

# change

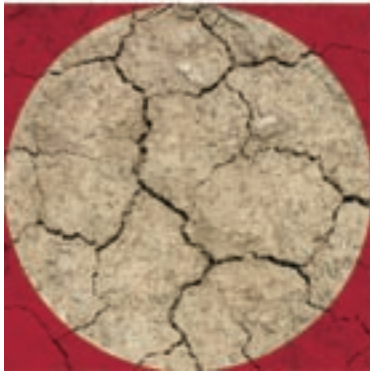
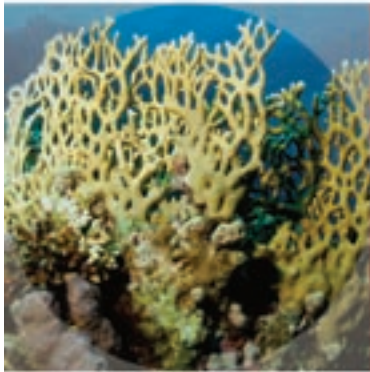
global warming



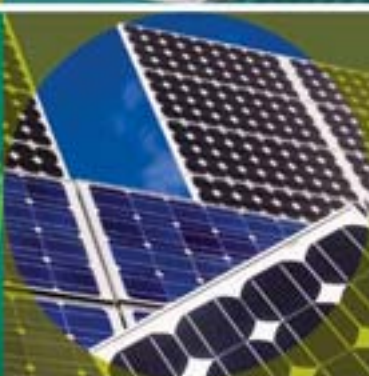
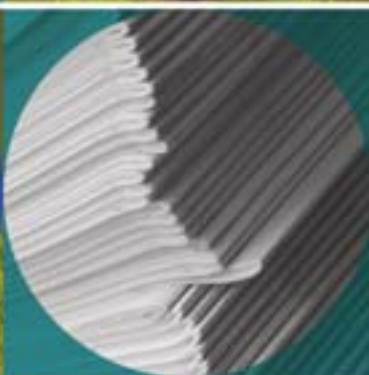
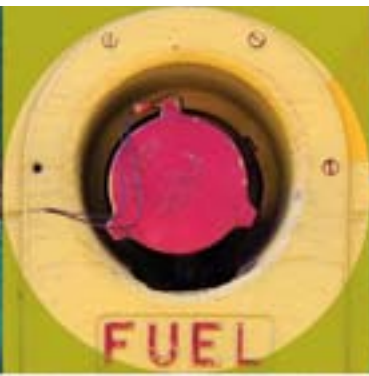
Rockefeller  
Brothers Fund

Philanthropy for an Interdependent World

2005 Annual Report







# Solutions to Global Warming

A National Conversation  
We Desperately Need to Have

EARTH IS RUNNING A FEVER. WE HAVE MEASURED IT. WE KNOW THE CAUSE: THE CARBON DIOXIDE AND OTHER HEAT-TRAPPING GASES THAT WE ARE PUMPING INTO THE ATMOSPHERE. WE ALSO KNOW IF NOTHING CHANGES, EARTH'S FEVER WILL CONTINUE TO RISE AND THINGS WILL GET MUCH WORSE. AND YET THERE IS A CURE; IN FACT, THERE IS AN ARRAY OF REAL AND EXECUTABLE REMEDIES, AND THERE ARE MANY PHYSICIANS POISED TO TACKLE THIS MOST CONSEQUENTIAL CHALLENGE OF OUR TIME.

When our bodily temperature rises two or three degrees, we quickly call the doctor, who diagnoses the illness and prescribes a remedy, and through obedience and some luck, we recover. In America, Washington has yet to call the doctor to tend to its contribution to Earth's accelerating deterioration, even though the size of our contagion is disproportionately large. There are medical teams at work in local pockets of advanced response, but the rest of the world is watching expectantly for a larger solution.

Earth as we know it remains in ever-growing danger, its fate now more than ever in our hands. It is poor bedside manner to belabor the details of worst-case prognosis, even if everyone is well versed in the doomsday litanies of climate change. It does not encourage recovery. What is needed is a more appropriate demeanor: the manner of healthy optimism that accompanies the promise of a cure.

This is why we have put *global warming* on our cover: to highlight the solutions, to describe how we can prod America to action collectively, and to draw others to this vital effort.

From our vantage point as a philanthropy that has been supporting work on climate change for more than 20 years, it is clear to us that the scientific certainty of global warming is no longer worth debating.<sup>1</sup> The naysayers have been revealed to be few, well paid, and partisan—self-serving ideologues on a premeditated mission to distract us from properly

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<sup>1</sup> Intergovernmental Panel on Climate Change Third Assessment Report (2001); National Academy of Sciences, Testimony before the U.S. Senate Committee on Energy and Natural Resources, July 21, 2005; National Research Council, Climate Change Science: An Analysis of Some Key Questions (2001).

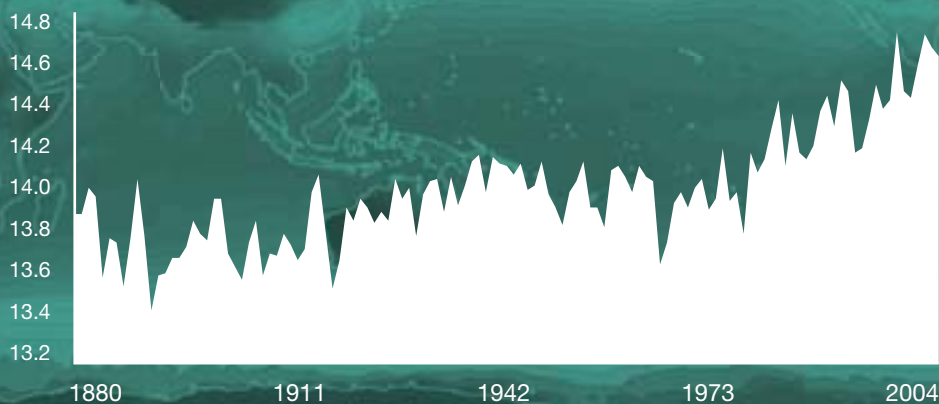
From our vantage point it is clear to us that the scientific certainty of global warming is no longer worth debating.



The disappearance of ice on Earth has provided the most visible evidence of global warming. Researchers have documented a decrease in a million square kilometers of sea ice: 2.5% per decade since 1970. Some estimate summer sea ice in the Arctic will completely disappear within 75 years.

# Average Global Temperature 1880-2004

(Degrees Celsius)



Source: Earth Policy Institute

tending to *the* burning issue of our time.<sup>2</sup> From now on let's just supply them with a toga and a fiddle and pack them off to Rome. We have no time to waste in shouldering the burden of responsibility that falls on our shoulders.

It is a very large burden. The population of the United States accounts for less than 5% of global population yet is responsible for almost 25% of global greenhouse gas emissions. Among the top 75 leading emitters in the world, 34 are in the United States. The unabated greenhouse gas infection of the American atmosphere is a crime of continuing gross neglect. It could also become an unforgivable act of sabotage. Continued inaction would undermine the good-faith efforts other nations are making to reverse the progress of the warming disease. Without America, the rest of the world has no chance.

The U.S. government's leading climate scientist—Dr. James Hansen of the NASA Goddard Institute for Space Studies—gives us only 10 years of breathing room. Stabilize carbon dioxide emissions within the next 10 years, he warns, or Earth will be another planet.<sup>3</sup>

Hansen and his scientist-colleagues around the world have advised us that we must stabilize the level of carbon in the atmosphere at no more than 500 to 550 parts per million, but recent developments are leading them to consider whether 450 ppm might be the tolerable upper limit of global-warming pollution. When the industrial era began, the level was roughly 275 parts per million. Now, after steadily burning coal, oil, and gas—especially over the past 150 years—we have raised the level of carbon in the atmosphere to about 380 parts per million, and there's no end in sight. Consider merely: a billion cars on the road by 2030, a doubling of global energy consumption, a few billion more people.

Carbon is accumulating far faster than ever before, so stabilizing greenhouse gas emissions means nothing less than re-creating the global energy economy on a sustainable basis and planning a conscious and deliberate exit from this carboniferous era of fossil fuels. In quantifiable terms, it means that by 2050 we must cut greenhouse gas emissions by 60% to 80%, even as we grow the global economy and provide for the rising expectations of billions of more people. Nothing less than a staggering feat of economic reengineering is required.

<sup>2</sup> See "Enemy of the Planet" by Paul Krugman, *The New York Times*, April 17, 2006.

<sup>3</sup> See "Climate Change: On the Edge" by Jim Hansen in *The Independent* (U.K.), February 17, 2006.



## The good news is that we know how to do it.

Evidence: two of America's greatest allies.

The United Kingdom reports that it has grown its economy by 40% since 1990 and reduced its greenhouse gas emissions by 14%. It has also set a target to reduce emissions by 60% by 2050 and has projected that the cost of meeting the target would be 0.5% of gross domestic product—equivalent to a six-month slowdown of growth over the next 44 years. That sounds like it's well worth it.

Germany has similar results to report: 19% reduction of greenhouse gas emissions since 1990 and the creation of 450,000 new jobs in the alternative energy sector. It has also committed to a long-term goal—40% greenhouse gas reduction by 2020. What is especially worth noting is that both nations have already outstripped the minimum and relatively meager requirements of the Kyoto protocols and have made commitments far beyond 2012, when the current phase of the Kyoto accord is set to expire.

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The warming of the climate is no longer merely, or primarily, an environmental issue. It is a global issue that touches every conceivable facet of human existence.

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Other examples abound, even in the developing world. Brazil is reaping the benefits of a biofuels program that enables the country to now meet a quarter of its gasoline needs by using alcohol derived from sugarcane. The program supports 700,000 jobs and has saved the Brazilian economy \$50 billion in foreign oil expenditures. Even in China, the economic juggernaut that by 2020 will be spewing more greenhouse gases than any other nation, the government has set its sights on reducing emissions. In 2004 it enacted automobile fuel economy standards that are tougher than America's. It has also set a national goal to generate 5% of its energy from renewable sources by the end of this decade, 15% by 2020.

We do have experience in America with this kind of success and vision, though not on a national scale. California provides the best example. By itself it is the world's seventh-largest economy. It is also one of the world's most energy efficient, having already saved consumers more than \$50 billion in energy expenditures and projected to save them another \$57 billion by 2011. Its clean energy sector now employs 170,000 people—double the number working in the entire U.S. coal industry.

The state has also committed itself to the most ambitious greenhouse gas reduction goal in the world: 80% by 2050. What will be the economic impact of meeting this goal? California's Environmental Protection Agency convened a multiagency Climate Action Team (CAT) to study the question. The team was able to outline a big first step—46 different strategies for reducing emissions 30% by 2020. They found the goal to be achievable and that the suite of needed measures could be implemented without detriment to the state



New truck technologies can save fuel costs, cut pollution, and pay for themselves through fuel savings. The Smartway calculator helps truck owners and fleet managers estimate potential savings from different technologies and cost options.

Early action to mitigate climate change represents a commonsense approach that can begin the process of lowering emissions along a gradual, cost effective glide path.



# Greenhouse Gases

Carbon Dioxide Emissions by Top Ten Emitting Countries (tons)



Source: Earth Policy Institute

economy. In fact, benefits are projected to outweigh the costs—by 83,000 additional jobs and \$4 billion in additional income, on top of the reduced emissions.<sup>4</sup>

The CAT report is worth studying. It provides a good model of collaborative thinking and planning, informed by the optimism of the hope for a cure to global warming. There are many other programs that offer solutions at every level of government, for every size of business, for every household, every individual.

When Salt Lake City hosted the winter Olympic Games in 2001, it unilaterally adopted the Kyoto target of a 7% reduction in emissions by 2012. Thanks to a basket of measures worth emulating, it has already met that goal and saved millions of taxpayer dollars in the process. More than 200 other U.S. cities last year signed on to reaching the same target and are now in the process of adopting local solutions tailored to their own needs. Upwards of a dozen governors, too, are either implementing or developing state climate action plans. They are working together in regional initiatives, including one among eight states in the Northeast that is capping emissions from utilities and setting up a carbon trading market. By monetizing emissions, these states are allowing market mechanisms to drive the greatest amount of emissions reductions at the lowest possible cost.

Well-managed companies are also reaping billions of dollars in cost savings on fuel consumption and have substantially reduced their greenhouse gas emissions—some by as much as 70%.<sup>5</sup> They are all proving wrong the common predictions of economic doom that have prevented action on emissions reductions for too long,<sup>6</sup> and they continue to innovate with new technologies and new strategies that anticipate a low carbon future.

<sup>4</sup> See [http://www.climatechange.ca.gov/climate\\_action\\_team/reports/index.html](http://www.climatechange.ca.gov/climate_action_team/reports/index.html).

<sup>5</sup> See the report “Carbon Down, Profits Up” at <http://www.theclimategroup.org/index.php?pid=370> and “The Race against Climate Change: How Top Companies Are Reducing Emissions of CO<sub>2</sub> and Other Greenhouse Gases,” in *Business Week*, December 12, 2005, at [http://www.businessweek.com/magazine/toc/05\\_50/B39630550carbon.htm](http://www.businessweek.com/magazine/toc/05_50/B39630550carbon.htm).

<sup>6</sup> See “The Mythology of Economic Peril” by Michael Northrop and David Sassoon in *Environmental Finance*, June 2005, at [http://www.rbf.org/pdf/ef\\_mythology.pdf](http://www.rbf.org/pdf/ef_mythology.pdf).

What policies have enabled the growth of the clean energy sector and its 170,000 jobs—double the number in the entire U.S. coal industry—to be created?



Other constituencies are starting to comprehend the relevance of global warming to their interests and concerns and are starting to organize their collective force.

Evangelical Christians who ascribe to an abiding duty to “steward the Earth” have issued a call to action, with a reminder that climate change will hit the poor the hardest.

Farmers have organized a campaign to supply farm-based alternative fuels so that the nation can meet the goal of sourcing 25% of its energy needs from renewable sources by 2025.


The young people on our campuses—perhaps the first generation that will suffer severe and consistent climate impacts if nothing is done—are pressuring their universities, their communities, and their elected officials for changes to business as usual.

Shareholders are asking companies they own to disclose information on greenhouse gas emissions. They want to evaluate the carbon risk exposure of their investments, force action by company boards, and change the calculus of fiduciary duty that governs the influential flow of capital.

Entrepreneurs who are pioneering alternative energy solutions—long conveniently relegated to a barely subsidized niche—are the new darlings of Wall Street and Silicon Valley. They hold the keys to the innovations that will pave the way in the long term to an alternative energy future.

The warming of the climate is no longer merely, or primarily, an environmental issue. It is an energy issue; a business issue; an investor issue; a moral issue; a security issue; an agricultural issue; a coastal issue; a religious issue; an urban issue; in short, a global issue that touches every conceivable facet of human existence. It is a matter of universal concern that cuts across party lines, religious affiliations, class divisions, and demographic distinctions. Therein lies our current opportunity.

We are deploying our philanthropic resources to help all of these constituencies understand the relevance of global warming, articulate their needs, and devise their own



In New York City, a methanol powered bus drives down the street. Methanol,  $\text{CH}_3\text{OH}$ , is a clear and colorless liquid used as a hydrogen carrier for fuel cells. Methanol fuel cells will reduce the dependence on imported petroleum and improve urban air quality.

solutions. It is an exercise in civic engagement that will strengthen democratic practice, security, and sustainable development. Through this work over the next thousand days, we can prepare ourselves as a nation to develop the best policy solutions we can possibly devise, and we can make ourselves ready to deploy them at the first opportunity. There is too much at stake to leave matters in the hands of political professionals, special interests, and ideologues. We still have a chance to rejoin the community of nations and shoulder our fair burden of responsibility; secure our economy upon a sustainable model of growth; lead emerging economies by example and through the export of our technology, management, and capital; enjoy greater energy security; and secure continued hope for future generations.

With each passing month, we see new evidence that Earth's fever is getting worse—fast. Hansen also recently noticed another alarming symptom in a satellite study. Greenland is losing 200 cubic kilometers of ice a year. It isn't just the quantity that is causing this attending physician to be newly concerned; it is how the ice is disappearing. The massive ice sheet is not melting just at its edges like an ice cube in a soft drink. It is eroding from the inside out.

Greenland's melt-waters fall into deep, uncharted crevasses and then collect and flow in undetectable rivers that eat away at the continent of ice from underneath. Eventually, huge territories of top-heavy ice collapse, slide into the ocean, and float away forever. Hansen says the entire Greenland ice sheet could reach a point of no return with explosive rapidity and trigger sea-level rises of as much as 25 meters. Much of Boston, New York, Washington, D.C., Miami, and coastal communities everywhere would be underwater. It is why he warns us: *Earth will be another planet.*

We do not sufficiently appreciate how it is within our power to monumentally disrupt the delicate systems that govern this planet. We also have not taken seriously how eminently it is within our reach to reengineer our material existence on sustainable terms. It's high time to collectively apply the cure.







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# Message from the Chair

Steven C. Rockefeller

IT HAS BEEN A DEEPLY REWARDING EXPERIENCE TO SERVE AS CHAIR OF THE ROCKEFELLER BROTHERS FUND (RBF) OVER THE PAST EIGHT YEARS (1998–2006). MY TERM AS CHAIR HAS COME TO AN END AS OF JUNE 2006, AND RICHARD G. ROCKEFELLER HAS BEEN UNANIMOUSLY ELECTED THE NEW CHAIR. I WOULD LIKE, THEREFORE, TO REFLECT IN THIS ESSAY FOR THE 2005 ANNUAL REPORT ON THE MAJOR DEVELOPMENTS AT THE RBF THAT HAVE SHAPED THE FUND SINCE 1998. THE ESSAY CONCLUDES WITH A FEW THOUGHTS ABOUT ETHICS AND FOUNDATION GOVERNANCE. I HAVE NOT ENDEAVORED TO PROVIDE SPECIFIC EXAMPLES OF THE FUND'S GRANTMAKING IN RECENT YEARS, SINCE OTHER ESSAYS IN THIS ANNUAL REPORT CONTAIN EXTENSIVE INFORMATION ON THE FUND'S GRANTMAKING PROGRAMS.



