



Rockefeller
Brothers Fund

Philanthropy for an Interdependent World

2006 ANNUAL REVIEW

FEATURING:

THE WESTERN BALKANS

TRANSFORMING SOCIETIES



HUNGARY

Subotica

VOJVODINA

CROATIA

Zrenjanin

Novi Sad

BOSNIA

Belgrade

THE WESTERN BALKANS

The Rockefeller Brothers Fund (RBF) Pivotal Place: Western Balkans grant-making is concentrated in Serbia, Montenegro, and Kosovo.

Uzice

Novi Pazar

MONTENEGRO

Pec

Podgorica

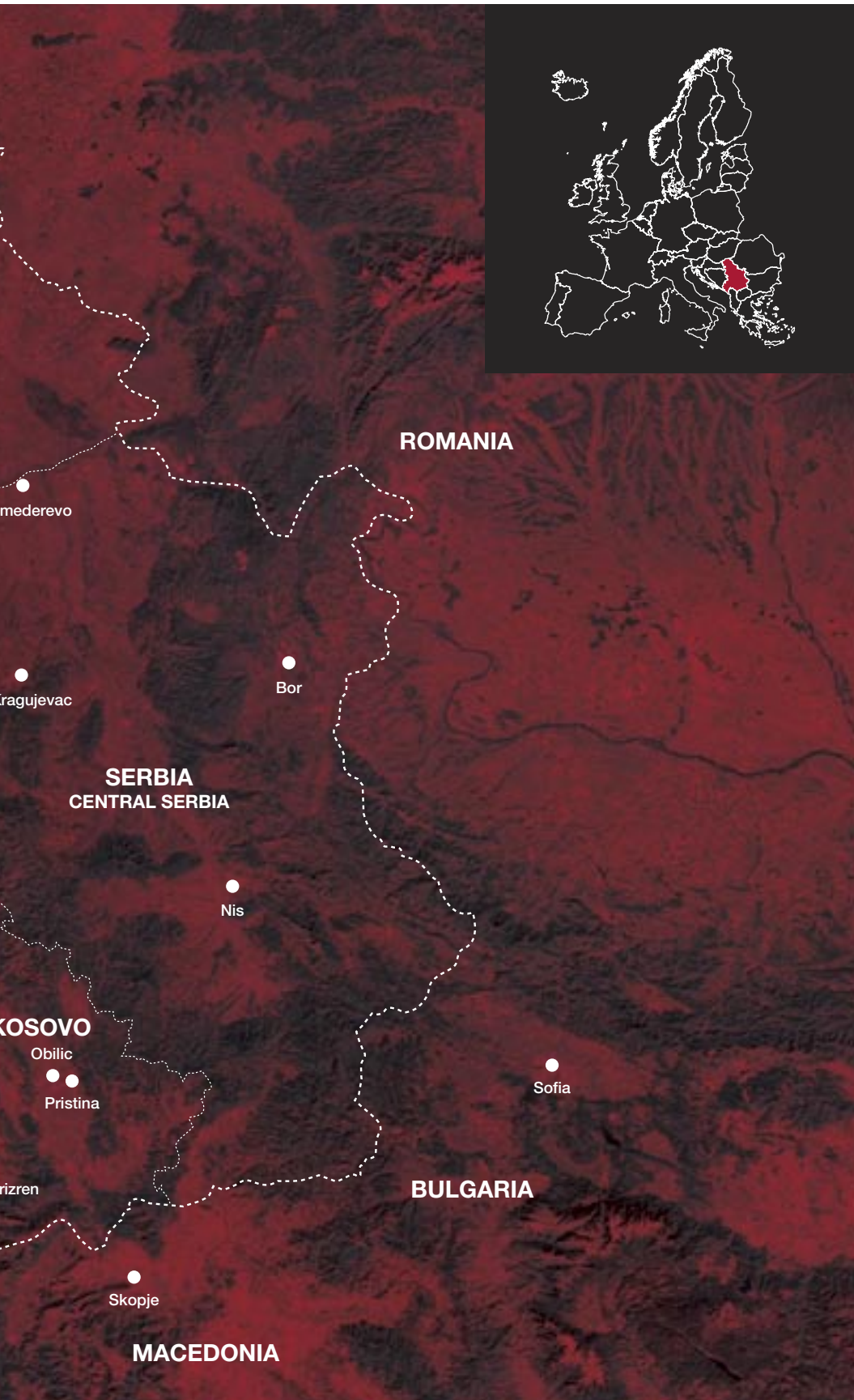
Tivat

Bar

Shkoder

ALBANIA





ROMANIA

Mederevo

Tragujevac

Bor

SERBIA
CENTRAL SERBIA

Nis

KOSOVO

Obilic

Pristina

Prizren

Sofia

BULGARIA

Skopje

MACEDONIA

MOVING FORWARD



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THE WESTERN BALKANS PIVOTAL WORK IN A PIVOTAL PLACE

LAURA SILBER



TIMELINE:

THE WESTERN BALKANS

Pivotal Moments at a Glance

The Balkan sun is blistering. In Obilic, a town in Kosovo, the region's most unstable corner, coal dust and smoke from a massive power plant taint the air with sulfur. The town hall's drab auditorium fills with people in short-sleeve shirts, standard-issue blue overalls; their hands are calloused. The stale air inside seems to demand answers.

