Thank you, Shelagh, for your very kind introduction.

Let me add my welcome to the annual Leadership Retreat of the Kresge Special Initiative in South Africa. And let me add my thank you to all of you for taking such a significant amount of time out of your unimaginably busy schedules.

I want to also thank Inyathelo's staff, who have worked night and day for weeks to put this retreat together. We have been privileged to be their partners in this initiative over the past five years.

And, I want to recognize and thank Phil Clay, MIT's chancellor and one of Kresge's board members, for coming all the way to South Africa to participate in the retreat over the next several days.

**Introduction**

Tonight I would like to talk briefly about our collective work in South Africa, and offer some thoughts about the future.

I first visited South Africa four years ago. Now, as then, it is a country full of hope, but replete with contradictions; a country that rebuilds from its innate strengths, but struggles with its ties to legacies stubbornly resistant to change.
You have had two new presidents, presenting to the world disparate leadership styles and signals about direction. Poverty remains ubiquitous in both rural and urban areas, and vast income disparities remain. Xenophobia has hit your communities, which strikes some as a note of dissonance in your noble aspiration to be the Rainbow Nation.

And yet, you have also seen your economy grow, and barely hiccup in the wake of the international financial crisis, even as other countries, including the United States, continue to languish. You have had an amazingly successful coming-out party with the World Cup, mesmerizing the world with expert planning and flawless execution. You have proven to the world that South Africa can compete with the best globally when you focus your collective minds.

At Kresge, we have changed a great deal over the past four years, too.

For decades, we were best known for our support of capital projects. But in the last few years we have retooled Kresge to support grants and other activities designed to address what we believe are some of humanity's most pressing problems: adaptation to climate change, providing health care access, reinvigorating urban areas struggling with the effects of disinvestment and deterioration, ensuring that the arts can flourish even in difficult financial times and helping front-line human-services agencies address the needs of people left out of the economic mainstream.

So where does education fit?

As most of you know, the United States was the world's best-educated nation for decades, with approximately 39 percent of our adults holding a university degree. But in the last several years, we have slipped. The United States is now the 12th-best-educated nation in the world. It is a situation that has mobilized some of America's finest foundations – Lumina Foundation and the Bill & Melinda Gates Foundation among them – to recalibrate their approach to educational policy and practice.

Kresge has done just that. We now focus not on buildings, but on promoting postsecondary access and success for low-income, first generation and underrepresented students, particularly African Americans and Latinos. These students are much less likely to get a university degree than the nation as a whole.

We seek to do this by supporting pathways to and through university to improve what we call "persistence" and you call "throughput."
We are also building the capacity of the institutions that focus on these students, such as historically black colleges and community colleges.

And, we are promoting innovation in higher education to reduce costs and improve efficiency through things like online learning, back-office consolidation and green buildings.

We hope this new strategy will help thousands, and perhaps millions, of people to gain a postsecondary education, allowing them to enter the middle class and better care for their families. We also hope that those efforts, which have been joined by the Obama administration, will help restore America's leadership as the world's best educated nation – and make the United States better equipped to compete globally.

**Our Partnership in South Africa**

So how does this relate to our work in South Africa?

In 1994, your country inherited Africa's best higher education system, but the cruel and misconceived practices of apartheid ensured that access to that educational system was deeply flawed.

Over the intervening years, you have struggled with mergers, shifts in financing, huge enrollment increases, dramatic demographic changes, an aging professorate, weakly prepared students and declining graduation rates. The sector has often seemed to be reeling from one crisis to the next.

Indeed, Brian O'Connell asked at our first conference in 2006, "Are South Africa's universities worth saving?"

Brian and you, his colleagues, answered with a passionate and unequivocal yes. We at Kresge agreed then, and we agree now.

Universities provide the critical technical skills to keep an economy growing – which is why countries as different as China and the United States are rethinking and retooling their higher education institutions to compete globally. You simply cannot have scientific, medical and business innovation without a strong higher education sector.
But even more important, universities are the lifeblood of civil society in a democracy. They provide the alternative voices for analysis, dissent and critical thinking. You can't have a World Social Science Report if you do not have social scientists studying, teaching and researching the pressing problems of the day. And if you don't have that cadre of people analyzing a society's challenges, you can't determine your needs and chart a future course.

In a country like South Africa, and on a continent like Africa, this is critical. Without strong universities, you eventually lose your ability to identify your unique challenges, fashion your own solutions and set your own priorities. Without strong universities, you are at the mercy of others, people who neither understand your circumstance nor bring the requisite depth of commitment to your aspirations. That is intolerable for any nation, but particularly so for South Africa.

Over the past five years, Kresge has assisted the South African higher education system to set its own priorities in three main areas: building the advancement capacity of universities and hospitals, strengthening higher educational infrastructure and working with our foundation peers in the Partnership for Higher Education in Africa.

Let me say a brief word about each.

