing its structural causes in ways that are scalable and sustainable. Instead of setting our sights on poverty reduction, we focus on creating the conditions that allow prosperity to take root and flourish. Rather than providing a handout to those who find themselves living in places with weak governments, poor regulation, ineffective legal systems, and a poor business climate, we now aim to help improve national governance and build structures and systems for a vibrant and fair marketplace.

The Chandler Prosperity Model



The three levels in this model highlight the multidimensional nature of prosperity. The levels can either create or impede an individual's ability to climb the Social Mobility Ladder and are the building blocks through which governments unleash the Governance Waterfall.

*Each nation has its own identity and story anchored in heritage, culture, values, and traditions.

At the Chandler Foundation, several key beliefs inform our approach. We believe in the inherent dignity and potential of every human. We believe that talent is distributed broadly, but opportunity is not. We believe that prosperous countries are built on a foundation of good governance, strong institutions, a culture of diligence and thrift, a dynamic private sector, and healthy, educated communities. We believe that prosperity is built and broadened when human potential, innovation, and creativity are unleashed; and this occurs when national governance is characterised by values-based leadership, competency, fairness, rule of law, and smart policies. It occurs when the business climate and culture are vibrant and fair, when marketplace systems and structures have been developed, and when people have a basic level of trust in their governmental and marketplace institutions.

The Chandler Prosperity Model: A Holistic Approach to Building and Broadening Prosperity

The Chandler Foundation's mission is to build healthy communities, vibrant marketplaces, and strong nations – three components that are inspired by the three levels of the Chandler Prosperity Model, a multidimensional framework that guides our understanding of prosperity.

Created with the insight that building prosperity requires good national governance, a thriving private sector, and solid community foundations in health, education, and economic opportunity, the model's three levels were designed in a way that bridges the realms of philanthropy, civil society, business, and government.

While the levels are distinct, they are interrelated; they have the potential to either reinforce or undermine one

another. Even the most well-planned and well-executed community-level initiatives may fail to create lasting results if they are in an ecosystem with poor governance or weak marketplace structures and systems. The Social Mobility Ladder and Governance Waterfall reflect that a broadly-distributed prosperity is the product of both bottom-up (the Ladder) and top-down (the Waterfall) initiatives.

We have identified multiple and varied components within the Prosperity Model and between the Social Mobility Ladder and Governance Waterfall. These highlight the multidimensional nature of human flourishing, and underscore the delicate complexity of building, broadening, and sustaining prosperity. The Model reminds us that no single initiative or standalone investment will create a healthy community or strong nation, and inspires us to think holistically about solving the great social challenges of our time.

Unrealised Human Potential Results in a Prosperity Gap

Sadly, many people on the planet do not have access to basic healthcare, education, or meaningful opportunity, while millions still lack food, clean water, or housing. They do not have the ability to fulfil their potential and contribute their creativity and innovation to making our planet a peaceful and prosperous community. This loss of human potential, when looked at globally, results in an enormous “prosperity gap”.

In 2018, the world’s total GDP was US\$ 86 trillion. Almost two-thirds of that total came from the 30 richest countries, which account for only 14% of the global population. If the rest of the world were given the same opportunities to create and contribute, global GDP could increase to US\$ 365 trillion. This US\$ 279 trillion difference between what is produced and what could be produced with a creatively empowered global population is what we call the “prosperity gap”.

We recognise that prosperity is not defined by GDP and material wealth alone – a number of other factors, such as health, safety, personal freedom, and inclusiveness are part of a prosperous life. Yet this “prosperity gap” puts into perspective the unrealised value in our world today from the billions of people



Tim Hanstad, United States, 2018.

who have not had the opportunity to exercise and contribute their full potential. The Chandler Prosperity Model informs a road map for realising that potential, and closing the gap.

Taking the Road Less Travelled

Together, these revelations have inspired us to set our sights on initiatives that address causes rather than symptoms. That means we now favour approaches that contribute to stronger governance (Level 1 of the Chandler Prosperity Model) or vibrant and fair marketplaces (Level 2), rather than ones that simply focus on direct-service-delivery approaches to alleviate symptoms at the community level (Level 3), as philanthropy has tended to in the past. Given that there are so many “pieces” to the prosperity puzzle, we seek to make social investments in a way that considers their interconnected nature, and recognises that execution will require collaboration across and between political, economic, and social communities.