The dialogue—the kind of exchange the Balkans need so desperately—is stilted at first. The opening comments require translation—Serbian to Albanian or Albanian to Serbian. The replies consume more time, and still more translation. But the clunky cadence soon gives way to a sense of urgency. Unlike so many discussions in this region, the one here in Obilic's town hall does not descend into angry rants about ethnicity or national rights. There is no mutual recrimination, no talk of who is responsible for the latest war, or the war before that, or the war before that. No one poses questions that touch on patrimony, sovereignty, national pride, national demands—the kinds of questions for which the political leaders have boilerplate answers. For the moment, the Albanians and Serbs in the room do not seem to care who is Albanian or who is Serb. For the moment, they are just working people worried about the future. “When will I be able to farm my land?” “Where will my children go to school?” “Who will collect taxes?” “When will the garbage be picked up?” “Where can my son find work?” A Serbian farmer refuses to surrender the microphone, saying he has had to be silent too long and must talk. The politicians, unaccustomed to public meetings to discuss practical problems with constituents, are stiff and nervous. And they cannot hide it from the television audience.

Just eight years ago, this dialogue would have been impossible. Many of these individuals would have been peering through gunsights at each other. Kosovo's Albanian majority had had enough of Serbia's repression and spawned a militia that began attacking Serbian police and army units; the Serbian authorities in Kosovo, instruments of oppression manipulated from Belgrade, attempted to remove the entire Albanian population by force. Mosques and churches, and entire neighborhoods and villages, went up in flames. Graves filled with bodies. Now, people simply wanted answers.

Left: July 1999, a Serbian farmer finds his family pictures in the remains of his house set afire by Albanians.

05/1989

Slobodan Milosevic becomes president of the Socialist Republic of Serbia.

04/1992

Serbia and Montenegro form the Federal Republic of Yugoslavia.

07/1997

Slobodan Milosevic becomes the leader of the Federal Republic of Yugoslavia.

10/1997

Milo Djukanovic defeats pro-Milosevic opponent to become president of Montenegro.

11/1998

In hopes of stabilizing the unrest in Kosovo, the Kosovo Verification Mission is set up to monitor compliance with a tentative cease-fire as well as inform the international community as to the situation in Kosovo.

04/1999

The failure of the Rambouillet negotiations leads to the NATO air campaign against Yugoslavia.

06/1999

When the NATO strikes on Kosovo territories end, the United Nations Security Council adopts Resolution 1244, establishing a transitional civil administration: the United Nations Interim Administration Mission in Kosovo.

This meeting in the Obilic town hall, a meeting conducted by the East West Management Institute and supported by the Rockefeller Brothers Fund (RBF), illustrates the kind of communal dialogue that must be fostered to usher in real stability in Kosovo. Under the banner of the “Negotiations Awareness Campaign,” people could learn about the United Nations–sponsored talks being conducted on Kosovo’s future status. Elected officials and civil society leaders need to help citizens understand the choices they face so that they can act in their own best interests. The campaign was about preventing the separation between the leaders and the public that occurs even in democracies. And far too often in this contested land politicians have been known for thuggery and corruption and for making secret deals, whether it is to start wars or end them.

Even by the standards of a region whose history over the past century has been turbulent, the year 2006 was momentous. Serbia, Montenegro, and Kosovo had endured two world wars, followed by 40 years of communism, and in the last decade, more wars, draconian sanctions, and NATO bombardment.

In 2006, Montenegro, which had stayed with Serbia throughout the wars for the spoils of Yugoslavia, declared independence. This time, there was no war. The move followed a referendum in which a narrow majority of Montenegro’s tiny population of 672,000 voted for independence. It was one more step in the final unraveling of Tito’s communist federation of six republics. Montenegro followed Slovenia, Croatia, Bosnia, and Macedonia, leaving Serbia alone.

That left one more question to resolve. Kosovo, the first flashpoint in Yugoslavia’s violent disintegration, would be the last act to unfold. The year 2006 was marked by endless rounds of talks and the intense efforts of international mediators, led by former Finnish President Martti Ahtisaari, to win agreement from Belgrade and Pristina on the terms of Kosovo’s divorce from Serbia. An agreement remained elusive, however, leaving the UN, which has administered Kosovo since 1999 when a NATO bombing campaign forced out Serbian troops, as the venue for deciding the Kosovo question. For the Kosovar Albanians, there was no other choice except independence, but Serbia was justifiably concerned about the safety and rights of Serbs living in Kosovo and the protection of their religious and cultural heritage in the province, which lies at the center of Serbian tradition.

At the time of this writing, Kosovo remains legally part of Serbia, and the UN Security Council had yet to vote on the Ahtisaari Plan that envisages a form of internationally supervised independence. The plan promises to protect Kosovo’s ethnic minorities, but it is a pledge many Serbs still doubt.