Steven C. Rockefeller

At the outset, it is useful to note the traditions and partnerships that have shaped the culture at the RBF and give the Fund its distinctive identity. First of all, the Fund has deep roots in Rockefeller family traditions in philanthropy which have over a 100 year history. The influence of these traditions can be seen, for example, in the concern to seek solutions to fundamental problems, to pursue long-term goals, to engage regularly in strategic thinking, and to address global as well as local and national issues. There has also been a long tradition at the RBF and other Rockefeller philanthropies of contributing staff time and expertise as well as money to grantees in the form of technical assistance and board service, and staff also make contributions beyond grantmaking through public speaking, writing, teaching, and participating in funder collaboratives. Each new generation of trustees reconstructs the RBF's programs in response to current challenges, but the Fund's initiatives continue to reflect the general objectives, broad interests, and practices that have been characteristic of Rockefeller philanthropy.

Second, the strength and success of the RBF over the years has depended on two critical partnerships involving the collaboration of Rockefeller family member trustees and non-family trustees and a mutually supportive relationship between the Board of Trustees and the president, who serves as a trustee as well as chief executive. A good working relationship between the trustees and those who direct the RBF grant programs and other staff is also essential to the effective functioning of the Fund. Ensuring that these partnerships and relationships are working well and advancing the mission of the Fund is a major responsibility of the chair and the president, who must work closely together to be fully effective.



Guided tours of Kykuit, the historic Rockefeller home, are available to the public (see page 72).

### **Major Developments, 1998–June 2006**

In June 1998, the RBF together with the Asian Cultural Council (ACC) and the Rockefeller Family Fund (RFF) moved into new office space at 437 Madison Avenue, which provided the Fund for the first time with well-equipped meeting space large enough for full board meetings. In 2002 the RBF, ACC, and RFF were joined by Rockefeller Philanthropy Advisors (RPA). The sharing of office space and some administrative services provided by the RBF has made possible mutual support and greater collaboration among these four philanthropic organizations founded by and closely associated with the Rockefeller family.

In July 1999 after a year of careful planning, the RBF and the Charles E. Culpeper Foundation were merged. The merger was negotiated by Colin Campbell, who was both president of the RBF and vice chair of the Culpeper Foundation. As a result of this extraordinary development, the RBF board was strengthened by the addition of four Culpeper trustees (Hunter Lewis, James Moltz, John Morning, and Tadataka Yamada) and \$212 million was added to the RBF endowment, which by year's end was over \$770 million. In addition, several senior Culpeper staff members joined the RBF staff.

After serving as president of the RBF for over 12 years, Colin Campbell resigned from his position at the Fund and stepped down in the summer of 2000 to become the president of the Colonial Williamsburg Foundation. Under Colin Campbell's leadership, the RBF's endowment and grant program budget more than tripled in size, and the Fund in partnership with the National Trust for Historic Preservation opened an exciting new international conference center at the Rockefeller family's Pocantico estate outside New York City and began to conduct on the estate guided tours for the public of Kykuit, the hilltop home of John D. Rockefeller Senior and Junior and Governor Nelson A. Rockefeller. These developments at Pocantico were made possible by a bequest in the will of Nelson Rockefeller to the National Trust for Historic Preservation. As a result of an agreement with David Rockefeller and Laurance S. Rockefeller most of the remaining properties in the Pocantico estate will eventually be transferred to the National Trust and then leased to the RBF to manage for charitable purposes consistent with the missions of the Fund and National Trust.

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The Rockefeller Brothers Fund promotes social change that contributes to a more just, sustainable, and peaceful world.

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The historic preservation programs for Kykuit and other related properties at the Pocantico estate, which the RBF operates under the direction of Charles Granquist, now attract from 35,000-45,000 visitors a year. The RBF Pocantico Conference Center has been in operation for 12 years. The Center has greatly enhanced the convening power of the Fund, and its highly skilled staff, which is headed by Charles Granquist and Judy Clark, hosts as many as 65 conferences a year, a number of which are international gatherings. In 2005, the RBF sponsored or organized about one-third of all events at the Conference Center. The staff has been greening the operations of the Center in an effort to reduce greenhouse gas emissions and to make it a model of sustainable practices. In preparation for the time when the Fund's responsibilities for managing the Pocantico estate are expanded, the trustees and staff initiated in 2004 a long-range-planning process. Of special significance, the Fund's relationship with the Pocantico estate has deepened its connections with Rockefeller family traditions.

In the seven month interval between Colin Campbell's departure and the arrival of the new president, the Fund's executive vice president, Bill McCalpin, chaired a staff management committee that provided administrative leadership and management of day-to-day operations. Linda Jacobs, vice president, and Ben Shute, secretary, also served on the committee. As a result of the excellent work of the management committee and the full support of the staff, the operations of the Fund went smoothly during this time of transition.

An extensive search concluded with the election of Stephen Heintz as the new president of the RBF in October 2000. Stephen Heintz assumed his responsibilities as president on February 1, 2001, and a new chapter in the history of the RBF began.





A view of the Detian Falls in western Guangxi province, China.

Following the merger with the Culpeper Foundation in 1999, the trustees created a Strategic Review Committee charged with evaluating the grant programs of the two foundations and recommending a new integrated program architecture that is well adapted to the changing world situation. It took over three years for the trustees and staff to complete what became the most extensive program review since the early 1980s. Stephen Heintz joined the Fund as president as the review process was getting under way, and his leadership and vision for the future had a major impact on the outcome. The review led to a revised Program Statement (see page 32) and a simplified, more focused, and more coherent program design. The trustees reaffirmed the Fund's traditional commitments to grantmaking designed to respond to local, national, regional, and global challenges and reasserted the emphasis introduced in the early 1980s on addressing the needs of an increasingly "interdependent world." Regarding the mission of the RBF, the revised Program Statement begins: "The Rockefeller Brothers Fund promotes social change that contributes to a more just, sustainable, and peaceful world." Several grant programs, including those in education, health and the nonprofit sector, were terminated as a result of the review, and after two decades of grantmaking, the Fund's program in Central and Eastern Europe was concluded. Grantmaking was reorganized around four interrelated themes: Democratic Practice, Sustainable Development, Peace and Security, and Human Advancement, which includes the Culpeper Arts and Culture program. All program guidelines were updated and revised. In addition, the Fund decided to focus some of its grantmaking in several "pivotal places," including New York City, Serbia and Montenegro, South Africa, and Southern China (launched in 2005). The new program architecture involves both continuity with some past initiatives, especially in the field of sustainable development, and innovation. The new Program Statement and guidelines were publicly announced early in 2003. The program guidelines were further refined over the next three years. In the course of the strategic review, the Fund also adopted a new logo and visual identity. (For an overview of the Fund's program architecture, see page 34.)



Steven Rockefeller and his wife, Barbara (center), join the RBF staff at the annual staff retreat.

The decade of the 90s was a period of remarkable growth in the financial markets, and in August 2000 the market value of the RBF investment portfolio reached a high of \$820 million. However, a dramatic decline in domestic and international equity markets began in late 2000 and continued through most of 2001 and into 2002, causing a 30% reduction in the Fund's endowment. As a result, the RBF grant budget was reduced from \$32,114,000 in 2000 to \$22,917,000 in 2002. The decline in the Fund's assets and grants budget led in 2002 to a reduction in the full-time-equivalent staff from 49.5 to 41.5. This was a painful but necessary adjustment.

During Stephen Heintz's first year as president, the Fund was also confronted with the 9/11 terrorist attack on the World Trade Center in New York City and the changing international conditions that this event has generated. In response to 9/11, the trustees on recommendation of the president created a special \$1-million emergency Fund and adopted a strategy of providing (1) support for relief efforts with special attention to the needs of low-income individuals and families, and (2) support for long-term recovery initiatives with an emphasis on promoting a bold, integrated vision for rebuilding lower Manhattan, effective collaboration among all sectors and constituencies in achieving the vision, and innovative models of civic engagement in the reconstruction process. In addition, over the next two years the Fund launched within the framework of its Peace and Security program a new initiative designed to promote respect and mutual understanding between the West and the Islamic world and began funding and participating in a Track II diplomatic dialogue with Iran organized by the United Nations Association-USA under the leadership of Ambassador Bill Luers, an RBF Advisory Trustee. This dialogue with Iran has continued into 2006 and has provided a very useful channel of communications during a period when Washington and Tehran have been deeply divided over Iran's nuclear program and support for terrorism, and there has been no direct intergovernmental contact.

Recognizing the difficulties that abrupt, dramatic changes in the Fund's grant budget create for both program officers and grantees, the trustees moved to adopt in 2003 a new

spending formula designed to eliminate volatility in the grants budget. In broad outline, in order to arrive at an annual budget, the Fund now takes the average endowment value for each of the last five years, eliminates the years with the highest and lowest values, and calculates the average for the three remaining years. As a general rule, this average value is then multiplied by 5.25%, which is the Fund's target spending rate apart from taxes and investment-related costs. In addition, partly as a result of the difficult market environment, the Investment Committee began reducing the Funds' holdings in equities creating a more diversified asset allocation. In 2003 the value of the Funds' assets began a recovery. By the end of 2005, the endowment was again over \$775 million and the grant budget for 2006 was increased to over \$26 million.

At the RBF the trustees, in consultation with staff and outside experts, establish goals and strategies for each of the Fund's grantmaking programs. It is the responsibility of the president and program officers to implement the goals and strategies and to recommend grants to the board for approval. It has been the general practice at the Fund for the trustees to approve grant proposals. However, over the last few years as the number of RBF grants has increased, the board has delegated to the president the authority to approve grants recommended by program officers up to a total of 10% of each grant program budget. The president also has a modest discretionary grant budget of his own. The delegation of grantmaking authority enhances the Funds' ability to respond quickly to urgent needs, but it is not used when grants over \$50,000 are under consideration. Over the past two years the Fund has averaged about 325 grants a year. The average size of new RBF grants is between \$50,000 and \$100,000. The Fund makes one-, two-, and three-year grants. In 2005 60% of the Fund's grants were two-year commitments. The Fund initiates many of the projects that it funds, and it "looks for connections among the activities it supports and the themes it pursues, both within and across program areas and in specific geographic locations."

As president, Stephen Heintz has set a goal of excellence for all the Fund's operations and during his first four years, much attention was given to reviewing and reorganizing internal systems and procedures. A new staff compensation system was adopted to ensure internal equity and external competitiveness and a new staff performance evaluation system was implemented. Escalating costs led to a review and redesign of the Fund's benefit retirement programs. Significant improvements have been made in the areas of communications, information technology, and grants management. In an effort to give all members of the Fund's staff a greater sense of being part of the Fund's mission and a better understanding of the Fund's philanthropic work, a new staff grantmaking fund administered by members of the Fund's larger staff has been created with an annual grant budget of \$100,000. Grant recommendations go to the board for approval.

Over the years the RBF board has wrestled with the challenge of developing effective procedures for evaluating its grant programs. Adopting the recommendations of a Foundation Performance Assessment Committee, the trustees and staff in 2003 instituted an annual "Statistical Review of RBF Operations," which provides a great deal of quantitative information regarding the Fund's grantmaking and operations that is useful in assessing the Fund's performance. Much of this information is now shared on the Fund's Web site. In addition, the Fund's program officers have been encouraged to be as specific as possible about the objectives to be realized by each grant, and the trustees have directed the program officers to prepare every two or three years a report that systematically evaluates the success and the strengths and weaknesses of the program for which they are responsible. These

reports are staggered so that the trustees are engaged each year in evaluating at least one of the Fund's major programs. In some cases outside reviews are also commissioned. Evaluating grant programs is an art as well as a science. It can never be reduced entirely to quantitative measures and statistical reports. There is no substitute for site visits by trustees, and the diverse experience and perspectives of trustees can be illuminating. Assessing the success of grant programs is a matter of ongoing experimentation and learning at the Fund.

In 2003, the Board of Trustees participated in a board self-assessment process which proved instructive, and the trustees agreed to repeat the self-evaluation process approximately every three years. They also participated in a 2004 national survey of foundation governance policies and procedures conducted by the Center for Effective Philanthropy, which issued a report on its findings entitled *Beyond Compliance: The Trustee Viewpoint on Effective Foundation Governance* (2005). The report identifies five components of foundation governance that are essential to preventing abuse and maximizing foundation board effectiveness: appropriate mix of trustee capabilities and utilization of those skills; engagement of trustees in strategy development and impact assessment; focus of trustee discussions on critical topics, including major strategic and fiduciary responsibilities; positive relationship with the CEO; and opportunity for influence and respectful dissent in board meetings.

Responsible foundation governance emerged in 2004 as a national issue as a result of media reports on self-dealing, excessive compensation, and incompetent management on the part of some foundations and nonprofits. Concern over these issues was heightened by a number of corporate governance scandals that led to the Sarbanes-Oxley Act. The U.S. Senate Finance Committee held hearings on abuses by foundations and nonprofit organizations and considered recommending new

legislation. An independent national Panel on the Nonprofit Sector was convened by the Independent Sector and charged with making recommendations on steps that the nonprofit sector and government could take to address the situation. Stephen Heintz was appointed to serve as a member of this national panel, which issued two reports in 2005. In addition, the Foundation Executive Group, of which the RBF president is a member, drafted and circulated in 2005 its "Proposed Governance Principles for Discussion with Large Foundations." The RBF trustees reviewed the proposed principles and found that the Fund is for the most part in conformity with them. Where this is not the case, the Fund is taking steps to refine its governance practices, including the drafting of charters for all its major committees. The Fund also updated its bylaws, adding new language that clarifies the roles and responsibilities of the trustees, the chair, and the president. The Fund's Audit Committee under the leadership of Jessica Einhorn has intensified its oversight of the Fund's accounting procedures and financial reporting and the external audit of the Fund's operations.

For a number of years the trustees of the RBF and the staff have discussed the need to develop greater consistency between the Fund's investment policies and practices and

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Assessing the success of grant programs is a matter of ongoing experimentation and learning at the Fund.

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A view along the western cape coastline near Cape Town, South Africa.

the Fund's philanthropic mission and goals. Toward this end in 2004 the board created an Advisory Committee on Responsible Investing charged with designing proxy-voting guidelines and procedures. After extensive research on relevant guidelines adopted by other institutions and a lengthy internal discussion, the committee submitted its recommendations to the board and the proposed new guidelines were adopted in 2005. Other ways of promoting greater coherence between the Fund's investment policies and its mission will be explored.

The founders of the RBF left it up to each generation of trustees to decide whether to adopt spending policies that preserve the real value of the Fund's endowment over time or whether to adopt a different approach. In the late 1970s and early 1980s, the founding trustees, as they prepared to turn the leadership of the Fund over to the next generation, decided to pay out roughly half the Fund's endowment in a series of one-time, large grants to institutions with close ties to the Rockefeller family. Since then annual grantmaking plus administrative and investment expenses have been maintained at a rate that has preserved the real value of the Fund's financial assets. Federal law mandates a 5% annual payout. RBF studies of the Fund's last 25 years have revealed that total expenditures, including taxes and investment-related expenses, can reach 6% without eroding the real value of the endowment provided that inflation remains low. In 2005 the trustees reviewed the situation and formally adopted a policy guideline that, as a general rule, the Fund should manage its investment portfolio, administrative expenses, and grant programs in a fashion that preserves the real value of the endowment. In adopting this policy, the trustees were concerned to preserve for future generations the opportunity to continue a significant philanthropic program at the RBF. They were also motivated by the belief that American society and the larger global community needs the creative leadership of institutions like the RBF, and they were mindful that the RBF has assumed an important stewardship responsibility in connection with the

Pocantico estate. In addition, the trustees agreed that in order to fulfill the philanthropic mission of the Fund, it might be necessary under extraordinary circumstances for the Fund to make special grants that exceed the normal spending guidelines.

Over the years, an Investment Committee, which includes both trustees and other experienced financial managers, has overseen the RBF's investment portfolio and has done an outstanding job. In 2005, Tim O'Neill succeeded Ed Villani as the trustee chair of the Committee. In 2006, on recommendation of the president and Investment Committee and after a careful review, the trustees decided that given the increasing complexity of managing an investment portfolio the size of the RBF endowment, the time had come for the Fund to engage its own chief investment officer. A search is under way. The creation of this new position should markedly enhance the Fund's capacity to take full advantage of the promising investment opportunities provided by today's global economy.

During the first five decades of its existence, the Board of Trustees included members of the third and fourth generations of the Rockefeller family as well as non-family members. Over the past 15 years, members of the fifth generation have been elected as trustees. Of the eight family members currently serving on the board, four are now fifth-generation members. In recent years the board has had a total of 15 or 16 members, a size that is small enough to make possible the participation of all trustees in board discussions but large enough to provide the needed diversity of experience and expertise. The Fund currently also has five non-voting advisory trustees.

An event of great import for the future of the RBF occurred at the December 2005 board meeting. David Rockefeller, a founding trustee and former chair of the RBF, announced that he had decided to make a gift to the RBF endowment through his will that will increase the Fund's endowment by roughly 30%. This extraordinary bequest will create the David Rockefeller Global Development Fund at the RBF, which will support initiatives consistent with the RBF's mission and David's life-long interest in international affairs and social and economic innovations that reduce poverty and promote human development throughout the world. As has been the case with the RBF-Culpeper Foundation merger, David Rockefeller's gift will dramatically enhance the capacity of the Fund as it responds to the evolving challenges of the 21st century. [For further information about David Rockefeller's gift, see the essay by Stephen Heintz.]

## **Reflections on Ethics and Foundation Governance**

Some excellent reports and declarations of fundamental principles have been issued over the past two years on the subject of good foundation governance. In addition to the reports mentioned earlier in this essay, another exceptionally good statement of principles was prepared and released by BoardSource in 2005 under the title *The Source: Twelve Principles of Governance That Power Exceptional Boards*. These reports and the principles and guidelines they set forth describe the systems and procedures that must be in place in order to operate a foundation in compliance with the law and in conformity with high ethical standards of conduct, and they present governance "as a creative and collaborative process" that engages board members, supports the chief executive, and advances the mission of the institution (*The Source*, Preamble, 2005). Reflecting on this material, I would like to emphasize two points.