Advancement

First, advancement. When we began working with Shelagh and Inyathelo in 2005, many South Africans wanted to raise private funds for higher education and health care needs, but felt that it would not succeed, saying that South Africa did not have a culture of giving.

In 2006, the first full year of the Kresge Special Initiative, the four original Kresge grantees – the University of the Western Cape (UWC), Cape Peninsula University of Technology, The Children's Hospital Trust and the University of Pretoria – were raising about 77 million rands annually. The University of the Western Cape advancement operations, for example, raised less than 2 million rands that year.

Fast forward just three years. In 2009, these four institutions collectively raised 183 million rands – UWC raised nearly 47 million rands on its own. And when you add our fifth grantee in the program, the University of the Witwatersrand, the group raised 325 million rands in 2009.
The money is important, but the story is about a larger issue – it's about changing an institution's ability to meet its mission.

Let me give you an example. You all know the history of how and why the apartheid government created UWC, and how UWC eventually turned the government's plans on its head.

But even though it changed its founding mission, UWC never had a purpose-built science facility to teach students and house researchers. Until today. With the help of generous donors and the technical support of the Kresge Special Initiative, Brian O'Connell and his team have been able to secure funds to build a cutting-edge life sciences center. I visited today – and it should be a required stop on the Red City Tour of Cape Town. It is a marvel – a gorgeous piece of architecture; a beehive of tertiary, graduate and postgraduate activity; and a magnet for world class researchers and research.

Like UWC, our other advancement grantees have proven that South Africans will give to higher education if they see a compelling vision, and if that vision is backed up by planning, hard work and follow-through from a university's vice chancellor and advancement staff. It is now clear that if a university and its leadership make advancement a priority every day, South African foundations, corporations – and even individuals – will give.

**Strengthening South African higher education**

Second, let me turn to strengthening the infrastructure of South African higher education. Among the challenges you have told us you face is a lack of critical mass in academic specialties, a need to explore how South African higher education can better manage nontuition and government funding streams and how universities can better engage their communities.

To that end, we have worked with the Southern Africa Labour & Development Research Unit to provide graduate training in quantitative methods at the University of Cape Town through a unique partnership with several other South African universities. Not only does this help to equip young academics with the skills they need to evaluate and analyze research about South Africa's own challenges, it also allows participating institutions to develop these skills in their students without having to take on the additional cost of hiring their own specialists.
We have also supported Rhodes University to develop young academics and, with Higher Education South Africa, to convene a meeting on how to build Third-Stream Income at South African universities. And we have worked with Stellenbosch University to help it serve as a resource as the city of Stellenbosch grapples with the needs of all of its citizens.

**Partnership for Higher Education in Africa**

Third, let me mention our work with the Partnership for Higher Education in Africa.

Founded 10 years ago, the partnership eventually grew to seven foundations – Carnegie Corp., Ford Foundation, the William and Flora Hewlett Foundation, The Kresge Foundation, the John D. and Catherine T. MacArthur Foundation, the Andrew W. Mellon Foundation and the Rockefeller Foundation – eager to strengthen African higher education.

These foundations joined together to address what we felt was an underinvestment in African higher education by African governments and other donors. We hoped our efforts might begin to reverse the negative consequences this underinvestment had created across the continent, both economically and politically.

Eventually, the partnership pledged $300 million to strengthen African higher education, but by the time we concluded the formal phase earlier this year, we had collectively provided $440 million in support. Among our proudest accomplishments have been to help lower the cost of bandwidth for African universities (thereby linking African academics across the continent and with their peers around the world); improving gender equity among students, faculty and leadership; improving research and advocacy on higher education in Africa through groups like Centre for Higher Education Transformation; strengthening physical and administrative infrastructure; and helping to address the need to build the next generation of African academics.

**The Future**

Every day, foundations get requests for more needy and worthy projects than they can possibly ever fund. Over time, most foundations eventually ask themselves: What interventions can we make that will begin to solve the root causes of these problems? How can we change the vector or velocity with which an issue is evolving?
Part of our work as donors is to develop strategies that we hope will not only have an immediate positive effect, but which can continue long after our support will inevitably have to end. We want to see long-term permanent change.

We are confident that our grantee leadership sees, for example, the long-term value of supporting a strong advancement function, nurturing the next generation of academics, investing in research and networks and engaging local communities. No amount of external support can replace this internal commitment and prioritization – and no real change will occur without it either.

The theme of this retreat is Looking Back, Turning Inward and Moving Forward. South African higher education not only faces its own internal struggles of building and retaining talent to strengthen a developing nation and a continent, it faces the challenges of working in a world where global competition is becoming ever more fierce.

Your reflections on these issues will help shape Kresge's work in South Africa. We are reviewing how our work in South Africa fits into our broader education priorities and what our future role may be. How do issues like access and success, underprepared students and enrollment increases affect South Africa and how do they compare to what we see in the United States – and how do they differ? We are eager to hear your views on these and other questions.

I look forward to working with you in what I believe will be a productive and lively conference.

Thank you.