A trip along Kosovo’s winding roads, however, somehow gives hope. The landscape is whirring with construction and teeming with people. In Serbia’s villages, life seems quieter. Many hamlets are deserted by those who have migrated to Belgrade and other big towns in search of an easier life. The unresolved political questions about Kosovo’s future are just one aspect of the challenges faced by the population.

Against this background looms the specter of instability. As long as there persists a sense of defeat—of disappointed expectations—Serbia and Kosovo remain fertile ground for the exploitation of unredressed national grievances.

This danger is evermore present with populism a manifest feature of the political landscape of Europe. In the months and years to come, the leaders, whether in Obilic or elsewhere in Kosovo, Serbia or Montenegro, will have to make hard choices about political and economic reform and, just as importantly, change their culture of governing. Too often, Balkan political leaders see their positions as opportunities for personal gain. If the region is to press forward

Right (pictured top to bottom): Participant attends Balkans Community Initiatives Fund seminar; Kosovo Prime Minister Agim Ceku and President William J. Clinton; Ambassador Frank Wisner (r) speaks with Serbian President Boris Tadic (l) during their meeting in Belgrade.



THE WESTERN BALKANS

Continued from page 3

01/2000

Montenegro considers separation from Serbia.

09/2000

Presidential elections held in Yugoslavia. Opposition demands Milosevic step down.

10/2000

Vojislav Kostunica becomes president of Yugoslavia.

03/2001

RBF trustees approve up to \$500,000 of exploratory grantmaking in the Balkans, dedicating it a Special Concern, with particular focus on what was then the Federal Republic of Yugoslavia (comprised of Serbia and Montenegro).

04/2001

Milosevic is arrested and charged with misuse of state funds and abuse of his political office.

11/2001

Ibrahim Rugova is named president of Kosovo.

12/2001

RBF transitions the Fund's work in Serbia and Montenegro from a Special Concern to a multiyear grantmaking program.

02/2002

Milosevic stands trial at The Hague on charges of genocide in Bosnia and war crimes in Kosovo and Croatia.

with closer integration into the European Union, these leaders will have to resist the lure of populism and find a new language that can resonate with the population. They will have to create incentives so that citizens can see that reforms, and the necessary sacrifices that go with them, are in their own best interests.

RBF's mission in the region, which was chosen as one of the Fund's four pivotal places, rests on helping citizens and their elected officials meet these challenges so as to best ensure sustainable development, democratic practices, peace and security, and human advancement.

American, European, and NATO engagement in the Western Balkans has been instrumental in moving this region from war to peace. In Kosovo, in stark contrast to the invasions of Afghanistan and then Iraq, American troops were unquestionably

welcomed by the Albanians as liberators. And later, in the violent aftermath of the withdrawal of Serbian forces, U.S. and NATO forces were seen by the Serbs as their protectors. They were never targeted as the enemy. And despite the terrible legacy of the wars in the 1990s, there is now the impression that, maybe war belongs to another country and another time.

Today, there still remain a few places where the skyline is shaped by the onion-shaped domes of Orthodox churches, the minarets of mosques, and the towering spires of Catholic churches. Slowly, ties are being renewed. Trade has resumed, if cautiously. But nation-building needs to be more than economic revival. And that is what the RBF stands for in Serbia, Kosovo, and Montenegro. The Fund believes that serious progress hinges on long-term commitment and on developing a language of negotiation and compromise among citizens. These skills will pave the way for building a society rooted in the rule of law.

That reform—not war—is on the agenda and all is a testimony to the international resolve to secure peace in the Balkans. Three essential factors have enabled the eleven million people living in Serbia, Kosovo, and Montenegro to meet the challenges of post-war confidence building: effective military intervention and sustained, multilateral political and economic engagement. A prolonged commitment to nation-building on the part of the international community has made possible an end to the fighting and the emergence of a normal life.

The only way to ensure that the region does not slide backwards is to remain engaged.

Montenegrians form a line to enter a polling station to cast their ballots.



International engagement, whether by governments, multilateral organizations or foundations, was key and the expectation that engagement would last also played a role in helping to stabilize the region.

Sadly, with the interventions in Afghanistan and Iraq, the lessons of Kosovo went unheeded. And in the aftermath of war, political structures—indigenous not imposed—have failed to flourish.

By now in the Balkans, the United States and other governments are eager to turn their attention elsewhere, their resources sapped by problems more urgent. While the questions of borders among the countries of the Western Balkans are more or less settled, the mandate for engagement has not expired. The worst outcome would be for the United States and Europe to have taken the unprecedented step of crafting the state of Kosovo and then of allowing it to fail. This would be another blow to the credibility of the West at a time when it is at a low point following the intervention in Iraq. In addition, weak states with porous borders mean instability for Europe. The European Union and America have ample incentive to ensure that Serbia and Kosovo become stable and prosperous. Otherwise, they will fall into the grips of organized criminals who traffic in drugs, weapons, and people across EU frontiers.

The only way to ensure that the region does not slide backwards is to remain engaged. That is why the RBF has made this long-term commitment. Drawing on two decades of experience in Eastern and Central Europe, the Fund chooses partners who strive to build their own communities. They address the challenges of their own lives not by trying to recreate what was destroyed by war but by learning to be good neighbors and knitting together a new social fabric.