First, effective foundation philanthropy is generated by the integration of a strong commitment to a coherent vision of ethical values and ideals, on the one hand, with rigorous intellectual analysis and skillful management that leads to clear goals and



Stephen Heintz and Steven Rockefeller are joined by founding trustee David Rockefeller at the December 2005 board meeting (pictured left to right).

the implementation of well-designed grantmaking strategies on the other hand. Most statements on governance call attention to the importance of ethics, but the discussion tends to focus on codes of ethics that address issues such as accurate financial disclosure, legal compliance, and conflict-of-interest policy. Such codes of ethics are one very important dimension of the ethical culture of a foundation, but there are other ethical issues and how they are addressed has a large influence on the nature and quality of the whole operation.

Ethics are concerned with the judgments people make about what is right and wrong, good and bad, in human conduct involving relations with other persons and the greater community of life. Our ethical values are expressions of what kind of persons we choose to be and what quality of life together we wish to establish and maintain in our institutions, communities, and the larger world. The mission statement and goals of a foundation are shaped by the trustees' sense of social responsibility and their ethical values. The manner in which board and committee meetings are conducted and the quality of interpersonal relationships throughout the organization manifest the ethical culture of the foundation. The choice between an authoritarian style of management and a more transparent, participatory, and collaborative approach involves fundamental ethical values. A sound ethical culture at a foundation inspires and challenges individuals to exert themselves for a worthy cause, creates an environment that enables them to realize their potential, and instills respect and care for others, commitment to the highest professional standards, and a spirit of cooperation in pursuit of a shared purpose.

Second, building a mutually supportive relationship between the chair and trustees on the one hand and the chief executive on the other involves adherence to some basic principles. It requires mutual respect and trust, a shared commitment to the foundation's mission and ethical culture, and regular communication that is open, direct, and honest. There must also be a clear understanding of and respect for the guidelines that define



the distinct roles and responsibilities of the chair and trustees on the one hand and the chief executive and staff on the other. Since the roles of the chair and the chief executive are different, as a general rule it is not a good idea for one and the same person to occupy both positions.

At the RBF, trustees are responsible for appointing the president, setting goals and policies, and holding the president accountable and evaluating his or her performance annually. However, they also delegate full authority to the president to direct and manage the operations of the Fund, including the preparation of the grant recommendations that go to the board for approval. Trustees do consider carefully the findings and recommendations of the staff when constructing goals and policies. From time to time, the president does consult with the chair and trustees in the process of making important management decisions. Trustees do on occasion suggest to the president and program officers that they consider certain grant opportunities. As long as everyone is clear on who has the final responsibility for performing various tasks and making different decisions, the business of the Fund runs smoothly, and there can be a great deal of productive give and take involving the chair, president, trustees, and staff.

## **Conclusion**

The past eight years have been an exciting and challenging time of change and growth at the RBF. I have immensely enjoyed and learned a great deal from working with the RBF's dedicated and talented staff. I extend to them my deep personal thanks for the many ways in which they have advanced the mission of the Fund and supported me in my role as chair. I especially want to thank the Fund's executive vice president, Bill McCalpin, and the Fund's program officers, including Shenyu Belsky, Michael Conroy, Priscilla Lewis, Bill Moody, Nancy Muirhead, Michael Northrop, Ben Rodriguez-Cubeñas, and Ben Shute.

Colin Campbell helped me settle into the role of chair, and it was my good fortune to have had the opportunity to work closely with him for two years. I especially value the





partnership that Stephen Heintz and I have formed over the past five and a half years. To Colin and Stephen I extend heartfelt thanks for their friendship, support, and the superb leadership that they have provided the Fund. I look forward to a continued association with Stephen and the RBF as an Advisory Trustee.

It has been an honor and privilege to work with the RBF's experienced and knowledgeable board. I am deeply grateful to my fellow trustees for their support, wise guidance, collaborative spirit, sense of humor, generosity with time, and patience with packed board meeting agendas. Their commitment to the Fund and its mission has been extraordinary.

My congratulations go to Richard Rockefeller on his election as chair of the RBF Board of Trustees. Richard is a physician who practiced and taught medicine in Portland, Maine from 1982-2000. His experience working in the field of philanthropy and the nonprofit sector is extensive. He is the founder and past president of the Health Commons Institute and has chaired the U.S. Advisory Board of Doctors Without Borders since 1989. He is also the founder and president of Maine Time Banks and has chaired the board of the Maine Coast Heritage Trust since 2000. A former president of the Rockefeller Family Fund and trustee of Rockefeller University, he has served as a trustee of the RBF since 1989. I wish Richard and the RBF great success as he assumes leadership of the Fund's board.

The freedom and independence of foundations like the RBF gives them a unique opportunity to be far-sighted, imaginative and innovative, and centrally concerned with the common good and progressive social change. The need for their ethical and intellectual leadership and financial resources has never been greater. As the RBF continues to grow and develop as an institution, it is my hope that its trustees and staff will keep faith with humanity's highest social and ecological ideals and never cease striving to find creative ways to build a better world for all.

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For the complete Message from the Chair, including a summary of the accomplishments of the Fund's philanthropic programs during his tenure, please visit [www.rbf.org](http://www.rbf.org).

# President's Essay

Stephen B. Heintz

PRINTED FOUNDATION ANNUAL REPORTS ARE FAST BECOMING OBSOLETE. THE IMMEDIACY AND NEAR-UNIVERSAL ACCESSIBILITY OF WEB-BASED COMMUNICATIONS HAVE MADE PUBLISHED ANNUAL REPORTS ANACHRONISTIC. PUBLICATION MUST WAIT FOR THE FILING OF AUDITED FINANCIAL STATEMENTS, WHICH ARE GENERALLY NOT AVAILABLE UNTIL FOUR TO SIX MONTHS FOLLOWING THE END OF THE FISCAL YEAR, WHICH IN THE ROCKEFELLER BROTHERS FUND'S (RBF) CASE IS THE CALENDAR YEAR. THIS ANNUAL REPORT IS A CASE IN POINT: WHILE IT REPORTS ON OUR ACTIVITIES DURING 2005, FOR A VARIETY OF REASONS ITS PUBLICATION DATE IS FALL 2006.



Stephen B. Heintz

The audience for traditional annual reports is limited: grantees, grantseekers, trustees and staff of other foundations, a few researchers, and, very occasionally, journalists. Rarely does the information presented speak to a larger public audience—despite the fact that much of our work and the work of other foundations is devoted to important issues of public concern. Furthermore, publication of attractive, well-written annual reports is costly in terms of both labor costs and direct costs (printing, postage, etc.)

On the other hand, as private institutions that exist for public benefit, we have a responsibility to be fully transparent and accountable. Publication of annual reports is important in this regard: they concisely summarize in one document the activities and finances of the foundation; they offer a snapshot of the foundation's current priorities; and, reviewed over time, they tell the story of where the foundation has been and where it is going.

In recent years, the RBF has been working to improve the clarity and quality of our communications so that the grantee community and the interested public will have a clear sense of our programmatic priorities, goals, and strategies, as well as a fuller understanding of how we conduct our work. Under the direction of our superb new communications officer, Gail Fuller, we have revised our program guidelines, expanded our public profile, and enhanced the existing RBF Web site ([www.rbf.org](http://www.rbf.org)) while simultaneously undertaking a fundamental redesign of the site to make it more dynamic, accessible, informative, and useful to grantseekers. We have also developed a new conceptual and graphic design for our published annual reports, and the 2005 Annual Report is the first iteration of this new approach.

What's different? The most distinctive feature is the presentation of a "cover story"—in this case, a focus on one of the RBF's top program priorities: "Solutions to Global Warming." This essay is designed to offer the reader a concise and nontechnical summary



David Rockefeller announced a major gift to the RBF endowment in December. Left to right: Richard Rockefeller, Neva Goodwin, Stephen Heintz, David Rockefeller, Steven Rockefeller, and David Rockefeller Jr.

of the conclusive evidence that our planet is experiencing unprecedented threats from the warming of the atmosphere being caused by human activity. While pointing to the catastrophic implications of unchecked increases in greenhouse gas emissions, the article focuses on solutions; summarizes what governments, businesses, and others are already doing to reduce emissions in an economically beneficial manner; makes the case for U.S. leadership on this urgent issue; and briefly describes the RBF's grantmaking to combat global warming.

In addition to the cover story, our new annual report seeks to provide more information about all of our grantmaking by using graphic presentation of data and case studies of the work of some of our outstanding grantees. Our 2005 audited financial statements are presented in a condensed format, but the detailed financial report is available on our Web site, as is the complete annual report. In future years, we intend to accelerate publication of our annual reports. We hope the new format and design will be of greater interest and utility to readers, and we welcome your feedback.

### **Highlights of 2005: A Major Announcement by David Rockefeller**

The most significant event of our year occurred at our December Board of Trustees meeting when David Rockefeller, one of the RBF's founders and a trustee from 1940 through 1987, announced he had decided to make a major testamentary gift to the RBF endowment to create the David Rockefeller Global Development Fund. This fund will significantly expand the RBF's capacity to address critical global challenges—including poverty, health care, sustainable development, management of the global economy, international trade, and the multilateral system—and the need for farsighted, collaborative, and constructive U.S. foreign policies with regard to these global issues. The fund will continue the legacy of David's leadership in global business and philanthropy in a manner that will permit the RBF to respond nimbly to changing global conditions for many decades to come. This fund, which will be managed within the RBF's general endowment, will be established pursuant to a bequest. But during David's lifetime, he has offered to undertake cooperative projects with the RBF that are consistent with the purposes and goals I described earlier.

David's extraordinarily generous gift, which complements several other large gifts he also announced in 2005, will increase the RBF endowment by almost 30%. It also builds on the philanthropic legacy of David's father, John D. Rockefeller Jr., who provided the

lead gifts to the RBF endowment in 1951 and after his death in 1960. In his memoir, David expresses the view that “philanthropy is involved with basic innovations that transform society, not simply maintaining the status quo of filling basic needs that were formerly the province of the public sector.” His bequest to the RBF will ensure that the Fund remains a leader in supporting the social innovations necessary for our time.

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“It brings me great satisfaction to support an institution that has been and continues to be so central to our family’s philanthropy, and in particular to be able to support RBF’s efforts to address critical health, poverty, and development needs in the world today.”

David Rockefeller

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## Expanded Efforts to Combat Global Warming

We made 328 new grants in 2005 and disbursed a total of \$23,400,000, with the largest share—just over 20%—going to grantees in the sustainable development field. (For further details, see page 35). This reflects the decision of our Board of Trustees to make our work on global warming a key priority during the critical decade ahead, as described in the cover story of this report. Over 60% of the Sustainable Development grants budget was directed to this work in 2005, and we anticipate that as our resources permit, we will allocate additional funds to this portfolio of grantmaking in the coming years under the exceptional leadership of Michael Northrop.

Our commitment to this work also finds expression in efforts to expand cross-programmatic collaboration, and we made several grants in the Peace and Security and Democratic Practice programs that are designed to promote constructive U.S. action on climate change as a global challenge requiring U.S. leadership through multilateral cooperation and to explore how existing systems and institutions of global governance, including global civil society, might respond more urgently and effectively to the challenge of global warming.

A second cross-programmatic focus is a growing commitment by the RBF to working with young people as key agents of constructive social change. During 2005, the RBF provided support for a diverse cluster of organizations, many of them founded and led by youth, that are working to harness the energy, creativity, and collective power of young people in support of goals we are pursuing in our New York City, Democratic Practice, Sustainable Development, and Peace and Security grantmaking.

## A Growing Engagement with Youth

Beginning in the late 1990s, the RBF and several other funders helped to seed a new approach to encourage civic engagement among young people, particularly youth of color living in low-income communities. This field, which combines youth development and community organizing, is now generally referred to as *youth organizing*. In these projects, youth-led organizations work to engage young people in their neighborhoods around their priority concerns, helping them develop and advance their own approaches to achieving



policy change while forming a sophisticated and durable constituency for community action and social change. Based on encouraging results from this work, we decided to make support for youth organizing our principal strategy for encouraging youth civic engagement in the U.S. portfolio of our Democratic Practice program. Given limited resources, the RBF has targeted multiyear support to a small number of collaborative regranteeing agencies and four regionally focused intermediary organizations that provide a variety of support and capacity-building services to community-based organizing groups, such as training, and assistance with organizational development. Youth organizing is increasingly producing important community victories: construction of the first new schools in East Los Angeles in 80 years, cleanup of a toxic waste facility buried under a public park in the Bronx, and new school policies in Denver that are curbing the school-to-prison pipeline, to cite just a few. While youth organizing is now a specific strategy in our Democratic Practice program, we are also engaged with young people as a creative, energetic, and powerful constituency in Serbia, Montenegro, and Kosovo and in our Sustainable Development and Peace and Security programs.

In Serbia and its war-torn Kosovo province, young people are providing extraordinary leadership in the desperately important work of building ethnic tolerance and a culture of respect for human rights. Founded by young Serbs and Kosovars in 2003, the Youth Initiative for Human Rights (YIHR) is building connections between young people on both sides of the border that has been patrolled by NATO forces since 1999, when the international community intervened to end Slobodan Milosevic's 17-month war of ethnic cleansing. YHIR courageously and tirelessly works to inform Serbs and Kosovars about the work of the International Criminal Tribunal for the Former Yugoslavia, organizes student exchange programs, and supports youth as leaders in the effort to help both Serbia and Kosovo come to terms with the past by organizing seminars, arranging public debates, performing media outreach, and setting up commemorative events.

As the first generation that will live with the consequences of climate change, student and other youth groups are quickly mobilizing behind efforts to dramatically reduce greenhouse gas emissions. Energy Action, a coalition of 21 student and youth groups across the United States, is using Internet and on-campus organizing to forge a broad, decentralized network of student climate activists. During its first 18 months of work, Energy Action organized 280 Days of Action around the need for energy interdependence and cleaner-running cars, collected more than 28,000 signatures from young people on its Declaration of Independence from dirty energy, attracted considerable regional and national media attention, and organized two national conferences for youth activists. The RBF is also supporting young evangelicals who are organizing at faith-based colleges around Christian notions of environmental stewardship and the need for federal climate policy.

Through the Fund's Peace and Security program, we are supporting several student groups that are working to promote responsible U.S. global engagement. Students on campuses across the country are promoting debate, publishing articles and opinion pieces, and pioneering what one group calls "reverse public diplomacy"—harnessing the knowledge and passion of young Americans who have studied abroad to raise awareness here at home about conditions in the rest of the world. The RBF is also supporting student groups that are organizing campaigns on global child health issues, debt cancellation, trade reforms, and the HIV/AIDS pandemic. Youth activism is building across the country, and we are inspired by the energy, vision, and optimism of young people who are transforming the future.

## Path-Breaking Work with the Islamic World

At the end of 2002, the RBF initiated a new line of grantmaking under our Peace and Security program in the hope of contributing to greater mutual respect and understanding between Muslim and Western societies. As I noted in my 2003 Annual Report essay, we have approached this complex subject with considerable humility and ready acknowledgment of our own insufficient knowledge and relative inexperience. In our first three years of Islam-related grantmaking, we have developed partnerships with a number of organizations that are addressing the sensitive religious, cultural, and political issues that are at the core of a troubled and incomplete relationship. RBF's Peace and Security program officer Priscilla Lewis has played a leading role in the foundation community as philanthropy has begun to address this vastly important set of issues.

During 2005, the RBF provided support to a number of innovative projects that seek to address Muslim-Western tensions directly at the level of religious identity. One such project is the Abraham Path Initiative, a project of the Global Negotiation Project at Harvard University. The Prophet Abraham is revered as the father of monotheism and the common spiritual ancestor of Jews, Christians, and Muslims. The Abraham Path Initiative seeks to inspire the moral imagination of people of all faiths and to stimulate processes of healing and reconciliation among religious communities by creating a pilgrimage trail that retraces Abraham's footsteps from Haran, Turkey, where he first received God's Call, through Syria, Jordan, and Israel and ending in Hebron where Abraham is buried. The first exploratory journey along the path will take place in the fall of 2006.

A second bold project, organized by the Institute for Middle East Peace and Development, is working to engage Shi'a theologians and leaders from the Greater Middle East region in a dialogue on interfaith respect with their American Jewish and Christian peers in the hope that seminaries of all three faiths will agree to create an interfaith summer training institute for future Imams, rabbis, priests, and ministers. While the divisions between Sunni and Shi'a Muslims are deep, an earlier phase of this project established positive links between Sunni religious leaders and their American counterparts, and the organizers hope that Sunni theologians might also be enticed to participate in the summer training institute in the future.

The RBF is helping the World Conference of Religions for Peace, the largest international coalition of representatives of the world's great religions working together to promote peace and advance sustainable development, to create an interreligious council (IRC) in the Greater Middle East that would bring together various Muslim sects along with non-Muslim communities in an organized effort devoted to regional problem solving. The Middle East IRC would join four other regional IRCs that are currently operating in Africa, Asia, Europe, and Latin America. All of the IRCs are striving to transform identity-based groups into interest-based coalitions that work toward practical solutions to pressing problems.

Finally, the RBF provided funds to the Elijah Interfaith Institute to support a process of theological self-examination within Islam that is focused on Islam's relations with other religions. Through a decade of organizing interfaith dialogue involving religious leaders and scholars from the Buddhist, Christian, Hindu, Jewish, Muslim, and Sikh faiths, the leadership of the Elijah Interfaith Institute has concluded that significant advances in

interreligious relations can be achieved only if they are accompanied by a process of reflection within religious traditions regarding their positions on and attitudes toward other religions. Without such efforts, some aspects of those traditions may continue to nourish streams of thought that undermine interfaith understanding, respect, and peace. While this is clearly a high-risk undertaking, Muslim participants at a planning conference successfully laid the foundations for a multiyear program to generate conferences, publications, and educational resources that will contribute to a contemporary Islamic theology of world religions. These early forays into grantmaking that seeks to build understanding of Islam as a religion in relation to other world religions suggest a complex but promising path that can help build greater mutual understanding and trust among religious adherents and alter the context of contemporary global political challenges.