At the Chandler Foundation, we invest across the Prosperity Model to create systemic change. For example, at Level 1, we are supporting Open Contracting Partnership (OCP) to increase transparency and

accountability in public procurement with reform-minded governments. Governments spend about US\$ 9.5 trillion every year on contracts with private companies, much of which is vulnerable to corruption and inefficiency. By enhancing the ability of governments to identify and address these problems in the procurement process, OCP not only helps countries combat corruption, but also improves the business environment for companies competing for government contracts as well as the delivery of important government services.

In Level 2, through our partnership with the Milken Institute, we support its Global Market Development programme to help low and middle-income countries build strong domestic financial markets. Developing the financial sector systems and structures is a vital driver of economic growth. Specifically, capital markets and innovative finance help drive prosperity by helping ensure that national savings are efficiently allocated to the best private-sector growth opportunities. The Milken Institute’s Global Market Development programme works with government partners to build and strengthen marketplace systems and infrastructure for domestic financial markets that promote private-sector led growth.



Open Contracting Partnership operates as a trade contractor, dealing with governments, civil society, and business to open up and monitor public procurement.

Embracing the Power of Partnership

At the Chandler Foundation, we cannot realise our dream working in isolation. Reinventing and re-energising social and economic systems requires the participation and commitment of the leaders and organisations involved in those systems. Partnerships are vital. Which is why the Chandler Foundation is a core partner in Co-Impact, the most prominent global philanthropic collaborative focused on changing systems to advance education, improve people's health, and provide economic opportunity. It brings together some of the most experienced leaders in philanthropy – Bill and Melinda Gates, Jeff Skoll, Rohini and Nandan Nilekani, The Rockefeller Foundation, and ELMA Philanthropies are other core partners – and combines their ideas, insights, capital, and relational networks.

Drawing on Our Heritage as a Business House

One of the unexpected advantages I have realised in leading the Chandler Foundation is that we benefit from being part of a House that believes in possibility and embracing unconventional approaches. I have also appreciated that the House values learning from our collective experiences and journeys.

Our heritage informs not only our audacious dream, but also how we journey toward it. We draw on the House's deep wellspring of experience in the financial marketplace and apply relevant aspects to the philanthropic marketplace; we use investment language and apply relevant investment principles to how we assess opportunities, evaluate results, and seek outsized social impact returns on our invested capital. We look for models that are scalable and sustainable, and we are anchored in a results-based operating culture.

Working Toward Our Dream

"Whatever you can do, or dream you can, begin it", Johann Wolfgang von Goethe advised. "Boldness has genius, power and magic in it". The Chandler Foundation has a bold dream. Our work toward it began more than two decades ago and has been informed by lessons from our journey and new revelations along the way. Like many others, our journey started with a focus on alleviating the symptoms of poverty, working to reduce the suffering it causes. It's a path many in philanthropy still choose to take.

But today we choose a different one. In our investments and through our partnerships, we look to not merely address the symptoms of poverty, but invest in solutions and organisations that root out the underlying structural causes, and by doing so, lay the foundations for a world that is more prosperous, and flourishing with everyone's creativity.



Esther Duflo and Abhijit Banerjee, who share a 2019 Nobel Prize in Economics with Michael Kremer, answer questions during a press conference at Massachusetts Institute of Technology on 14 October 2019 in Cambridge, Massachusetts.

Chandler Foundation's Award-Winning Programme Partner

Abhijit Banerjee and Esther Duflo, co-founders of J-PAL South Asia, a Chandler Foundation programme partner, were awarded the Nobel Prize in Economics in 2019 for their innovative approach to evaluating efforts aimed at lifting people out of poverty.

J-PAL South Asia is a non-profit organisation that partners with governments in India, Bangladesh, Pakistan, Nepal, and Sri Lanka to help them improve governance through evidence-informed policymaking, conducting evaluations of government programmes, and helping to scale up effective programmes. With the Chandler Foundation's support, J-PAL South Asia created a Governance Unit to scale its policy engagements with governments and strengthen government capacity for evidence-informed policy design and implementation. As a result, the organisation has established partnerships with various state governments in India to work on a variety of policy issues. For example in Punjab, J-PAL South Asia has launched a pilot project to design and implement machine learning tools to help tax authorities identify tax-evading firms, and thereby improve tax collections.