01/2003

Serbian and Montenegrin parliaments approve the new union of Serbia and Montenegro; both parliaments approve a constitutional charter allowing for either republic to hold a referendum on independence after three years.

01/2003

With the transition of the Fund's new program architecture, the State Union of Serbia and Montenegro becomes a candidate for designation as an RBF Pivotal Place.

03/2003

Svetozar Marovic is elected president of Serbia and Montenegro by Union parliament.

06/2003

Staff recommends that the RBF Pivotal Place encompass Serbia, Montenegro, and Kosovo.

03/2004

Interethnic violence erupts between Serbs and ethnic Albanians in Kosovo; NATO intervenes.

10/2004

Kosovar Serbs boycott parliamentary elections on October 24, casting the political future of the province in further doubt.

02/2005

Montenegrin leaders express their desire to end union with Serbia.

To support its goals in the region, the Fund has explored ways to help prepare Kosovo for the transition to independence. In April 2007, at the Pocantico Conference Center, RBF brought together Kosovo's top politicians, including respected representatives of the Serb community, and numerous international experts and leaders. In an atmosphere remarkable for both its candor and its collegiality, the sometimes fractious politicians agreed for the first 120 day of independence to work together to implement the Ahtisaari Plan, with the top priorities being the adoption of a new constitution and moving toward the building of new, peaceful relations with Kosovo's neighbors, including Serbia.

As importantly, on the ground, RBF has supported a range of projects that speak for the diversity and richness of civil society. In a land where respect for public space was an alien concept, RBF has sought to help strengthen communities, whether in a rural or urban setting. Even before Montenegro became independent, RBF was working to bolster the mountain republic's efforts to live up to its pledge to become an ecological state. A group called EXPEDITIO aims to raise public awareness on sustainable development, environmental protection and the preservation of Montenegro's architectural heritage. EXPEDITIO has chosen the magnificent Lake Skadar as a pilot project, whose jagged marshy coastline is home to an abundance of wildlife.

In the north of Serbia, a group in Novi Sad, the capital of the province of Vojvodina, is creating a greenway along the Danube River, a historical trade route. Now farmers stand amid buildings with terra-cotta roofs, selling locally grown organic produce. In Belgrade, it is the School for Political Excellence that helps train politicians and deepens their understanding of the democratic process.

Young men and women from Belgrade and Pristina travel to each others cities in a project run by Youth Initiative for Human Rights. Founded by a group of 20-year-olds, they organize trips to help young adults once separated by virtual apartheid and then war to visit each other's cafes, television stations, and mosques or churches. They talk about what happened in the past. They seem to understand that if Serbia and Kosovo are to make progress on integrating into Europe, they must overcome their own myopia. Like the farmers and workers in the town of Obilic, they do not question who is responsible and the atmosphere is free of any recrimination. These young people take the conversation a step further than that hot day in the Obilic town hall. Long into the evening, they talk about their projects for facing the past, holding governments together and identifying issues of common concerns. They are going to change the future.

An Albanian child plays in an abandoned home following the Kosovo crisis in 1999.





THE WESTERN BALKANS

Continued from page 7

01/2006

Fatmir Sejdiu succeeds the late Ibrahim Rugova as president of Kosovo.

02/2006

UN sponsors talks on future status of Kosovo

06/2006

Montenegro declares independence; UN accepts the Republic of Montenegro as its 192nd member.

02/2007

UN Special Envoy Martti Ahtisaari travels to Belgrade and Pristina to present his draft Comprehensive proposal for a Kosovo Status Settlement for both parties.

03/2007

Deputy Special Envoy Albert Rohan travels to New York to hand over to the Secretary-General the final Comprehensive proposal for a Kosovo Status Settlement, as well as the Report of the Special Envoy of the Secretary-General on Kosovo's Future Status. The report and the Comprehensive proposals were officially delivered to the UN Security Council members on March 26.

04/2007

RBF invites Balkan and world leaders to its Pocantico Conference Center. The meeting produces the Unity Team's declaration to work together (see page 43).

05/2007

Fund releases "Developing a Strategy for the First 120 Days Conference Summary Report" (available at www.rbf.org).

MESSAGE FROM THE CHAIR

Richard Rockefeller, MD, incoming chairman

I have been privileged to sit on the board of the Rockefeller Brothers Fund for most of the past two decades. However, living away from New York and working in a field quite apart from program areas we fund, I have only begun to experience the RBF from the inside since I succeeded my able cousin Steven Rockefeller as chairman a year ago. I offer the following reflections on what I have seen so far.

The RBF promotes social change that contributes to a more just, sustainable, and peaceful world. I love this far-reaching mission, but must admit to some anxiety about pursuing it in a world as complex as ours has become, where unintended consequences seem more the rule than the exception. How do we maximize the likelihood of success, and minimize the risk that our work—by which I mean, for the most part, the work of our grantees—will not result in something other than we intend, perhaps even inimical to it?