I hope these highlights from 2005 illuminate the Fund's multidimensional commitment to "philanthropy for an interdependent world." The year 2005 was an exciting one during which we also launched a new long-term initiative in Southern China, expanded our support for artists in New York City, and witnessed significant strides in efforts by our grantees in South Africa to develop new models of care for children orphaned by HIV/AIDS. Further details on all of our work can be found in the following pages.

### **A Tribute to Our Chairman**

The year 2005 also marked the final full year of Steven Rockefeller's exceptional tenure as chair of the RBF Board of Trustees. The essay he contributed to this report offers reflections on his years of leadership with characteristic modesty and insight. But a fuller accounting and appreciation of his leadership are required.

Steven joined the board in 1977. Before his election as chair in 1998, he served on the Fund's Executive Committee for a total of 10 years and on the Nominating Committee for 7. He served on the ad hoc search committee that recruited a new president for the fund in 1986-87 and chaired the committee that invited me to join the Fund as president in 2001. He chaired the Strategic Review Committee that developed the Fund's new Program Architecture, which launched in January 2003.

As professor of religion at Middlebury College, where he also served as dean of the college, Steven dedicated his academic career to the study and promotion of global ethics, sustainable development, and the interrelation of democracy, ecology, and spirituality. His leadership in these fields has profoundly informed the work of the Fund and helped to guide the development and evolution of the Fund's programs. His leadership of the Earth Charter Initiative since 1997 has been particularly relevant to his leadership of the Fund. The Earth Charter, which was informed by the largest global consultation process ever associated with an international declaration, is a statement of fundamental principles for building a just, sustainable, and peaceful global society for the 21st century—principles that are also reflected in the mission of the Rockefeller Brothers Fund.

Through his leadership, Steven has called on us to conduct a kind of moral due diligence as we make the difficult judgments about which philanthropic strategies we should pursue and which grantees and projects we should support. Steven's wisdom, humility, and commitment to the core values of the Rockefeller family and the Fund have provided steady, principled, and visionary guidance as we confront the myriad challenges to humanity and our planet at the dawn of the 21st century. As president, I am personally grateful for his unwavering support and friendship.





# About the Rockefeller Brothers Fund

THE ROCKEFELLER BROTHERS FUND WAS FOUNDED IN 1940 AS A VEHICLE THROUGH WHICH THE FIVE SONS AND DAUGHTER OF JOHN D. ROCKEFELLER JR., COULD SHARE A SOURCE OF ADVICE AND RESEARCH ON CHARITABLE ACTIVITIES AND COMBINE SOME OF THEIR PHILANTHROPIES TO BETTER EFFECT. JOHN D. ROCKEFELLER JR., MADE A SUBSTANTIAL GIFT TO THE FUND IN 1951, AND IN 1960 THE FUND RECEIVED A MAJOR BEQUEST FROM HIS ESTATE. TOGETHER, THESE CONSTITUTE THE ORIGINAL ENDOWMENT OF THE FUND.

In 1952, the founders began to include on the board of the Fund trustees who were not members of the Rockefeller family. In 1958, the first of a number of daughters and sons of the founders joined the board, and the first of their children became trustees in 1992. Since the establishment of the Fund, three generations of family members have served as trustees. Beginning with John D. Rockefeller 3rd, who served as president from the inception of the Fund until 1956, seven presidents have distinguished the Fund with their vision and leadership. These presidents, along with the other trustees, officers, and staff, have ensured that the RBF remains dedicated to the philanthropic ideals of the Rockefeller family. The presidents include Nelson A. Rockefeller, 1956-1958; Laurance S. Rockefeller, 1958-1968; Dana S. Creel, 1968-1975; William M. Dietel, 1975-1987; Colin G. Campbell, 1988-2000; and the RBF's current president, Stephen B. Heintz, who assumed office in February 2001.

On July 1, 1999, the Charles E. Culpeper Foundation of Stamford, Connecticut, merged with the RBF, bringing the Fund's total assets to approximately \$670 million. Shortly after the merger, the Fund initiated a strategic review process designed to systemically evaluate all its programs in light of the opportunities before humanity—both global and local—at the dawn of the 21st century. This extensive and complex process has led to the integration of some programs and the phasing out or scaling back of others. As part of this effort, the RBF's current program architecture came into effect on January 1, 2003.

# RBF Program Statement

The Rockefeller Brothers Fund promotes social change that contributes to a more just, sustainable, and peaceful world. Through its grantmaking, the Fund supports efforts to expand knowledge, clarify values and critical choices, nurture creative expression, and shape public policy. The Fund's programs are intended to develop leaders, strengthen institutions, engage citizens, build community, and foster partnerships that include government, business, and civil society. Respect for cultural diversity and ecological integrity pervades the Fund's activities.

As an institutional citizen of an interdependent world, the Fund is active globally, nationally, and locally in its home city of New York. Grant programs are organized around four themes: Democratic Practice, Sustainable Development, Peace and Security, and Human Advancement. The Fund recognizes that achievement of progress in each of these program areas is often interconnected with developments in the others. As a private foundation, the Fund strives to promote philanthropic excellence and to enhance the effectiveness of the nonprofit sector.

As specified in the guidelines for each grant program, the Fund supports activities in a variety of geographic contexts. It also has identified several specific locations on which to concentrate cross-programmatic attention. The Fund refers to these as "RBF pivotal places": subnational areas, nation-states, or cross-border regions that have special importance with regard to the Fund's substantive concerns and whose future will have disproportionate significance for the future of a surrounding region, an ecosystem, or the world. The Fund currently works in four pivotal places: New York City, South Africa, Serbia and Montenegro, and Southern China.

The Pocantico Conference Center of the Rockefeller Brothers Fund is located on the former estate of John D. Rockefeller, outside New York City, and was created when the Fund leased the area from the National Trust for Historic Preservation in 1991. The conference center provides a unique setting where the RBF and other nonprofit organizations and public-sector institutions can bring together people of diverse backgrounds and perspectives to engage critical issues, reach new levels of understanding, and develop creative solutions to pressing problems.



The Fountain of Oceanus (see page 71).

In the years since its founding in 1940, the Fund has developed a distinctive style of grantmaking that is reflected in the following characteristics:

**Long View.** Grantmaking is concerned primarily with fundamental problems and is designed to contribute to the achievement of long-term goals and to make a lasting impact.

**Commitment.** Extended commitments are frequently made to specific issues and geographic regions and even to particular grantees.

**Synergy.** Rather than considering opportunities on a stand-alone basis, the Fund looks for connections among the activities it supports and the themes it pursues, both within and across program areas and in specific geographic locations.

**Initiative.** The Fund initiates or participates in the development of many of the projects that it supports.

**Engagement.** In addition to providing financial support, the Fund often works closely with grantee organizations to help strengthen their capacity and advance their work.

**Collaboration.** The Fund actively seeks opportunities to collaborate with other funders.

**Convening.** The Fund devotes time and resources, including the use of its Pocantico Conference Center, to convening groups of diverse stakeholders and encouraging collaboration among government agencies, corporations, and nongovernmental organizations (NGOs).

The goals and strategies in each of our programs are implemented through a variety of approaches to grantmaking. In some programs, as is noted in the guidelines, the Fund proactively identifies grantee partners and thus has limited ability to respond to unsolicited proposals. Grantseekers are encouraged to study the guidelines closely and to consult the list of recent grants on the Fund's Web site, [www.rbf.org](http://www.rbf.org), for specific examples of the ways in which the Fund is implementing these guidelines. Prospective grantees are also urged to consult the How to Apply section for specific guidance on the application process.

# RBF Program Architecture

RBF mission:  
Helping to build a more just, sustainable,  
and peaceful world

<b>Democratic Practice</b>	<b>Sustainable Development</b>	<b>Peace and Security</b>	<b>Culpeper Human Advancement</b>
<b>WHAT</b>	<b>WHAT</b>	<b>WHAT</b>	<b>WHAT</b>
Civic Engagement	Forest Ecosystems	Responsible U.S. Global Engagement	Arts and Culture
Effective Governance	Marine Ecosystems	Dialogue with Islam	Education
Transparency and Accountability	Global Warming		Leadership
Access and Inclusion	Sustainable Communities		Health
<b>Pocantico Conference Center</b> (Conferences and Meetings • Public Visitation • Stewardship of Pocantico Historic Area)			
<b>WHERE</b>	<b>WHERE</b>	<b>WHERE</b>	<b>WHERE</b>
United States	United States and British Columbia	United States	United States
	East Asia		Asia (Magsaysay Awards and Asian Cultural Council)
Global	Global	Global	
<b>RBF Pivotal Places</b> New York City, South Africa, Serbia and Montenegro, and Southern China			



# Overview of RBF Programs

Excluding expenditures for investment management and taxes, the Fund's philanthropic spending in 2005 totaled \$34,169,000. Core grantmaking operations accounted for 89.4% of total spending. The remaining 10.6% was devoted to activities at the historic Pocantico property, which RBF manages.

For the complete Statistical Review of RBF Operations, visit [www.rbf.org](http://www.rbf.org).

<b>Total Program Spending, 2005<sup>1</sup></b>		<b>\$ 34,169,000</b>	
<b>Grantmaking Operations</b>	\$ 30,559,000	<b>Pocantico Operations</b>	\$ 3,610,000
Share of Total Spending	89.4%	Share of Total Spending	10.6%
Grants	\$ 23,400,000	Core Operations	\$ 3,386,000
Program-Related Expenditures <sup>2</sup>	\$ 478,000	Conference Expenditures	\$ 224,000
Magsaysay Awards + PAP <sup>3</sup>	\$ 343,000		
Administration <sup>4</sup>	\$ 6,338,000		

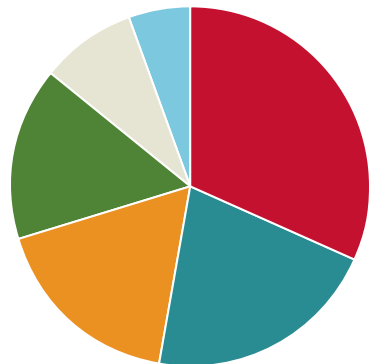
<sup>1</sup> Program spending = all expenditures that count toward satisfying the minimum distribution requirement.

<sup>2</sup> Expenditures that are funded from grant budgets but are not grants.

<sup>3</sup> PAP – Program for Asian Projects.

<sup>4</sup> Includes direct charitable activity of \$3,688,000.

## 2005 Grantmaking Expenditures by Program Area





# Sustainable Development

SUSTAINABLE DEVELOPMENT IS AN IDEA THAT EASILY GETS OVERLOOKED IN THE UNITED STATES. IT IS A CONCEPT THAT PROPOSES THE SIMULTANEOUS PURSUIT OF ENVIRONMENTAL CONSERVATION AND ECONOMIC DEVELOPMENT, TIED TO SOCIAL JUSTICE AND THE ELIMINATION OF POVERTY. AMERICANS ARE MORE ACCUSTOMED TO A NARROWER KIND OF ENVIRONMENTAL DISCOURSE THAT ISOLATES CONSERVATION ISSUES INSIDE A GREEN BUBBLE LARGELY DIVORCED FROM ECONOMIC CONCERNS.

We believe sustainable development is a concept that can successfully connect the issues isolated within this green bubble to other social and economic interests.

Sustainable development is not a new idea. First articulated in a seminal report in 1987 called *Our Common Future*, it provided the impetus for convening the Earth Summit in Rio de Janeiro in 1992. It was the Summit's twin outcomes—treaties on global warming and biodiversity—that forged the shape of our grantmaking program to the present day.

We have worked with increasing commitment on preventing catastrophic global warming. We have also advanced the conservation of biodiversity through a variety of programs. And we have done both with an interest in strengthening community development and furthering sustainable economies.

## Global Warming

The Kyoto protocols on climate change are arguably the world's most advanced, ambitious, and compelling experiment in sustainable development. Throughout the 1990s, our grantmaking supported the slow but steady advancement of this global policy instrument all the way to the promising success of its ratification and coming into force in February 2005.

Its various provisions, painstakingly negotiated, provide for the simultaneous pursuit of environmental conservation and economic development. The agreement places a gradual cap on greenhouse gas emissions in industrialized nations and provides for flexible mechanisms—largely designed and championed by American negotiators—to allow market forces to shape the way reductions are achieved.



Staircases like this one in the convention center at the UN climate meetings held in Montreal in December 2005 carried the message—in both French and English—that reducing greenhouse gas emissions is profitable.

Our grantmaking on global warming shifted dramatically when the United States failed to ratify the Kyoto treaty. Key to this effort has been funding for groups that are making a strong business case for climate action, such as the Climate Group ([www.theclimategroup.org](http://www.theclimategroup.org)); CERES ([www.ceres.org](http://www.ceres.org)); the American Council on Renewable Energy, or ACORE ([www.acore.org](http://www.acore.org)); and the Center for Climate Strategies ([www.climatestrategies.us](http://www.climatestrategies.us)). Support for other projects related to global warming (see [www.rbf.org](http://www.rbf.org)) follows a similar strategic logic: to advance a broad civic and democratic discussion on global warming to inform and drive the adoption of a sustainable and meaningful federal climate policy.

## Forest Certification

Our work on sustaining forests has been no less strategic, fraught with challenges, or successful. We began supporting the Forest Stewardship Council (FSC) soon after its formation by a group of NGOs in Toronto in 1993. We have provided more than 125 grants of our own in the intervening years and, as important, have helped facilitate a funder's collaborative that has provided more than \$150 million to FSC-related activities. The result? The FSC has become the pacesetter for standards for forest certification worldwide, and the model for numerous other certification schemes designed to promote the sustainability of commodities such as gold, diamonds, coffee, cotton, and various marine resources.

When viewed through the lens of sustainability, forests provide much more than wood. They protect drinking water, clean the air, store carbon, preserve community livelihoods, and maintain biodiversity. The FSC was formed to protect this full array of forest "services." It began as a decentralized social movement and has now become the gold standard market mechanism that sets the most stringent rules for forest management at a global level. FSC-certified forest area climbed to 125 million acres worldwide in 2005, with another 100 million acres in the process of becoming FSC certified.

In addition, other competing systems now seek to emulate the FSC, bringing hundreds of millions of additional acres under certification systems. None quite reach the FSC "gold standard," but most seem to be closing the gap with the FSC as time passes.



Buying and selling products in the FSC marketplace is still not as easy as producers and consumers would like, but expansion into the forests of China, Russia, Asia, Latin America, and Africa will help extend the reach of the forest certification movement while bringing economic benefits to all stakeholders. Our grantmaking in this arena continues.

### Conserving coastal rainforests

Another long-standing grantmaking program involves a complex, multidonor effort to preserve the pristine temperate rainforests along the coast of British Columbia. These compose about a quarter of all temperate rainforests that remain on Earth. A huge swath of this rainforest, five times the size of Connecticut, is on the verge of protection through a conservation agreement with the provincial government, which has agreed to a regime of ecosystem-based management. No industrial activity will be permitted in the area, and a conservation trust with an endowment of \$120 million (Canadian) will guide the growth of a sustainable economy.

Our grantmaking in this arena continues to ensure completion of this landmark agreement in British Columbia and its extension to other parts of the province and to similar temperate rainforest zones.

### Looking forward

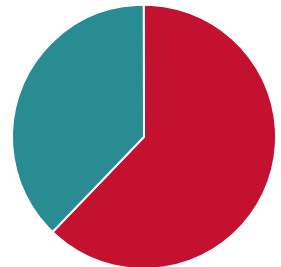
The sustainable development grantmaking program expects to put greater emphasis on global warming; in our view it has become the primary issue of our time. Still, we will maintain support for our other strategies. Indeed all of the conservation and biodiversity work is being undermined by global warming.

A hallmark of our grantmaking work is persistence: we choose projects carefully and embark on them with the intention of seeing them through to success. Often, we play the role of catalyst, focusing attention on a large project that needs to attract the support of others. This kind of sustained commitment and patience, even in the face of adverse social, political, and economic developments, is what is required to establish sustainable practices that have a chance of enduring.

## Sustainable Development

### Grants Awarded in 2005

#### Distribution by Program Goal (dollars awarded)



Michael Northrop, program director, and Jessica Bailey, program officer, carry responsibility for the Sustainable Development program. For information about Sustainable Development grants and to learn how to apply for a grant, visit [www.rbf.org](http://www.rbf.org).



# Democratic Practice

## Democratic Practice: Global Governance

GLOBALIZATION MAY BE AN IRREVERSIBLE FORCE IN THE WORLD TODAY, NOT GIVEN A SECOND THOUGHT BY MANY PEOPLE IN WEALTHY COUNTRIES. BUT THE INTRICATE INTERNATIONAL POLICIES THAT ARE BEING DEVELOPED TO GUIDE THIS PHENOMENON ARE BY NO MEANS SET IN STONE.

That's good news for a growing number of people who are concerned about globalization policies that are not based on sound democratic principles, that may affect developing countries negatively, and that could threaten the environment.

In fact, many civil society organizations, including several Rockefeller Brothers Fund (RBF) grantees, have been working diligently to make sure more voices are heard—and responded to—by those international bodies responsible for governing the processes of globalization. The goal of this work is to make sure that globalization policies, and the institutions that create them and implement them, become more democratic, more equitable, and more environmentally sustainable.

Their call for reform was abundantly evident at the Sixth World Trade Organization (WTO) Ministerial Conference held in Hong Kong, December 13-18, 2005. Ministerial conferences are the WTO's highest decision-making body, meeting every couple years to create the rules and regulations for world trade and to provide political direction for the organization.

### Decisions greatly impact developing nations

The principal task for WTO members in Hong Kong was to settle a range of questions that will shape the final agreement of the Doha Development Agenda, the latest round of trade negotiations that the WTO's 149 member nations hope to complete by the end of 2006. Launched at the Fourth Ministerial Conference in 2001, the Doha agenda includes negotiations on issues stemming from earlier agreements established during the 1986-94 Uruguay Round, which created the WTO.

Key trade issues of the Doha Development Agenda include improving access to agricultural and nonagricultural markets, the elimination of export subsidies, differential treatment for developing and least-developed countries to improve market access, and crafting more-equitable cross-border intellectual property rights for products ranging from wine to medicines, among many other issues.

Additionally, a range of environmental issues were discussed, such as seeking to reconcile WTO rules and trade obligations set out in multilateral environmental agreements and to reduce or possibly eliminate tariff and nontariff barriers for environmental goods and services.

## Tensions running high

With so much at stake for developing and transition countries, tensions ran high as the meetings convened.

In fact, 33 less-developed countries joined together to express their concerns to the WTO Committee on Trade and Development. The group said proposals by developed countries attempted to sow division among developing countries, reinterpret the framework and trajectory of the negotiations, and, in a self-serving manner, narrow, limit, and ultimately undermine the developmental objectives of the Doha Development Agenda.

“Representatives from developing countries, and many other parties supporting their efforts, were trying to help place the interests of the underrepresented at the center of the negotiations, not as an act of charity but to help sustain and strengthen global economic development from which all nations of the world can benefit,” says Michael Conroy, RBF’s program officer, Democratic Practice—Global Governance.

## Delegations of RBF grantees

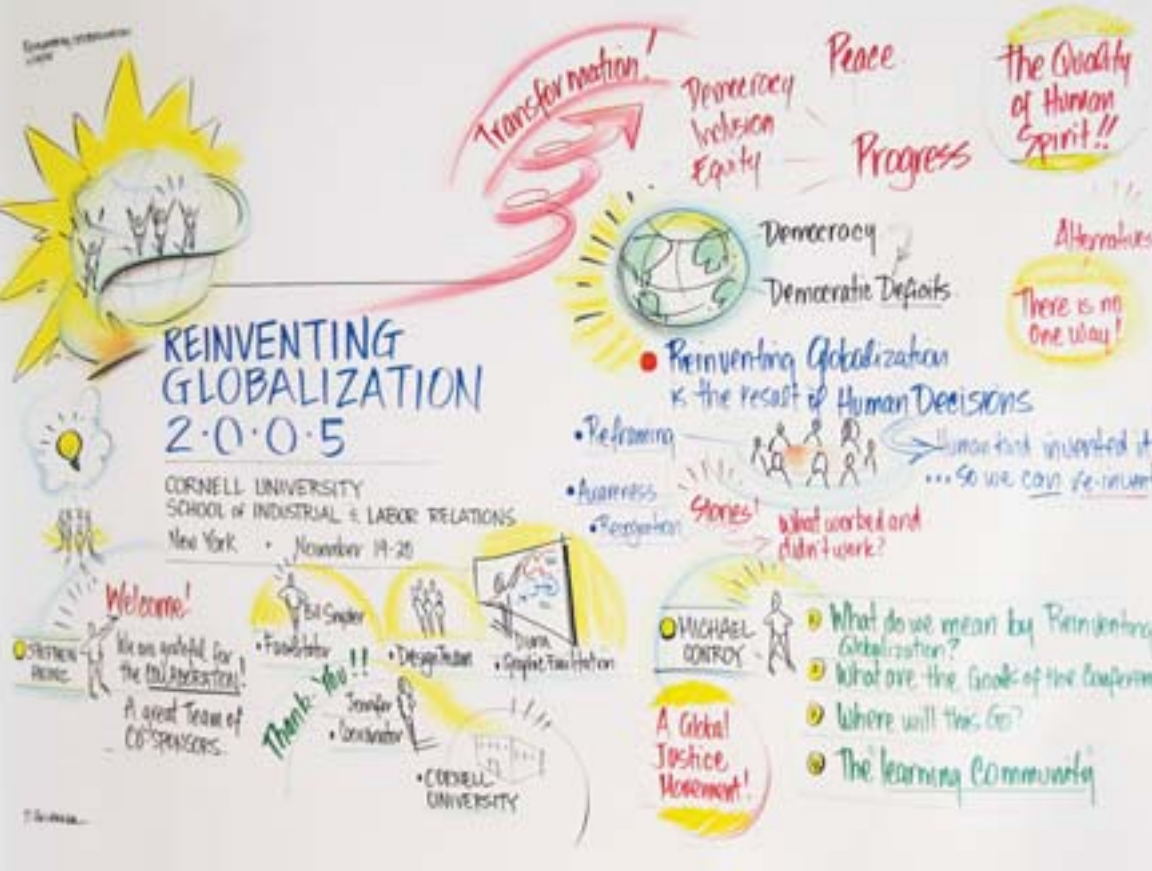
Ten RBF grantees sent delegations to the meetings in Hong Kong to share alternative views and encourage greater participation in decision making, especially on behalf of developing nations.

They sought to accomplish this goal in several ways:

- By providing analyses, briefing papers, and reports on critical issues that were on the agenda in Hong Kong
- By advocating positive alternatives to some of the positions proposed by the major industrial powers on agriculture, nonagricultural market access, services, and the tensions between WTO rules and multilateral environmental agreements
- By designing and participating in workshops at the parallel NGO-based Hong Kong Forum on Trade and Development

The effectiveness of their work on democratic practice was summarized at the end of the meeting by Mary Robinson, former president of Ireland and founder of Realizing Rights: The Ethical Globalization Initiative (an RBF grantee), who conducted behind-the-scenes advocacy and high-profile public media work at the meeting. “The level of cooperation that has developed between civil society actors and developing country delegations since Cancún [the previous ministerial meeting],” she noted, “should not be underestimated. These links are helping move the WTO in a more participatory direction. But there is still a long way to go to achieve that goal.”





## Democratic Practice: United States

It's so commonly understood in the United States that it's taught in grade school: democracy can deliver on its promises of justice, human rights, and "the pursuit of happiness" only when citizens engage in, and speak out about, public issues. This is especially important as the country becomes increasingly multiethnic and multicultural.

But in many respects, the opposite has become true. Citizens, particularly those in low-income communities, are increasingly withdrawn from civic and public life and are not speaking up or even raising questions.

Enter the Right Question Project (RQP) and several other Rockefeller Brothers Fund grantees that are examining new ways for people to become engaged.

### Asking the right questions

The skill at RQP's core—and from which the organization takes its name—is question formulation. Over time, it became clear that people were most effective at advocating for themselves when they could focus their questions on the reasons for a decision, the process for making the decision, and the role they could play in that process. By doing so, more people began to require legitimate reasons, transparent processes, and opportunities to participate in decision making.

"By helping people learn how to help themselves, the project makes possible the vital process of converting residents into effective citizens," says Bill Kovach, former editor of the *Atlanta Journal-Constitution* and curator of the Nieman Foundation for Journalism at Harvard University.

## Broadening the civic role of media

Meanwhile, television can be used more effectively to encourage democratic participation in our communities. A case in point is the Greater Washington Educational Telecommunications Association (WETA) project called *By the People: America in the World*, sponsored by WETA producing partner MacNeil/Lehrer Productions.

Since its inception, *By the People* has sought to strengthen civic engagement by opening up the political dialogue to new voices and different ways of assessing public priorities and trade-offs and by forging stronger connections with elected officials. Built on a foundation of national and local PBS broadcasts, the growing *By the People* network includes not only civic groups but also local institutions, like libraries and universities, to help build a local infrastructure for broader civic dialogue.

## Civic engagement leads to effective governance

When an engaged public speaks out on critical issues, there's a better chance they will insist on effective, democratic governance—another major goal of RBF's Democratic Practice.

One area of concern is the undemocratic role of money in political campaigns, and several grantees are exploring the potential of public financing of campaigns as a remedy. Another concern is redistricting—the increasingly partisan act of redrawing the lines of congressional and legislative districts with the use of precise data and refined technology, which can favor one party or another. Such partisan redistricting distorts the power of majority party voters relative to minority party voters in districts drawn to be “safe,” as compared to more balanced and competitive districts, thus undermining effective, fair, and accountable democratic government.

Concerned about the issue, the Council for Excellence in Government (CEG) teamed up with the Campaign Legal Center in June 2005 to organize a conference on redistricting reform. The 50 participants included academics, journalists, active and retired state politicians, political consultants, and funders. By the time the conference ended, the group drafted a statement of principles that deal with reforming redistricting procedures and standards.

## An informed citizenry demands increased transparency

Whether the issue is redistricting or any number of other important issues, the media play a crucial role in informing a citizenry that should demand increased transparency and accountability in government. But the media, like government, must be scrutinized and analyzed to make sure they're up for the job.

During the 2004 election cycle, the Campaign Desk project of the Columbia University School of Journalism took on the assignment. Campaign Desk was an experiment in real-time analysis and criticism, focusing on how the U.S. presidential campaign was covered.

Because of its impact on campaign journalism, the Graduate School of Journalism took the next step. By combining its two existing Web sites—[www.CJR.org](http://www.CJR.org) and [www.CampaignDesk.org](http://www.CampaignDesk.org)—the new entity, *CJR Daily*, is going beyond the narrow focus of a single political campaign to critique journalism in three broad areas: politics and government, business, and general journalism issues.



Clearly, democracy can flourish when people are active and outspoken and the media are skeptical and independent. Only then can government be held to the highest standards.

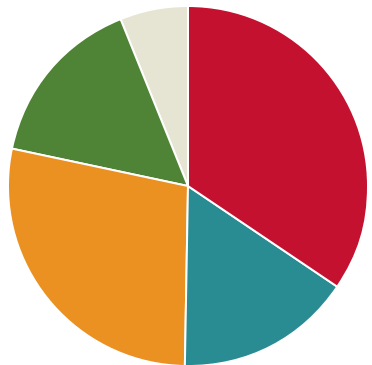
### Youth organizing

See the President's Essay (page 24) to learn about another voice—youth—and the RBF's growing commitment to working with young people as key agents of constructive social change.

## Democratic Practice

### Grants Awarded in 2005

#### Distribution by Program Goal (dollars awarded)



The program directors who carry responsibilities for the Democratic Practice program are Benjamin R. Shute Jr. (U.S) and Michael E. Conroy (Global). During 2005 a portion of the responsibilities of Associate Program Officer Grant C. Garrison were devoted to this program (U.S.). For information about the Democratic Practice grants and to learn how to apply for a grant, visit [www.rbf.org](http://www.rbf.org).







# Peace and Security

HOW CAN WE ACHIEVE PEACE AND SECURITY AROUND THE WORLD? WHILE THE FOREIGN POLICY CHOICES OF THE UNITED STATES WILL CERTAINLY PLAY A PROFOUND ROLE (SEE SIDEBAR PAGE 49), ANOTHER OVERARCHING CONSIDERATION MUST ALSO BE ADDRESSED: WHAT CAN WESTERN AND MUSLIM SOCIETIES DO TO DEVELOP A LONG-TERM RELATIONSHIP THAT WILL BEGIN BUILDING A FRAMEWORK FOR ENDURING PEACE?

Since the tragic events of September 11, 2001, and subsequent attacks against civilian populations in Iraq and elsewhere, many Westerners have come to view Islam and Muslims with a mixture of fear and hostility. There is little understanding of the diversity of Muslim societies and the debates and disagreements within them.

At the same time, seen from the outside, the West, with its immense economic, political, and cultural reach, seems to be a coherent, even monolithic whole. Yet the West is a complex, fractious, and conflicted group of societies. Its two main political components—Western Europe and the United States—are frequently at odds on policy questions.

To address these questions, to help correct misperceptions, and to promote the diversity of voices on these issues, the Rockefeller Brothers Fund (RBF) supported preparations for a major international conference, held in Malaysia February 10–11, 2006, entitled “Who Speaks for Islam? Who Speaks for the West?”

During the conference, organized by Dialogues: Islamic World–U.S.–The West, several topics were addressed: improving mutual perceptions through the media, the impact of globalization on the Muslim world, the challenges posed by science and technology to the Muslim–Western relationship, developing a future framework for the Muslim–Western relationship, forging a new American and Western policy toward the Islamic world, and formal mechanisms for resolving conflicts.

## The power of media

The media can be a powerful tool to convey diverse views, help generate a dialogue, and raise and answer questions on fundamental issues of peace and security. The Link TV satellite television network, run by a consortium of nonprofit organizations, is a key example. Link, which received a coveted Peabody Award for its daily news program *Mosaic: World News from the Middle East*, has begun to produce original programming focusing specifically on “Understanding Islam.” RBF support funded the first in this series, a documentary entitled *Who Speaks for Islam?* which was a one-hour roundtable discussion hosted by NPR/PBS correspondent Ray Suarez.

## Finding common ground

Hearing a diversity of views and encouraging dialogue is one thing; finding common ground is quite another. As it turns out, Christians and Muslims have similar beliefs about the morality of weapons of mass destruction and the danger of nuclear weapons.

That consensus was heard in May 2005, at the RBF’s Pocantico Conference Center, when 20 Muslim and Christian religious leaders and scholars met to discuss what their faiths could contribute to the current debate about nuclear weapons.

Cosponsored by the RBF, the Islamic Society of North America, the Churches Center for Theology and Public Policy, and the Managing the Atom Project of the Kennedy School of Government of Harvard University, this unprecedented consultation produced a remarkable joint statement that affirmed an unambiguous agreement between Muslim and Christian teachings on the sanctity of human life and the protection of all forms of creation.

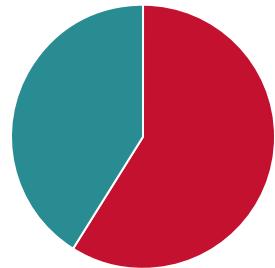
Such unanimity, participants wrote, “leads us inexorably to say that the only real security for the world and the most responsible position for people of faith in our two traditions is to call upon the United States and other countries of the world to, gradually and in a verifiable manner, finally eliminate these weapons from the face of the earth.”

By working to reduce the divisive and destabilizing tensions that exist between much of the Islamic world and the West, particularly the United States, it will be possible to increase the potential for collaboration among Muslim and Western societies on behalf of a better, safer world.

## Peace and Security

### Grants Awarded in 2005

#### Distribution by Program Goal (dollars awarded)



Priscilla Lewis, program officer, and P. J. Simmons, special adviser and project director, carried responsibility for the Peace and Security program during 2005. For information about the Peace and Security grants and to learn how to apply for a grant, visit [www.rbf.org](http://www.rbf.org).

# SETTING A NEW COURSE FOR U.S. FOREIGN POLICY

With U.S. foreign policy playing a critical role in setting the pace for progress on many global security challenges, a growing number of people are calling for a new consensus on America's role in the world, based on new ideas and fresh thinking.

The reliance on “conventional wisdom” and unexamined platitudes in foreign policy, by both experts and nonexperts, underscores the limitations of the current public discourse. Expressions like “we don't negotiate with terrorists,” “free markets will end global poverty,” or “multilateralism is the solution to every global problem” are too often just accepted and rarely scrutinized.

And when such familiar beliefs and assumptions are evoked, their implicit logic begins to guide people's understanding, often at the exclusion of new information or insights that may not conform with preexisting beliefs, thereby limiting the range of debate and discussion.

Given this limited view, then, what could America's role be in the world and what could the United States do differently in response to the spread of extremist ideologies that promote anti-American violence in the name of Islam? These fundamental questions inform several RBF-supported initiatives, which are attempting to help forge a more enlightened American foreign policy.

## **New thinking on U.S. foreign policy**

The new Berkeley-Duke Center for America's Global Strategic Challenges, for example, has begun to address some of these fundamental questions through a project entitled the “War of Ideas: Right Focus, Wrong Strategy,” which brings together a broad-based research and policy group from the public, private, and nonprofit sectors.

The group asks, What is the nature of the competition of ideas in an increasingly interdependent world? Could a “marketplace” metaphor describe the competition more accurately than “war”?

While a metaphor is not the same as a policy, the directors of this program believe that discussions about competing ideas might unfold differently if the goal was something more like “market share” and less like “destroying the enemy.” Rather than a permanent “win,” they say, the goal would be an ongoing contest to comprehend and address human needs as they evolve, to see which ideas do a better job and win the hearts and minds of people.

Clearly, the answers to such questions have long-term implications, which the Berkeley-Duke Center, a unique bi-coastal academic collaboration, is trying to resolve.

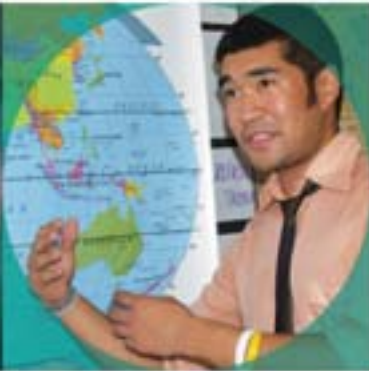
## **Auditing the conventional wisdom**

Meanwhile, the Center for International Studies (CIS), an education and research center at MIT, has launched a creative new project to examine widely accepted claims that animate U.S. foreign policy and to test them against data and history.

The Audit of Conventional Wisdom in U.S. Foreign Policy brings together respected scholars and intellectuals who are committed to injecting new and critical thinking into the debate about America's role in the world.

Through a series of short and accessible published “audits,” a Web site, media appearances, public forums, and other forms of outreach, these scholars are working to evaluate familiar assertions and assumptions that may narrow or distort the discourse, provide deeper and more nuanced consideration of key global policy issues, and where possible, suggest constructive and principled alternatives to current policy directions.

These and other RBF-supported programs attempt to encourage the interaction of leaders, policy analysts, and concerned citizens over a sustained period of time, to examine anew long-standing foreign policy assumptions, and, as a result, to build consensus on new and innovative foreign policy directions that will affect the world for generations to come.