The late Buckminster Fuller believed in the ability of human intelligence to solve complex problems. Equating our rapidly evolving relationship to Planet Earth's stored wealth with that of an embryonic bird and the yolk of its egg, he wrote—in his characteristically quirky style:

The abundance of immediately consumable, obviously desirable, or utterly essential resources have been sufficient until now to allow us to carry on despite our ignorance. Being eventually exhaustible and spoilable, they have been adequate only up to this critical moment. This cushion-for-error of humanity's survival and growth up to now was apparently provided just as a bird inside of the egg is provided with liquid nutriment to develop it to a certain point. But then by design, the nutriment is exhausted at just the time when the chick is large enough to be able to locomote on its own legs. And so as the chick pecks at the shell seeking more nutriment, it inadvertently breaks open the shell. Stepping forth from its initial sanctuary, the young bird must now forage on its own legs and wings to discover the next phase of its regenerative sustenance.

My own picture of humanity today finds us just about to step out from amongst the pieces of our just one-second-ago broken eggshell. Our innocent, trial-and-error-sustaining nutriment is exhausted. We are faced with an entirely new relationship to the universe. We are going to have to spread our wings of intellect and fly or perish.

Operating Manual for Spaceship Earth (1969)

However Fuller's analogy strikes you, the year 2006 did seem like one of emergence, did it not? The debate over global warming effectively ended. "Peak oil" was likely reached or passed. The United States ceded—for the time being, at least—its long-standing preeminence as the world's moral authority, and its economic and military position seemed tenuous for the first time. Chaos in Iraq, and perhaps relations between Islam and the West may have passed



David Rockefeller, Richard Rockefeller, and Stephen Heintz

points of no return. The virtual world came even with and, in some ways, could be seen to surpass the material one, dominating the attention and energy of our youth, endangering most species of print media, and rendering worldwide communication and tailored information as cheap and available as clean air and water used to be. If the shell was beginning to crack when Bucky Fuller wrote in 1969, last year it shattered and we stepped clear willy-nilly.

While still a fan of Fuller's, I find it hard to share either his confidence in dispassionate human intelligence alone, or his faith in the timing "by design" of this make-or-break moment. In the decades since he wrote *Spaceship Earth* much accumulated evidence suggests that purely rational thought—even greatly amplified by tools of thought's own creation such as general systems theory and computers (Fuller's favorites)—cannot solve problems beyond a certain degree of complexity. It is not hard to understand why so many people hope for intercession by an omniscient, omnipotent designer—notwithstanding that the most fervent believers expect divine intervention to bring on the apocalypse, not some benign metamorphosis such as Fuller imagined!



Pictured left to right: Stephen Heintz, president of the Rockefeller Brothers Fund; Veton Surroi, President of the ORA Party and Assembly Member; Ambassador Frank G. Wisner; President of Kosovo Fatmir Sejdiu; Under Secretary of State for

But returning to small “e” earth and the question at hand: In a world grown so complex, what faculties may the RBF draw upon to reach its worthy goals if raw intelligence alone cannot do so?

A partial answer occurred to me during two recent meetings sponsored by the Fund, which I had the good fortune to attend: a Track II dialogue between the U.S. and Iran, and deliberations by the Kosovo Unity Team (along with others) regarding Kosovo’s upcoming transition to independence. Both involved deeply ingrained ethnic and political conflicts, misunderstandings, and resentments of Gordian complexity. Yet in both cases, seemingly intractable problems moved perceptibly toward solution. What was going on?

One ingredient was surely dispassion’s indispensable cousin, passion, evidenced by the will to keep going despite the unfavorable odds, and the courage to seize opportunity as it appeared.

A more distant relative, softer conceptually than either passion or dispassion, but equally vital to these remarkable processes and outcomes is compassion.

At the personal level, compassion implies awareness of the suffering of others coupled with the wish to relieve it. In the public sphere, it manifests as respect for the inherent dignity of others. “Dignity denied,” writes Robert Fuller (no relation to Buckminster), “rankles, then embitters. People without it are like people without food... their suffering... radiates outward



Political Affairs R. Nicholas Burns; Prime Minister Agim Ceku; Hashim Thaci, President of the PDK Party and Assembly Member; Skender Hyseni, Political Advisor to the President, Spokesman for the Unity Team.

in ever-widening circles, like the sound waves of a tolling bell,” igniting and sustaining some of the world’s worst conflicts, its most intractable cycles of revenge. The Dalai Lama puts it more positively: “Compassion is more than a mere luxury. As the source both of inner and external peace, it is fundamental to the continued survival of our species.”

Brilliance and passion were indeed on impressive display at these RBF-sponsored events. I expected no less from participants selected for their expertise and dedication to the issues at hand. More surprising, and in some ways more gratifying, was the deep dignity these people accorded, without exception, to one another. Although I do not quite understand the mechanism, it was clear that compassion—more than genius or intensity—repeatedly freed people from habitually defended positions and allowed them to discover common ground.

I realize, in thinking back over my years with the RBF, that compassion is woven into the Fund’s very fabric: its traditions, its leadership (RBF’s current president, Stephen Heintz, epitomizes the trait), and its staff. Though compassion has probably never been a conscious criterion for funding, it appears to be a common denominator among our grantees as well. I am not sure how all this came about—perhaps it is traceable to John D. Rockefeller himself, who, despite his aggressive business practices, treated everyone he met with respect—but I am grateful that it is so. Compassion is not just pleasing to be around, it gets results—of the kind we intend, and desperately need.