# Human Advancement

THE ROCKEFELLER BROTHERS FUND (RBF) COMPLEMENTS ITS COMMITMENT TO SYSTEMIC CHANGE WITH A DEDICATION TO HUMAN ADVANCEMENT AND THE FULFILLMENT OF INDIVIDUAL POTENTIAL BY SUPPORTING ARTS AND CULTURE, WORKING TO IMPROVE THE QUALITY OF EDUCATION, RECOGNIZING AND ENCOURAGING LEADERSHIP, AND HELPING TO MITIGATE THE IMPACT OF HEALTH THREATS THAT UNDERMINE HUMAN ADVANCEMENT ON A NATIONWIDE OR REGIONWIDE SCALE. THE HUMAN ADVANCEMENT PROGRAM IS NAMED AFTER CHARLES E. CULPEPER TO HONOR THE LEGACY AND ACHIEVEMENTS OF HIS FOUNDATION, WHICH WAS ESTABLISHED IN 1940 FOR THE "BETTERMENT OF HUMANITY." THE CHARLES E. CULPEPER FOUNDATION AND THE RBF MERGED IN JULY 1999.

## Fellowships for Aspiring Teachers of Color

By 2014, an estimated 50 million children will be enrolled in public schools across the nation. More than half of them are expected to be students of color. Yet today only 10% of public school teachers are people of color. Current trends indicate that by the year 2020, the percentage of teachers of color will shrink to an all-time low of 5%.

"The good news is that there is a greater awareness of and commitment to diversity in the classroom than ever before," says Miriam Añeses, director, Fellowships for Aspiring Teachers of Color.

With the enormous need and opportunity for highly qualified teachers of color in public school systems across the country, the RBF established in 1991 the Fellowships for Aspiring Teachers of Color initiative, a key component of the Charles E. Culpeper Human Advancement program. The fellowship recognizes the vitally important role of education in human advancement and seeks to increase the number of highly qualified teachers of color in K-12 public education in the United States. Each year, the Fund awards up to 25 fellowships to students of color entering the teaching profession. Since the program's inception, the RBF has awarded fellowships to 301 college students.



About 26% of RBF Fellows are male, reflecting the National Education Association's findings that only a quarter of the teaching force is male.

In 2005, 25 college juniors from 16 participating institutions were named recipients of the Fellowships for Aspiring Teachers of Color. Each Fellow receives up to \$22,100 over a five-year period that ends after completion of three years of public school teaching. Incoming Fellows are required to complete a summer project between their junior and senior years. Planned jointly by Fellows and their mentors, the projects provide students with direct teaching experience with youth. A list of the Fellows and participating institutions can be found at [www.rbf.org](http://www.rbf.org).

### **Korean-American Fellow draws on personal experience to propel teaching career**

Middle school was sometimes brutal for Sonia Wang. One of just a few Asian-American students in the public school she attended outside of Chicago, Sonia had to overcome many cultural barriers and stereotypes.

"Other kids made fun of the way I looked because I'm Korean, made fun of my name, and pigeonholed me into the 'smart-Asian-kid' stereotype," the 21-year-old University of Chicago student says.

Most young adults would never look back on such a trying experience. However, it's right back to middle school where Sonia is returning—this time as a teacher in the public schools on Chicago's South Side.

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*"I had an incredible teacher who helped me deal with the social difficulties as well as the academic challenges."*

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# ASIAN CULTURAL COUNCIL

The Asian Cultural Council (ACC), an affiliate of the Rockefeller Brothers Fund since 1991, is a foundation supporting cultural exchange in the visual and performing arts between the United States and Asia. The ACC awards individual fellowship grants to artists, scholars, and arts professionals from Asia undertaking research, study, and creative work in the United States. Grants are also made to Americans pursuing similar activities in Asia and to cultural institutions engaged in significant U.S.-Asia exchange projects. ACC grants include both fellowship funds and individually tailored support services to insure that each grant recipient can achieve his or her objectives.

A small number of ACC grants help to support regional exchange and collaboration within Asia, and this aspect of the program continued to expand in 2005. One particularly noteworthy project, started in 2005, is an exchange between Peking Opera artists and theater artists in Cambodia who work in a genre called *bassac*, which derives from Peking opera. *Bassac* was one of the most popular theater forms in Cambodia in the early twentieth century, but has been in severe decline following the devastating years of Khmer Rouge rule. With support from the ACC, Peking Opera virtuoso Wu Hsing-kuo and associated artists from the Contemporary Legend Theatre of Taipei created a series of training workshops in movement, vocal production, and stage production for *bassac* artists from the Royal University of Fine Arts in Phnom Penh. The first workshops were carried out in 2005 in Phnom Penh and Taipei and are helping the *bassac* artists rediscover the fundamental discipline underlying this very important art form and are forging ties among artists across Asia working in related genres.



Wei Ligang, 2005 ACC Fellow

In 2005, the ACC awarded \$1,837,769 in grants to fund 155 fellowships and project awards. Individuals from Bhutan, Burma, Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea, Laos, Macao, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Vietnam, and the United States received grant support during the year. Following the success of the ACC's 40th Anniversary Gala of November 2004, several public outreach initiatives continued in 2005, including the inauguration of an annual ACC newsletter, an exhibition of ACC grantee artists' work in the Philippines, and a benefit art auction in Japan. For further information about the ACC, visit [www.asianculturalcouncil.org](http://www.asianculturalcouncil.org), and for a list of RBF grants to the ACC, visit [www.rbf.org](http://www.rbf.org).

## Beijing artist receives ACC fellowship

Among the many individuals who received fellowships from the Asian Cultural Council (ACC) in 2005 is artist Wei Ligang from Beijing. Mr. Wei is a leader among artists in China who are working in contemporary calligraphy and ink painting, and his four-month ACC fellowship gave him his first opportunity to travel outside China. Based in New York, he visited museums and galleries, researched architecture and design, and met with many artists from various disciplines. He also traveled to Chicago, Detroit, Boston, Washington, Philadelphia, and other cities, and he collaborated with New York choreographer Yin Mei in the development of a new dance/calligraphy work for the stage, *Cursive*. During his visit, Mr. Wei took more than 5,000 photographs, made numerous sketches, and completed 30 new paintings. He also kept a daily journal chronicling his observations and experiences, discovering in the process that he enjoys writing almost as much as painting.



Fellowships for Aspiring Teachers of Color, class of 2005.

Sonia says, “All it took was one strong role model to give me the faith that I needed to succeed in school and to learn how to stand up for myself, and at the same time, get my peers to accept me for my uniqueness. I want to be that role model for children now.”

Sonia’s personal experience defines the very essence of the Rockefeller Brothers Fund’s Fellowships for Aspiring Teachers of Color. Sonia is one of just 25 college students selected for the fellowship program in 2005.

Though it will be another year and a half left before Sonia receives her master’s degree, she is getting plenty of experience being in front of a classroom. Her Fellow’s summer project was a two-continent, cross-cultural classroom comparison. She spent half of her summer observing the effectiveness of different teaching methods and curriculum planning in a public school in Chicago; the other part of her summer was spent in Seoul, where she taught English to fourth and fifth graders in an orphanage.

“You see many differences in the classrooms and among the children,” Sonia notes, “but the constant is that with the proper encouragement and discipline, every student has the potential to succeed.”

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The program director who carries responsibility for the Fellowships for Aspiring Teachers of Color is Miriam Añeses. For a list of the 2005 Fellowship recipients and to learn more about the program, please visit [www.rbf.org](http://www.rbf.org).



# RAMON MAGSAYSAY AWARD FOUNDATION

With encouragement and financial support from members of the Rockefeller family and the Rockefeller Brothers Fund, the Ramon Magsaysay Award Foundation (RMAF) was established in 1957 as a memorial to Ramon Magsaysay, the third president of the Republic of the Philippines, who died in an airplane accident that year during his presidency.

The signature program is the Ramon Magsaysay Awards given to people working in Asia on behalf of Asians. The six award categories are Government Service; Community Leadership; Public Service; Journalism, Literature, and Creative Communications Arts; Peace and International Understanding; and Emergent Leadership. The names and citations for the 2005 awardees may be found at [www.rmaf.org.ph](http://www.rmaf.org.ph).



The 2005 Magsaysay awardees at the presentation ceremonies held in Manila on August 31, 2005. From left to right: Senator Jon Ungphakorn (Thailand), Government Service; Teten Masduki (Indonesia), Public Service; Dr. V. Shanta (India), Public Service; Sombath Somphone (Laos), Community Leadership; Matiur Rahman (Bangladesh), Journalism, Literature, and Creative Communications Arts; and Yoon Hye-Ran (Korea), Emergent Leadership.

## Program for Asian Projects

Established in 1987 at the close of the Magsaysay Awardees Assembly in Bangkok, the Program for Asian Projects (PAP) provides financial support for projects that individual awardees or groups of awardees desire to undertake in order to further the work that earned them the prestigious Ramon Magsaysay Award. The program is administered by the Ramon Magsaysay Award Foundation and steered by an Asian Board of Advisers that consists of both awardees and representatives of the foundation. For the 2005 PAP awardees, view the 2005 grants at [www.rbf.org](http://www.rbf.org).



# Pivotal Places

THE FUND PURSUES ITS FOUR PROGRAM INTERESTS—DEMOCRATIC PRACTICE, SUSTAINABLE DEVELOPMENT, PEACE AND SECURITY, AND HUMAN ADVANCEMENT—IN A VARIETY OF GEOGRAPHIC CONTEXTS. IN ADDITION, THE FUND HAS IDENTIFIED SEVERAL SPECIFIC LOCATIONS ON WHICH TO CONCENTRATE CROSS-PROGRAMMATIC GRANTMAKING ATTENTION. THE FUND REFERS TO THESE AS RBF “PIVOTAL PLACES”: SUBNATIONAL AREAS, NATION-STATES, OR CROSS-BORDER REGIONS THAT HAVE SPECIAL IMPORTANCE WITH REGARD TO THE FUND’S SUBSTANTIVE CONCERNS AND WHOSE FUTURE WILL HAVE DISPROPORTIONATE SIGNIFICANCE FOR THE FUTURE OF A SURROUNDING REGION, AN ECOSYSTEM, OR, INDEED, THE GLOBE.

While there are many places in the world that might be considered pivotal, the selection of RBF pivotal places is guided by both the Fund’s program interests and grantmaking history. These are places where the Fund judges that because of its experience, knowledge, and program interests, its grantmaking could be particularly effective, and where the Fund generally makes a long-term commitment. The Fund’s engagement in these places is multidisciplinary, involving two or more RBF program interests. It is also responsive to local needs and priorities; indeed, the Fund may pursue its broad programmatic goals in different ways within each RBF pivotal place.

The Fund currently works in four RBF pivotal places: New York City, South Africa, Serbia and Montenegro, and Southern China.

# Pivotal Place

# New York City

## **Building a New York for all New Yorkers**

Building human and social capital, engaging residents on issues they care about, helping create common ground, and empowering local leaders are hallmarks of Rockefeller Brothers Fund (RBF) grantmaking in New York City since its founding in 1940. In his 2004 review paper, RBF program director Ben Rodriguez-Cubeñas wrote about this pivotal place, saying the Fund seeks to “make New York City a model 21st century sustainable urban community that provides quality education for all its children, values the voices of residents and leaders from all communities, preserves and enhances its built and natural environments, and has a strong and vibrant artistic community.”

## **Neighborhood democracy**

New York is the home of an immigrant population of nearly 3 million, and the RBF has long had an interest in helping the city’s newest residents integrate into civic life and political processes through local neighborhoods and community action. In the approximately three years since it began, La Fuente, a collaborative effort of unions and community groups working together to promote low-wage-immigrant-worker rights, has created an active base for citywide and local campaigns for justice in the area of immigrant and worker rights. One of La Fuente’s primary projects, the New York Civic Participation Project (NYCPP), which addresses such areas as job quality and retention, living wage and labor standards, access to health care, education and social services, and immigration reform, is poised to reach new levels of success as a model to be replicated throughout the city and around the country. The Fund’s two-year support of La Fuente provides support for three staff retreats that allowed the organization to examine its organizing and policy work, identify its strengths and weakness, formalize internal decision-making processes, and plan for the future.

“We know that what we do has the potential to become a model in other parts of the country, and RBF gave us the chance to step back and reflect on what we’ve done and create ways to do it more effectively,” says Ghouri Sadwani, La Fuente executive director. “We’ve already seen the results in how our outreach and relationships with labor unions and community organizations have benefited and in the output of our organizing work.”

## **Reclaiming a healthy environment**

The RBF’s two-pronged sustainable development strategy includes assisting community-based initiatives that encourage respect and care for the natural and built environments and helping community organizations obtain equal footing with developers and government officials in urban planning and design processes. The work of Youth Ministries for Peace and Justice (YMPJ), a community-based youth organizing group



# A CITYWIDE RESPONSE TO LOCAL ACTION

In 1999, fourth graders in New York City's District 9 schools hit a new low, with less than 20% of students reading at grade level. The scores, some of the lowest in the city, followed decades of corruption among school officials and seemed to mark the 2-square-mile Bronx district for permanent failure. But then, in the midst of the most significant reorganization to take place in New York City's public school system in more than 30 years, efforts led by the Community Collaborative to Improve District 9 Schools (CC9), began to turn things around. Then, last March, the New York City Department of Education (DOE) announced its plans for attracting and retaining high-quality teachers in the city's poorest-performing schools. The city's plan is an expansion of the Lead Teacher program, which CC9 first implemented as part of its community-led efforts to reform area schools.

"This is the first time that a community-led reform proposition has impacted system-wide policy regarding the critical issue of teacher quality," says Eric Zachary, senior project director, New York University's Institute for Education and Social Policy, which provides CC9 with research, policy, and staff support.

CC9, in the Highbridge section of the Bronx, and now a nationally recognized model for community-led school reform, first piloted the Lead Teacher program four years ago. A coalition of six community-based organizations (CBOs), parents, educators, the DOE, and representatives from the city's United Federation of Teachers (UFT), CC9's work has expanded to encompass the entire borough and is now a nationally recognized model for community-led school reform.

"The new Lead Teacher Program provides our highest-need schools with an enormous opportunity to help their students and teachers succeed," Schools Chancellor Joel I. Klein says. "The Program allows us to put our best teachers into the schools that need them most."

In addition to the Lead Teacher program, which pays experienced, qualified teachers an additional sum to divide their time between teaching and serving as mentors, CC9 brought families, teachers, and administrators together in Family-Community-School Partnerships committees to address issues of curriculum, host multicultural celebrations of student achievement, and plan other activities that built trust and understanding.

"Historically, there was a significant level of mistrust between school staff and parents, especially in low-income neighborhoods," says Zachary. "These activities and interactions have helped build levels of trust and mutual respect."

A supporter from its earliest days, CC9 meets the Rockefeller Brothers Fund's three major goals in education grantmaking: building and strengthening a base of informed parents and community groups; supporting the development of coalitions among groups; and engaging new stakeholders in education improvement processes. The Fund's 2005 grant to CC9's administering organization, the Highbridge Community Life Center, also supported the Safe Street Safe Schools Campaign. This traffic safety initiative includes a 10-school pilot program that focuses on one-way residential streets near schools and is collecting data to be evaluated by the city's Department of Transportation.

CC9 is also partnering with other Bronx CBOs and organizations to advance educational policies and justice, including an ongoing partnership with Mothers On the Move, a group of parents and community residents who address issues of education, housing, parks, and environmental, traffic, and neighborhood safety. It is also exploring the feasibility of a Bronx Center for Change with the UFT that would assist communities developing CC9-like collaboratives.

"CC9 has been particularly effective at bringing together different stakeholders to address common issues," says RBF program officer Ben Rodriguez-Cubeñas. "It has shown how to successfully combine significant parent/community power in collaborative relationships with school system officials and the teachers union."

(which also reflects the Fund's interest in youth leadership development) addresses these strategies by developing the potential of the 22,000 13- to 21-year-olds in its South Bronx target area. The Fund's contribution to YMPJ's new Center for Community Development and Planning is enabling the organization to begin planning its new offices and youth center to be built on a vacant lot adjacent to the church basement offices it has worked from for the past 12 years.

It will also provide the backbone for such projects as managing a coalition of Bronx groups working to have a large section of the South Bronx designated as a Brownfields Opportunity Area; planning construction of a community boathouse in Starlight Park on the banks of the Bronx River; and advocating for decommissioning the Sheridan Expressway and converting it to open space.

## **Dedicated to the arts**

As public and private funding for the arts continues to dwindle, the RBF continues to help sustain the vitality and development of individual artists, audiences, and society through support of small and midsize organizations, especially when they are at a pivotal point in their history. Two grantees—Creative Time, which is dedicated to enlivening the urban landscape with adventurous public art from all disciplines, and Aaron Davis Hall, a 25-year-old institution that nurtures the creativity of artists of color and serves the cultural and educational needs of Harlem residents—exemplify its approach to bringing individual creativity to the public arena.

Creative Time's Who Cares initiative generated three cross-generational, multidisciplinary conversations about art and power and social change during intimate dinner parties with some of today's most inspiring and provoking artists, educators, and thinkers. An edited version of the transcripts from those conversations will form the heart of a publication to be distributed internationally. A Web site and PDF will also help make the results of those conversations available to the public. In addition, the grant will support projects by three socially responsive artists whose creative visions will have an impact on public issues.

"The RBF recognizes that this work is important and timely and is the only foundation that expressed genuine interest in exploring how artists fit into increasingly commercially driven markets," says Anne Pasternak, Creative Time founder and executive director.

A leadership grant to Aaron Davis Hall as it prepares to transform its historic 135th Street Gatehouse into a new performance space provided its board and staff the opportunity to come together at the Pocantico Conference Center and determine how to strengthen its leadership, affirm its vision, and map out a five-year strategy for its next phase of work. Previous RBF support and a follow-up implementation grant contribute to what Director Pat Cruz considers "a very rich, sustained relationship."

"It is unusual but vital support," says Rodriguez-Cubeñas. "No other foundation in New York City gives planning support, provides a facility, and follows up with a grant so it can implement its plans."