PRESIDENT'S ESSAY

Stephen B. Heintz

Pivotal Places

The cover story for this 2006 annual review is about the Western Balkans, a region of Europe with a complex—often tragic—past and an uncertain future. The Rockefeller Brothers Fund considers the Western Balkans to be a “pivotal place” where, given the interrelated challenges that beset the region, we undertake cross-programmatic work to promote peace and security, the consolidation of democracy, sustainable development, and human advancement. This region is one of four RBF pivotal places; the others are New York City, South Africa, and Southern China. These places are obviously starkly different from each other in many respects. So, what makes them “pivotal”—and what does this concept mean in the context of the Fund’s work?



Stephen B. Heintz

During 2001 and 2002, the staff and trustees of the Fund worked together to systematically evaluate all of the Fund’s programs in light of the challenges and opportunities before humanity at the dawn of the 21st century. The goal was to shape a new program structure that would be more focused, coherent, and effective in addressing urgent social and environmental problems. Early in the process, we concluded that the Fund was trying to do too many things, in too many places around the globe, and with too few resources to produce the significant impact we aspired to achieve. We realized we needed to reduce both the intellectual scope of our work and the breadth of our geographic reach.

After extensive consultation with grantees, academic experts, independent consultants, and colleagues in the philanthropic community, the Fund’s board approved a plan to focus grantmaking in just four areas: Democratic Practice, Sustainable Development, Peace and Security, and Human Advancement. But we still had the challenge of rationalizing the geographic reach of our activities. How could we remain globally engaged in a manner commensurate with our human and financial resources? Part of the answer is inherent in the specific goals and strategies we have articulated for each of our thematic programs. But we also found inspiration in the work of Yale University historian Paul Kennedy and his colleagues, who in the mid-1990s proposed an intriguing conceptual framework to make international development assistance more focused and effective.

In a 1996 *Foreign Affairs* article that was later expanded into a book, Kennedy and his colleagues argued that with the end of the Cold War and growing pressures to reduce overseas development assistance, “it is vital that America focus its efforts on a small number of countries whose fate is uncertain and whose future will profoundly affect their surrounding



Two young Albanian children in Kosovo, March 2004.

regions. These are the pivotal states.”¹ As the RBF grappled with the challenge of geography, we invited Professor Kennedy to a meeting with staff to discuss how we might adapt the concept of “pivotal states” to philanthropy.

Given our programmatic interests and the realities of global interdependence, it quickly became clear that the nation-state is not the only logical geographical space in which to concentrate work. In the field of sustainable development, for instance, an ecosystem that stretches across national boundaries might be the appropriate jurisdiction—the Mekong River valley and the Amazon basin are good examples. With most of the world’s population growth concentrated in urban areas, globally significant cities can surely be viewed as pivotal. For the purposes of our work, the RBF concluded that we would consider “pivotal places”, subnational areas, nation-states, or cross-border regions that have special importance in relation to our program goals.

¹ Robert S. Chase, Emily B. Hill, and Paul Kennedy, “Pivotal States and U.S. Strategy,” *Foreign Affairs*, Volume 75, No. 1, January/February, 1996, p. 33.

South Africa

The RBF has been engaged in grant-making in South Africa since the mid-1960s when it focused on promoting human rights and supporting the country's anti-apartheid movement. Currently, the Fund concentrates on improving basic education and enhancing public and private services for children affected by the HIV/AIDS pandemic.

New York City

New York City has been a focus of RBF grantmaking since the Fund was established in 1940. At present, the Fund's focus in New York City is to build human and social capital by promoting reforms in primary education, strengthening civic engagement, and by supporting cultural and artistic communities. The Fund also promotes efforts to make New York a sustainable city.

Western Balkans

The RBF has been active in Serbia and Montenegro since 2001 and in Kosovo since 2003. The Fund's central focus is promoting sustainable development and strengthening democratic practice during this historic period in which Montenegro recently gained independence and Kosovo's status is soon to be decided. The RBF is one of the few American grantmaking institutions presently working in the Western Balkans.

Southern China

While the RBF only designated Southern China one of its four pivotal places in March 2004, the Rockefeller family has had philanthropic ties to this region since the early 1900s when John D. Rockefeller Sr. helped establish the China Medical Board and Peking Union Medical College. The Fund's current grantmaking concentrates on the intersection of environmental degradation and impacts on human health and the need for clean and renewable energy.

But what makes a place pivotal? Kennedy and his colleagues suggested that "what really defines a pivotal state is its capacity to affect regional and international stability. A pivotal state is so important regionally that its collapse would spell transboundary mayhem: migration, communal violence, pollution, disease, and so on. A pivotal state's steady economic progress and stability, on the other hand, would bolster its region's economic vitality and political soundness."²

There are many places in the world that might be considered pivotal, but the selection of RBF's pivotal places is guided by our specific program interests and our grantmaking history. We have identified three criteria to help us define our pivotal places.

- **Potential for Ripple Effect.** We look for opportunities where a limited geographic engagement might produce a wider "ripple effect" in a surrounding region, an ecosystem, or even the globe.
- **Opportunity for Cross-Cutting Work.** We seek places where there is the need and opportunity for work that cuts across and integrates democratic practice, sustainable development, peace and security, and human advancement.
- **RBF Expertise.** We limit our selection to places where the Fund's prior experience, expertise, and specific program interests enhance the prospect of achieving significant impact.

Our work in these pivotal places is multidisciplinary, involving two or more of our program interests. We make special efforts to be responsive to local needs and priorities, building our strategies in partnership with indigenous leaders in the nonprofit, public, and private sectors. This means that we often pursue our general program goals in distinctly different ways in each of our pivotal places. We

² Ibid., p. 37.

launch new pivotal place initiatives only after a very careful assessment of needs, opportunities, and available resources and with a clear commitment to stay engaged in each pivotal place until significant milestones are achieved. We have incorporated the pivotal place concept into our program structure as a multiyear experiment to test whether we can achieve a higher degree of cross-program collaboration and maximize our impact within the constraints of limited resources. In the coming years, we will rigorously evaluate the effectiveness of this strategy.

Our work in the Western Balkans, as described in the cover story of this report on pages 2–9, reflects our judgment that this multistate region remains the last zone of instability and tension in a post–Cold War Europe that is otherwise stable, democratic, and prosperous. Since 2001, the RBF has been supporting efforts in the Western Balkans to promote democratic consolidation—including human rights and interethnic tolerance—sustainable economic development and the peaceful resolution to outstanding issues of sovereignty and claims of self-determination. For over six hundred years, the Balkan region has experienced prolonged periods of instability and frequent violent conflict. Four bloody wars were waged during the 1990s. Our hope is that our engagement in this pivotal place at this critical time will contribute to a brighter future for all Balkans.



Pictured (top to bottom): Stephen Heintz, Sladan Ilic, Member of Kosovo Parliament, Under Secretary of State for Political Affairs R. Nicholas Burns, and former U.S. Ambassador to the United Nations Richard Holbrooke; Ambassador Frank Wisner and Former Secretary of State Madeleine Albright; Journalist and BIRN Country Director Jeta Xharra, RBF program director Bill Moody, Policy and Development Expert Argjentina Grazhdani.

In June 2006, the trustees elected Richard Rockefeller to succeed his cousin Steven Rockefeller as the Fund's 6th chair since the position was created in 1968. As I noted in my essay in last year's report, Steven served the RBF with inspiring vision and profound integrity. Richard has taken up his duties with energy, intellectual rigor, and a deep commitment to our programs. The Fund is extraordinarily fortunate to have experienced such a seamless transition in board leadership.

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 trustees who were not members of the Rockefeller family on the board of the Fund. 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.



Details from Kykuit: a lantern, decorative ironwork with the initials of John D. Rockefeller, and stepping stones in the Japanese garden.

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, the Western Balkans, 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 in critical issues, reach new levels of understanding, and develop creative solutions to pressing problems.



Combating global warming is a major focus of the Sustainable Development program.

In the years since its founding, 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, 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

Democratic Practice	Sustainable Development	Peace and Security	Culpeper Human Advancement
WHAT	WHAT	WHAT	WHAT
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
Cross-Programmatic Initiative: Energy			
Pocantico Conference Center (Conferences and Meetings • Public Visitation • Stewardship of Pocantico Historic Area)			
WHERE	WHERE	WHERE	WHERE
United States	United States and British Columbia	United States	United States
	East Asia		Asia (Magsaysay Awards and Asian Cultural Council)
Global	Global	Global	
Pivotal Places New York City • South Africa • Western Balkans • Southern China			

OVERVIEW OF RBF PROGRAMS

Excluding expenditures for investment management and taxes, the Fund's philanthropic spending in 2006 totaled \$36,990,889. Core grantmaking operations accounted for 90.2 percent of total spending. The remaining 9.8 percent was devoted to activities at the historic Pocantico property, which the RBF manages. A breakdown appears in the accompanying chart.

For the complete Statistical Review of RBF Operations, visit www.rbf.org.

Total Program Spending, 2006 ¹		\$ 36,990,889	
Grantmaking Operations	\$ 33,357,097	Pocantico Operations	\$ 3,633,792
Share of Total Spending	90.2%	Share of Total Spending	9.8%
Grants	\$ 25,783,138	Core Operations	\$ 3,324,000
Program-Related Expenditures ²	\$ 479,791	Conference Expenditures	\$ 309,792
Magsaysay Awards + PAP ³	\$ 354,168		
Administration ⁴	\$ 6,740,000		

¹ Program spending is all expenditures that count toward satisfying the minimum distribution requirement

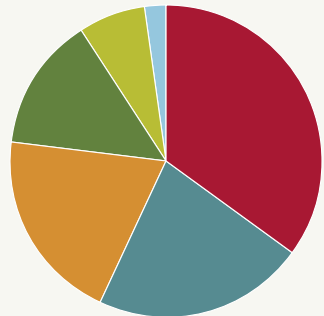
² Expenditures that are funded from grant budgets but are not grants

³ PAP – Program for Asian Projects

⁴ Includes Direct Charitable Activity

2006 Grantmaking Expenditures by Program Area

- RBF Pivotal Places (35%)**
- Sustainable Development (22%)**
- Democratic Practice (20%)**
- Peace and Security (14%)**
- Human Advancement (7%)**
- Other (2%)**



Overview of the Grants Awarded vs. Grants Paid Bar Charts

A multi-year grant is paid over the length of the grant. The full amount of the grant is considered to be awarded in the year that it is approved; payments are recorded in the year that they are actually paid. In 2006, 39 percent of the grants awarded by the RBF were for periods of greater than one year. Please see the individual program area for grants awarded vs. grants paid.