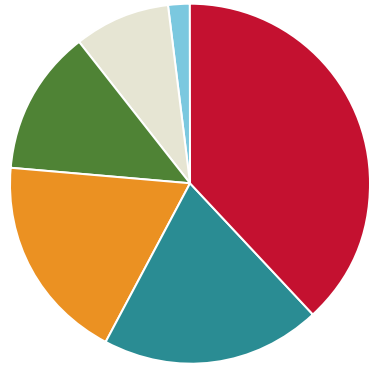
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The program director who carries responsibility for the New York City portion of the RBF's Pivotal Places program is Ben Rodriguez-Cubeñas. During 2005 a portion of the responsibilities of Associate Program Officer Grant C. Garrison were devoted to this program. For information about the New York City grants and to learn how to apply for a grant, visit [www.rbf.org](http://www.rbf.org).

# Pivotal Place: New York City

## Grants Awarded in 2005

### Distribution by Program Goal (dollars awarded)



## STAFF GRANTMAKING FUND

Established in 2002, the Staff Grantmaking Fund (SGF) provides all members of the Rockefeller Brothers Fund with the opportunity to be grantmakers and thereby experience firsthand the core work of the foundation. The SGF's annual budget of \$100,000 finances grants that are consistent with the overall mission of the RBF and that receive the same degree of due diligence as all other program commitments. Staff who wish to participate research and evaluate specific programs and projects that align with the RBF guidelines, and make final grant recommendations to the president for approval. During the third year of this initiative, the staff committee decided to focus opportunities in New York City, one of the Fund's pivotal places. For a list of the staff grants, visit [www.rbf.org](http://www.rbf.org).

### Committee Members

Miriam Añeses  
*Director, Fellows Program*

Lydia Brown (Facilitator)  
*Administrative Assistant*

Leah D'Angelo  
*Assistant Comptroller*

Leona Hewitt  
*Receptionist*

Danielle Lazaroff  
*Administrative Assistant*

Helen Morton  
*Administrative Assistant*

Charisse Turner (Facilitator)  
*Accountant*



SGF committee members (left to right): Lydia Brown, Danielle Lazaroff, Charisse Turner, Leona Hewitt, and Miriam Añeses.

# Pivotal Place South Africa

## Facing the pandemic: Battling HIV/AIDS in South Africa

"In our culture, if someone feels pride, they say they feel 'all puffed up,'" says Helen Lieberman, founder of Ikamva Labantu, whose early childhood program is a Rockefeller Brothers Fund (RBF) model of support for young children whose lives have been devastated by HIV/AIDS. Lieberman was talking about the sense of pride that principals, teachers, and caregivers in the Cape Town family enrichment center feel since they have gained the skills to address the developmental, physical, and psychosocial challenges their young students face.

Having received a three-year RBF grant to help South African preschools adapt to the reality of the HIV/AIDS pandemic, Ikamva Labantu plans to open additional preschools linked to family enrichment centers with professional medical and social services and provide training and mentoring for caregivers. Similarly, RBF grantee Help Educate at-Risk Orphans and vulnerable children (HERO), a project of the United Nations Association of the United States of America (UNA-USA), brings counseling and other psychosocial support services to schools in the province of KwaZulu-Natal and is working to build awareness in the United States of the impact of HIV/AIDS on children in sub-Saharan Africa.

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"People don't understand how this epidemic undercuts the democratic process."

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## A necessary focus

An estimated 2.2 million children, 13 percent of all children in South Africa, have lost at least one parent, and an additional 2.5 million now live with an HIV-positive mother, and the figures are likely to double in 10 years. With HIV/AIDS the most critical issue to face the country since its first democratic elections 13 years ago, the Fund decided in 2003 to use HIV/AIDS as a lens for its grantmaking related to basic education, children, democracy and governance, sustainable development, and peace and security after more than 40 years of grantmaking in South Africa. It does so through specific projects with NGOs such as Ikamva Labantu, in partnership with universities, and by providing general support and building organizational capacity.

The link between HIV/AIDS and democracy and governance is the goal of work at the Institute for Democracy in South Africa (IDASA) in Pretoria and the focus of the Health Economics and HIV/AIDS Research Division (HEARD) of the University of KwaZulu-Natal in Durban. According to director Professor Alan Whiteside, HEARD is benefiting from





The RBF has been engaged in grantmaking in South Africa since the mid-1960s.

an innovative partnership with the RBF that has provided both guidance and continuity of support, enabling it to establish a network of people working in the nascent field and cultivating a researcher to develop it further.

“We’re not yet at the peak of the impact, and we need more governance, not less,” says Professor Whiteside, “but people don’t understand how this epidemic undercuts the democratic process, from compromising representation to preventing people from getting to the polls.”

### **Security and sustainable development**

As the number of deaths from HIV/AIDS within the ranks of the South African Police Service surges (47 percent from 2002 to 2004), the Centre for the Study of Violence and Reconciliation (CSVR) in Johannesburg embarked on a two-year research project that has, in its first phase, highlighted the huge gap between policy set at the national level and its implementation at local police stations. The work, which also reveals that there is only one HIV coordinator for every 6,500 police officials in Johannesburg, serves the Fund’s goal of strengthening the understanding of how HIV/AIDS impacts peace and security in South Africa.

“This talks to a number of issues—from the extent to which police commissioners understand the problem and their ability to manage it,” says Themba Masuku, senior researcher, CSVR. “Our research has made it clear that the HIV problem is not yet part of the South African Police Service’s agenda.”

Death and disability from HIV/AIDS are also eroding the infrastructure of South Africa’s tourism, which has grown 10 percent each year since 1994. Tourism is the country’s third-largest industry, with an estimated 24 percent of its staff HIV positive. One of the Fund’s efforts to support promising models of response to the effect of HIV/AIDS on the environment, as well as an innovative model of care, education, and support for orphans

and children, is the Umzi Wethu Indalo (Homestead Pure Nature) project of the Wilderness Foundation. This project trains young adults aged 18–24 to work in national and provincial parks, private game preserves, and the hospitality industry in the Eastern Cape Province. Building on a previous grant to determine the impact of the pandemic on the ecotourism industry, the Wilderness Foundation developed the one-year program and selected 24 youths to train for jobs that pay double the minimum wage.

“These are highly motivated secondary school graduates who have gone to all the trouble of paying school fees and taking time from their families only to realize that they can’t find jobs, and it’s very demoralizing,” says Julie Anton Dunn, program director. “Umzi Wethu takes these youths and gives them the mentoring and skills they need for jobs that we have secured through our partnerships with the local game reserves.”

### Building on success

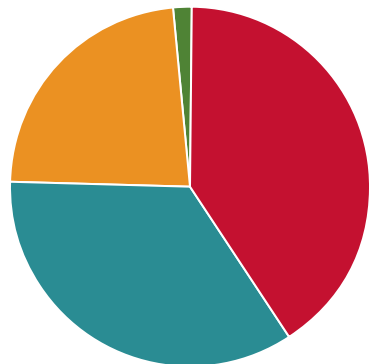
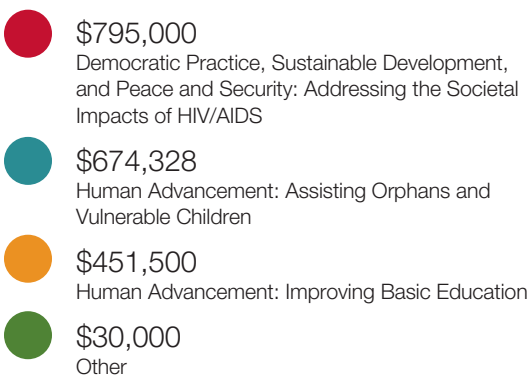
Despite the varied and innovative approaches that improve the lives of South African children and their families, the RBF has recognized that in order to significantly affect the well-being of many over the long haul of the HIV/AIDS pandemic, large-scale, universal interventions are needed. A grant to the Human Sciences Research Council (HSRC) supported a high-level meeting in South Africa of local and international experts, donors, South African government officials, and development agencies, such as the World Bank, to discuss such interventions and how to develop them. The resulting two projects, also supported by the RBF, will be directed at caregivers and children and schools and teachers in the rural area of Vulindlela, in KwaZulu-Natal, where 40 percent of women who report to antenatal care are HIV positive, the highest in the country.

“Interventions have to match the scale and gravity of the challenges these children are confronting,” says RBF program director Nancy Muirhead. “This grant will try to determine what interventions actually improve the quality of vulnerable children’s lives and then figure out how we can reach more kids.”

## Pivotal Place: South Africa

### Grants Awarded in 2005

#### Distribution by Program Goal (dollars awarded)



The program director who carries responsibility for the South Africa portion of the RBF’s Pivotal Places program is Nancy Muirhead. For information about the South Africa grants and to learn how to apply for a grant, visit [www.rbf.org](http://www.rbf.org).

# AN ELECTORAL PERSPECTIVE

In South Africa, where people who have died from HIV/AIDS still populate voter registration rolls, and where increasing numbers of deaths among political leaders and within the electorate are having a negative impact on democratic elections, groundbreaking research has initiated a dialogue that can no longer be ignored. The Institute for Democracy in South Africa (IDASA), an independent public interest organization committed to promoting sustainable democracy in South Africa and elsewhere by building democratic institutions, educating citizens, and advocating social justice, is, for the first time, building on previous RBF-funded research to create electoral system reforms. Through workshops and the exchange of best practices between South Africa and other African countries, IDASA is affecting how government and NGO leaders respond to the impact of HIV/AIDS on democratic practice.



Children attend class in KwaZulu-Natal.

“This project is changing the policy discourse on HIV/AIDS, getting political sectors to acknowledge that it is essential to make reforms in response to what is already taking place,” says Kondwani Chirambo, director of IDASA’s Governance and AIDS Program. “We can no longer hide the fact that we are losing political leaders to HIV/AIDS.”

The grant that spawned this most recent project not only funded the first study to link HIV/AIDS to democratic governance, but also its internationally circulated findings served to attract other funders, most notably the Swedish International Development Agency (SIDA), and the Africa-wide expansion of the research. With RBF support, this phase of the project has stimulated large national forums in six African countries that are in the forefront of devising solutions to the damage of the pandemic to political institutions.

Within South Africa, IDASA-run workshops have also resurrected discourse around electoral reform, including such topics as minimizing postelection conflict over voter fraud; constructing cost-effective electoral systems in the era of HIV/AIDS; strengthening public participation of people affected and infected by AIDS and other debilitating diseases; innovating voter education strategies; and developing effective workplace programs for electoral management bodies. IDASA’s work with the Independent Electoral Committee aims to improve its current internal HIV/AIDS policy and develop a policy that will cover the thousands of public service workers who lend support to it during elections.

“This project contributes significantly to the establishment of democratic order, stability, gender equity, and inclusion, as well as governance and conflict management,” Chirambo explained.

# Pivotal Place

# Serbia and Montenegro

## Rebuilding just societies

On a visit last year to the small town of Priboj, a multiethnic enclave on the border of Serbia and Bosnia, Rockefeller Brothers Fund (RBF) staff saw the site where, just over a decade before, Bosnian Serb paramilitaries massacred 17 Bosnian Muslims as they traveled to work on a bus. Although the war is officially over, aggressive displays of nationalism persist—as freshly evidenced in the response to the death of Slobodan Milosevic this past March—and are still a draw for young Serbs living in poor, isolated communities, with few prospects for the future. It is in this atmosphere, in this town, that a small nongovernmental organization (NGO) is organizing a mixed group of young ethnic Serbs and Bosnian Muslims to explore the past and begin to envision new possibilities for their shared future.

The Priboj group is a part of a network organized by the Youth Initiative for Human Rights (YIHR), which has harnessed the energy of brave young activists across Serbia, Montenegro, and Kosovo. YIHR projects fall into four program areas—Dealing with the Past; Human Rights; Reconstructing Cultural Identity; and Media—and include such projects as researching specific human rights violations; organizing meetings, workshops, seminars, and public debates; and advocating against contemporary discrimination. A two-year grant from the RBF is supporting YIHR's efforts to foster and link these small grassroots groups of young people in towns and rural areas who organize their peers in local educational, dialogue, and decision-making projects and to help develop YIHR's organizational capabilities and efficiencies.

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“This generation of young people was born during the war and has a lot of xenophobia.”

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“This generation of young people was born during the war and has a lot of xenophobia,” says Andrej Nosov, executive director, YIHR. “Many of them promote violence toward each other and minorities—gays and Romas, which is one of the main problems. So it's very important to develop the capacity of those who can think differently and build a network across the three territories.”

Four years after exploratory grantmaking in the State Union of Serbia and Montenegro in the aftermath of the Milosevic regime, and two years following its designation as an RBF pivotal place, experience has sharpened the Fund's focus of activity to two major thematic areas: building democratic practice—including promoting the civic engagement of youth and improving the performance, accountability, and transparency of government—and developing sustainable communities.





The village of Perast on the coast of Montenegro.

“If Serbia is going to come to grips with its role in the region’s violent past and build a value system based on democracy and human dignity, brave people—particularly young people—in small towns and communities must complement the work of more well-known human rights leaders in Belgrade and the Hague,” says Bill Moody, RBF program director.

The Fund’s approach to improving democratic practice also underscores effective governance through such organizations as the Institute for East/West Studies Center for Border Cooperation (CBC). The CBC is working in municipalities along a difficult border region that includes Serbia, Kosovo, and Macedonia to encourage collaboration among ethnically diverse communities through programs that include multiethnic educational exchanges, cultural events, conferences, and workshops.

### **The environment as a tool for democracy building**

The efforts of several grantees to bring people together across ethnic lines so as to untangle the complex and practical issues that their communities face in the aftermath of war and neglect meet both of the Fund’s priorities in the region: those of building a tolerant and pluralistic democracy and promoting sustainable development. This is especially true of the Foundation for Democratic Initiatives, a regranteeing intermediary intimately involved with networks of small community-based NGOs, and the Project for Public Spaces (PPS). As components of a previous grant, PPS staff—together with staff of RBF grantees the Green Network of Vojvodina (based in Novi Sad) and the Czech Environmental Partnership Foundation (based in Brno, Czech Republic), launched the first community visioning project in Novi Sad and in a nearby village. The grant brought together people of different ethnic and political backgrounds—who normally would not sit around the same table or speak to each other—to discuss needs and opportunities in their communities. This led to the establishment of the first farmers markets in Novi Sad (and in Serbia) since World War II and consensus on plans for other specific projects.

Now, RBF's two-year grant for PPS's project Community Development through Public Spaces: Expanding Placemaking in Serbia and Montenegro supports five communities that bring together local governments, residents, and businesspeople in order to create public space and improve the quality of the environment by creating pedestrian thoroughfares out of traffic-clogged town squares. The process of revitalizing these town centers also attracts farmers markets and other economic activity, creates opportunities for youth to become involved in park development, and helps improve air quality by reducing traffic congestion.

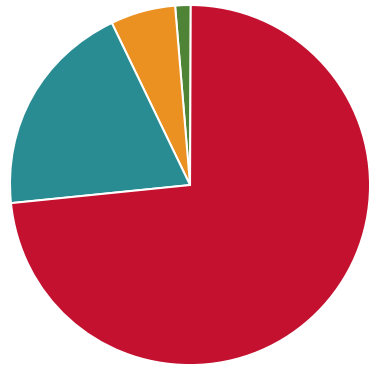
### Incremental changes

The RBF has further demonstrated its commitment to sustainable development in Montenegro, which is exploring the benefits of becoming an ecological state. This process is complicated by such difficult situations as the environmental pollution caused by the state-owned Aluminum Plant of Podgorica and plans to sell that plant to private owners. Because of the plant's environmental impact and its role as the largest employer in the area, Group for Changes (GFC), working with the World Conservation Union, is conducting an independent analysis of the air, surface and ground waters, and soil surrounding the facility. Its goal is to ensure that the public and those responsible for ameliorating the pollution and securing the safety of the plant are fully aware of its environmental impacts. The initial results of the assessment will also make it easier for GFC and other civic groups to appeal to the government, the parliament, and the courts, if necessary, regarding cleanup of the plant and future environmental protection.

## Pivotal Place: Serbia and Montenegro

### Grants Awarded in 2005

#### Distribution by Program Goal (dollars awarded)



The program director who carries responsibility for the Serbia and Montenegro portion of the RBF's Pivotal Places program is William S. Moody. In 2005, a portion of the responsibilities of Associate Program Officer Grant C. Garrison were devoted to this program. For information about the Serbia and Montenegro grants and to learn how to apply for a grant, visit [www.rbf.org](http://www.rbf.org).

## PIVOTAL PLACE: SOUTHERN CHINA

In March 2004, the Rockefeller Brothers Fund decided to concentrate its future grantmaking in Asia on Southern China, one of the fastest-growing and most dynamic regions of the world. The Fund's new initiative in Southern China builds on its long history of philanthropic involvement in East and Southeast Asia. In April 2005, Shenyu Belsky joined the RBF to provide leadership to its work in Southern China. Guidelines for the RBF's grantmaking focus in Southern China will be forthcoming.



Villagers in Guangxi.

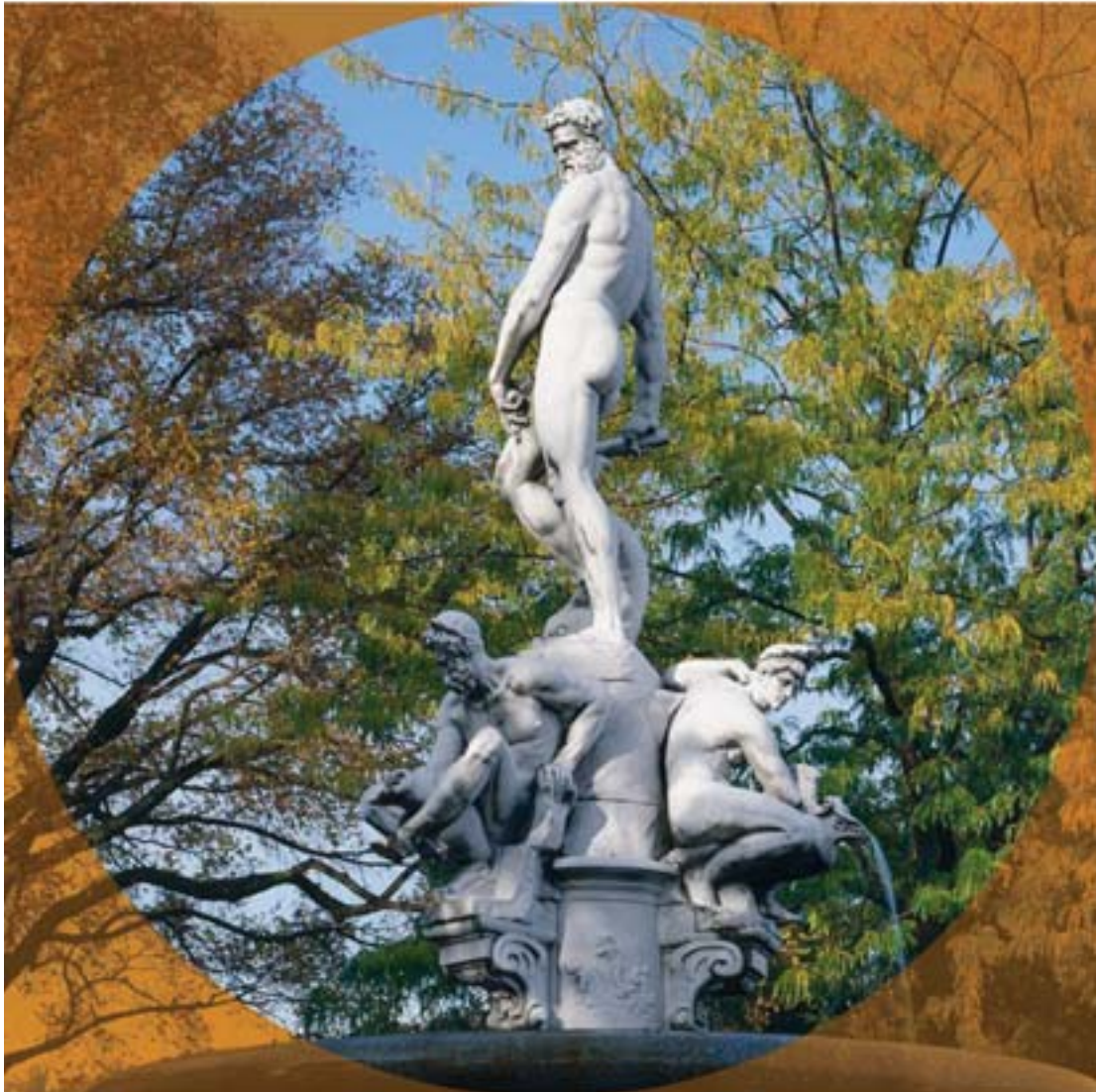


Staff from Pesticide Eco-Alternatives Center (NGO in Yunnan) interviewing a farmer.

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The program director who carries responsibility for the Southern China portion of the RBF's Pivotal Places program is Shenyu Belsky. For information about the Southern China grants and to learn how to apply for a grant, visit [www.rbf.org](http://www.rbf.org).







# Pocantico

AFTER ALMOST 90 YEARS *THE FOUNTAIN OF OCEANUS*, A PAINTING BY JOHN SINGER SARGENT, RETURNED TO THE ROCKEFELLER FAMILY ESTATE TO HANG FOR THE FIRST TIME IN KYKUIT. *THE FOUNTAIN OF OCEANUS* WAS BEQUEATHED TO THE NATIONAL TRUST FOR HISTORIC PRESERVATION BY LAURANCE S. ROCKEFELLER. THE PAINTING, ON PUBLIC DISPLAY IN KYKUIT'S MAIN ENTRANCE, IS WITHIN VIEW OF THE FOUNTAIN THAT INSPIRED IT.

"This view of the Oceanus Fountain is a wonderfully luminous rendition of the magnificent fountain in the forecourt of Kykuit and is characteristic of Sargent's Impressionistic treatment of light in the landscape," says Cynthia Altman, Kykuit's curator.

Sargent (1856-1925) painted the Oceanus Fountain during his three-week stay at Kykuit in the summer of 1917, while he was working on a portrait of John D. Rockefeller. Though Sargent was renowned for his portraits, it was to plein-air painting that he turned for enjoyment throughout his career. He became a master of landscape in both oil and watercolor. In his painting of the Oceanus Fountain, the fresh, broad strokes in oil have assumed the Impressionistic characteristics of watercolor, infusing the work with intense light and cool shadows. The unusually close view of the sculpture, and the dramatic perspective created by cropping the central monument, were devices Sargent often used.

## Kykuit

Kykuit (Dutch for *lookout*, the name given to the hill by early settlers) was designed by the leading country-house architects of the day—William Adams Delano (1874-1960) and Charles Holmes Aldrich (1871-1940). The landscape was planned by William Welles Bosworth (1869-1966), who discovered *The Fountain of Oceanus* hanging in the St. Botolph Club in Boston and had John D. Rockefeller Jr. purchase it in 1942.

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The Oceanus Fountain (bottom photo, page 70) at Kykuit was painted by John Singer Sargent.

## About Pocantico

Located 20 miles north of Manhattan in the Pocantico Historic Area—the heart of the Rockefeller family estate in Westchester County, New York—the Pocantico Conference Center is situated on 86 acres of gardens and woodlands overlooking the Hudson River. The historic area, leased by the Rockefeller Brothers Fund from the National Trust for Historic Preservation in 1991, includes the estate’s original Coach Barn (which has been converted into a fully equipped meeting facility) and Kykuit, the home of John D. Rockefeller, as well as the surrounding formal gardens and sculpture collections. The RBF’s stewardship of the Pocantico Historic Area includes overseeing the maintenance, care, conservation, and restoration of the historic buildings, gardens, and collections of decorative and fine art at Kykuit and in the Coach Barn.

Since its opening in April 1994, the Pocantico Conference Center has both complemented and extended the impact of the Fund’s grantmaking programs. The mission of the Conference Center is to provide a setting where nonprofit organizations and public-sector institutions can bring together people of diverse backgrounds and perspectives to engage critical issues related to the Rockefeller Brothers Fund philanthropic program, leading to new levels of understanding and creative resolution of problems.

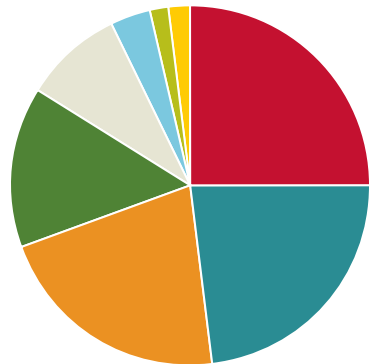
## Public access

In leasing the Pocantico Historic Area from the National Trust for Historic Preservation, the RBF assumed the responsibility of providing public access to the property. To enable the public to visit the historic area, the Fund has contracted with Historic Hudson Valley, a nonprofit organization that owns and interprets five sites in the Hudson River Valley. Tours are conducted from late April to early November. Since 1994, there have been 542,001—including 33,365 in 2005—who toured Kykuit, its galleries and gardens, and the carriage and automobile collections in the Coach Barn.

## Pocantico Conferences

### Number of Events by RBF Program Theme (56)

- Miscellaneous (14)
- Democratic Practice (13)
- Sustainable Development (12)
- Peace and Security (8)
- RBF Board/Staff (5)
- Pivotal Place: New York City (2)
- Pivotal Place: South Africa (1)
- Pivotal Place: Southern China (1)



The RBF program theme that was the subject of the greatest number of events at the Conference Center in 2005 was Democratic Practice. In 2004, the major program theme was Sustainable Development, and in 2003, it was Peace and Security.



## POCANTICO FORUMS IN 2005 FOCUS ON SUSTAINABILITY AND ECOFRIENDLY PRACTICES

Coffee, baby carrots, and Japanese turnips found ecofriendly ground at the 2005 Pocantico Forums as the discussions moved to sustainability practices. The Pocantico Forum is a semiannual lecture series designed for the local community, with the goal of providing information on a wide range of issues and topics that reflect the broad program objectives of the Rockefeller Brothers Fund. The 2005 forums, *Stone Barns Center for Food and Agriculture: How, Why and What* and *The Certified Fair Trade Movement: What It Encompasses . . . And How You Can Participate*, reflected the Fund's program interest in sustainable development practices.

### **Stone Barns Center for Food and Agriculture: How, Why and What**

May 18, 2005

Stone Barns Center for Food and Agriculture, founded by David Rockefeller and dedicated to his late wife, Peggy, became the topic of the 11th Pocantico Forum. Stone Barns, a farmland preserve, is located on 80 acres of the family's original 4,000-acre family estate in Westchester County. Dan Barber, chef and co-owner of Blue Hill at Stone Barns—along with staff from the Stone Barns Center—discussed how food is grown, produced, and distributed. They also discussed the evolution of food production, the origin of Stone Barns Center, and their mission to promote, demonstrate, and teach sustainable community-based food production.

### **The Certified Fair Trade Movement: What It Encompasses . . . And How You Can Participate**

October 25, 2005

Fair Trade, a 25-year-old global movement that seeks to ensure that international trade practices provide a fair price to producers of a wide range of commodities, from coffee, tea, and cocoa to bananas and handicrafts, was the topic of the 12th Pocantico Forum. During this Pocantico Forum, Dr. Michael E. Conroy, development economist and Rockefeller Brothers Fund program officer who presently teaches seminars at the Yale School of Forestry & Environmental Studies and is a member of the board of directors of TransfairUSA, and Jim Munson, vice president, Dallis Coffee Company, provided background on the history of the fair trade movement, which included a presentation of the meaning of *fair trade* among farmers in Ethiopia and elsewhere. Together, they addressed the challenges facing fair trade today, including the need to expand consumer awareness, struggles within the movement on how to expand it, and the need to assist poor farmers in developing the high quality of coffee demanded by today's specialty coffee market.

# Executive Vice President's Report

William F. McCalpin

In order to move closer to full implementation of the program architecture that took effect in early 2003 (page 34), the Rockefeller Brothers Fund made several further adjustments to both its grants budget and its staffing during 2005.

The total budget for grantmaking in 2005 (\$23,637,000) was essentially the same as in 2004; however, within that budget, the allocations evolved to reflect current program priorities. Grant expenditures grew in both dollar and percentage terms in the Democratic Practice and Peace and Security programs, as they did from 2003 to 2004. In the areas of Sustainable Development and Culpeper Human Advancement, expenditures fell from 2004 to 2005, also consistent with the trend from 2003 to 2004. Last year, the RBF completed a phaseout of its Sustainable Development grantmaking in Central and Eastern Europe and in Asia. In addition, toward the end of 2005, a decision was taken to commence a three-year phaseout of the Fund's involvement in the Russian Far East. Human Advancement grantmaking declined as a result of the scheduled phaseout of support for Culpeper health initiatives.



William F. McCalpin

In dollar and percentage terms, RBF pivotal places grantmaking remained much the same from 2004 to 2005. It accounts for about one-third of all grant expenditures. Within this category, the Fund allocated additional resources during 2005 to activities in South Africa and in Serbia and Montenegro in order to push both pivotal places toward a level of \$2,000,000 per year.

For more-detailed information on the Fund's grantmaking—including the total number of grants, the average size of grants, and the average length of grants—see the Statistical Review of RBF Operations (March 2006), which appears on the foundation's Web site ([www.rbf.org](http://www.rbf.org)). The RBF relies entirely on its investment portfolio to finance both grantmaking activities and Pocantico programs. The market value of the portfolio increased from \$742,000,000 at the beginning of 2005 to \$786,000,000 at year-end. Net of fees, the total investment return was 10.4 percent, which was right in line with the median return of the universe of foundations that we look to regularly for peer comparisons.

Combining the Fund's grantmaking and Pocantico programs, philanthropic expenditures totaled \$34,169,000 in 2005. This includes all administrative spending but not investment-related expenses and taxes. When the latter are added, the resulting spending rate for 2005 was 5.37 percent, using an approach where spending is expressed as a percentage of total investment assets at the beginning of the year. If spending is calculated alternatively as a percentage of the average market value of investment assets during the year, then the rate for last year was 5.27 percent.



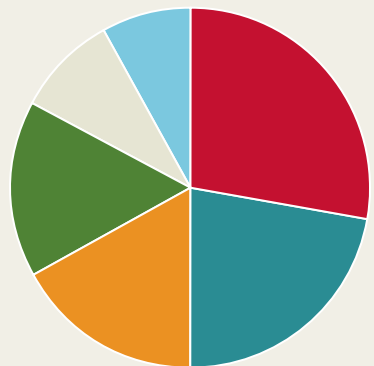
Leaving aside investment-related expenses and taxes, philanthropic spending last year was below the Fund's long-term target rate of 5.25 percent. The reason for this was the operation of the formula that the foundation has used in recent years to set the annual budget. In December, the Fund's trustees approved a change in that formula in order to push spending closer to the desired rate in 2006.

The decision to amend the foundation's spending policy was taken at the conclusion of a special, yearlong project to review the Fund's long-term financial objectives. The project was guided by a series of questions, including the following. Does the foundation desire to remain in existence in perpetuity? If so, how important is it that the real value of the Fund's investment assets be preserved through time? Would some erosion of real value be acceptable? What is the most appropriate rate of price inflation to use in a determination of the real value of endowment assets? And finally, taking into account the responses to these questions, what is the best spending formula for the foundation to use when setting its annual operating budget?

The project afforded the Fund's trustees and senior officers an opportunity to review the foundation's financial history and revisit important assumptions about perpetuity, purchasing power, and payout. The analysis and discussion led the board to adopt, for the current generation of trustees, the very helpful Statement of Perpetuity, which can be found on the foundation's Web site.

Looking forward from 2005, the RBF will be able to put more dollars behind priority grant initiatives in 2006 and future years as a result of the recent change in spending policy. Areas that will receive special attention during the coming year, in addition to the new work in Southern China, are the Democratic Practice and Peace and Security programs. We plan to review these programs during 2006 in line with our current practice of undertaking comprehensive internal assessments of each grantmaking cluster every two or three years. Decisions about how to allocate additional grant funds in these two areas will be shaped by what we learn from the assessments.

## RBF Asset Allocation (as of December 31, 2005)



# Financial Report

Rockefeller Brothers Fund, Inc., and  
Affiliate Condensed Financial Information  
For The Years Ended December 31, 2005 and 2004

## 2005 RBF Fund

### Balance Sheet

Assets	\$ 815,561,707
Liabilities	26,275,755
Net Assets	789,285,952
Total Liabilities And Net Assets	\$ 815,561,707

### Statement Of Activities

Investment Revenue	\$ 82,100,383
Other Revenue	795,959
Total Revenues	82,896,342
Direct Charitable Expenses	4,367,710
Program And Grant Management	25,927,738
Investment Management	4,436,265
General Management	3,733,830
Federal Excise And Other Taxes	2,056,975
Total Expenses	40,522,518
Change In Net Assets	42,373,824
Net Assets At Beginning Of Year	746,912,128
Net Assets At End Of Year	\$ 789,285,952

For an overview of program spending, see page 35 of this report or see the Statistical Review of RBF Operations (March 2006) at [www.rbf.org](http://www.rbf.org) for detailed information on the Fund's grantmaking.

<b>2005 Asian Cultural Council, Inc.</b>	<b>2005 Consolidated Total</b>	<b>2004 Consolidated Total</b>
\$ 36,105,433	\$ 851,667,140	\$ 809,535,345
2,318,981	28,594,736	28,389,356
33,786,452	823,072,404	781,145,989
<b>\$ 36,105,433</b>	<b>\$ 851,667,140</b>	<b>\$ 809,535,345</b>
\$ 2,099,859	\$ 84,200,242	\$ 107,583,180
1,657,500	2,453,459	3,023,695
3,757,359	86,653,701	110,606,875
—	4,367,710	4,434,004
3,142,248	29,069,986	33,232,915
359,796	4,796,061	4,354,464
659,726	4,393,556	4,377,186
42,998	2,099,973	2,102,133
4,204,768	44,727,286	48,500,702
(447,409)	41,926,415	62,106,173
34,233,861	781,145,989	719,039,816
<b>\$ 33,786,452</b>	<b>\$ 823,072,404</b>	<b>\$ 781,145,989</b>

The financial information above was summarized from the audited consolidated financial statements of the Rockefeller Brothers Fund, Inc.

These financial statements were audited by KPMG LLP, whose report expressed an unqualified opinion on those financial statements.

The full set of statements is available on the Fund's Web site at [www.rbf.org](http://www.rbf.org).

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<sup>1</sup> Until June 9, 2005.

<sup>2</sup> As of June 9, 2005.





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<sup>1</sup> As of September 9, 2005.

<sup>2</sup> As of April 1, 2005.

<sup>3</sup> Until August 31, 2005.

<sup>4</sup> As of May 12, 2005.

<sup>5</sup> As of July 1, 2005.

<sup>6</sup> Until September 30, 2005.

<sup>7</sup> As of August 1, 2005.

<sup>8</sup> As of June 13, 2005.

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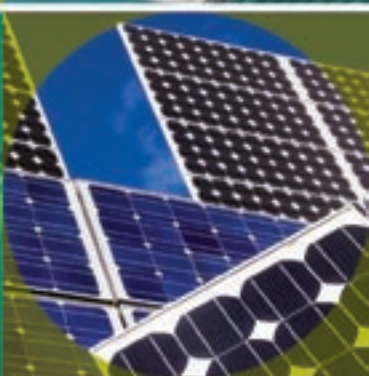
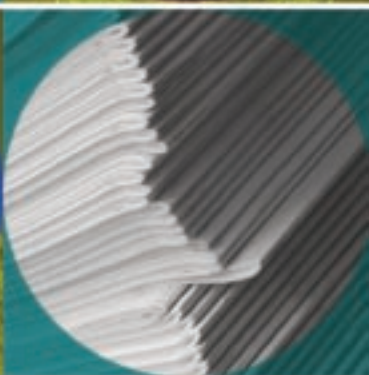
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