DEMOCRATIC PRACTICE



Nurturing Fragile Democratic Practices Around the World

Democracy requires nurturing and support if it is to survive and thrive—including efforts to improve and expand civic engagement and effective governance in the United States, while broadening access, inclusion, transparency, and accountability around the world. The Rockefeller Brothers Fund is dedicated to supporting efforts on both fronts.

Strengthening the governance of global business

In a highly interactive global marketplace, civil society must be able to create governance structures beyond the capability of any individual country. An example is the creation of global standards for the governance and accountability of private-public partnerships, the most-rapidly-growing mechanism for international development assistance.

While private-public partnerships have become important vehicles for tackling social, environmental, and health problems worldwide, there are concerns. According to a report

from the World Economic Forum Financing and Development Initiative, “Many partnerships fail due to a lack of program accountability, weakly defined roles, unbalanced representation, or the absence of clear management processes. Guidance is needed to develop effective partnership practices for accountability, transparency, legitimacy, disclosure, participation, decision-making, grievance management and performance reporting.”

To help resolve many of these problems, the Institute of Social and Ethical Accountability has developed a draft framework for more effective partnership governance and accountability. With RBF support, the Institute launched and monitored the AccountAbility framework and a related partnership accountability diagnostic tool. It also built a learning network of 10 globally recognized partnerships that are committed to exploring new forms of governance under the AccountAbility framework.

This learning network includes such leading private-public partnerships as the Global Alliance for Vaccines and Immunization, the Global Health Fund, the Extractive Industry Transparency Initiative, the African Comprehensive HIV/AIDS Partnerships, and the Global Gas Flaring Reduction partnership, among others.

The Institute will revise and publish a second-generation framework in 2007 and develop other dialogue and outreach activities, including a seminar series for a wide array of other practitioners, policymakers, and funders to discuss the underlying issues in partnership governance and accountability.

Global business and human rights

The RBF also supports the Business & Human Rights Resource Centre, founded by a group of advocates from Amnesty International and Oxfam and representatives from both the academic and business communities. The Centre is designed to facilitate constructive, informed public discussion about global business and human rights.

Thanks to the Centre’s Web site and its weekly electronic updates, reports linking companies and alleged human rights violations are being reported around the world. In every case, companies are invited to respond to criticisms of their human rights conduct before the charges are reported.



Top: Workers in Chinese factory. Bottom: Voters cast ballots at New York voting center.

Going forward, the Centre aspires to be a global information hub on business and human rights, relied upon by a range of opinion leaders in all regions.

Global business and ethics

In keeping with these human rights commitments, transnational corporations must also be held to a consistently high standard of ethics around the world—which helps the forces of globalization become more democratic, equitable and sustainable. In this regard, the RBF

has provided support to Corporate Ethics International (CEI), a small but effective NGO that engages international businesses in three unique ways:

The Business Ethics Network—a North American coalition of NGOs (with market-based corporate campaigns) that focuses on communication, coordination, and capacity building to transform corporate practices.

The Big Box Collaborative—a cross-border effort striving to turn the “big-box” chain store industry into a driver of social and environmental change through its global supply networks. The striking success of this work is reflected in the more than 30 major commitments Wal-Mart has made to improve its environmental record.

The Strategic Corporate Initiative—a long-term effort to transform the functions of corporations by developing new forms of corporate ethical accountability.

CEI is the only U.S. NGO dedicated to developing a long-term road map for transforming the role of corporations in our society, as well as expanding the capacity of diverse NGOs through education, networking, fund-raising, and campaign collaboration.



New York Stock Exchange

Supporting public financing of U.S. political campaigns

Infusing international business with democratic principles helps globalization become more equitable. In the U.S. political system, such fairness can be achieved in large measure with public financing of political campaigns, which will promote a more inclusive form of civic engagement and public confidence in the electoral process, and create an even playing field where effective government can flourish. Several RBF grantees are working hard to support these goals at the state and local levels.

Public Campaign is one of the key groups working to advance comprehensive public financing policies in the United States. At the state level, it's working with leading state activists to fashion, win, implement, document, and defend model full-public-financing policies—often referred to as “Clean Money/Clean Elections” systems. Arizona, Connecticut, Maine, New Jersey, New Mexico, North Carolina, and Oregon (Portland) now have variations on this model.

Believing that securing public campaign financing in a larger state would have greater impact than a series of small state successes, Public Campaign has recently been active in bringing together a coalition of 14 national reform organizations that have agreed to work jointly on state-based reform.

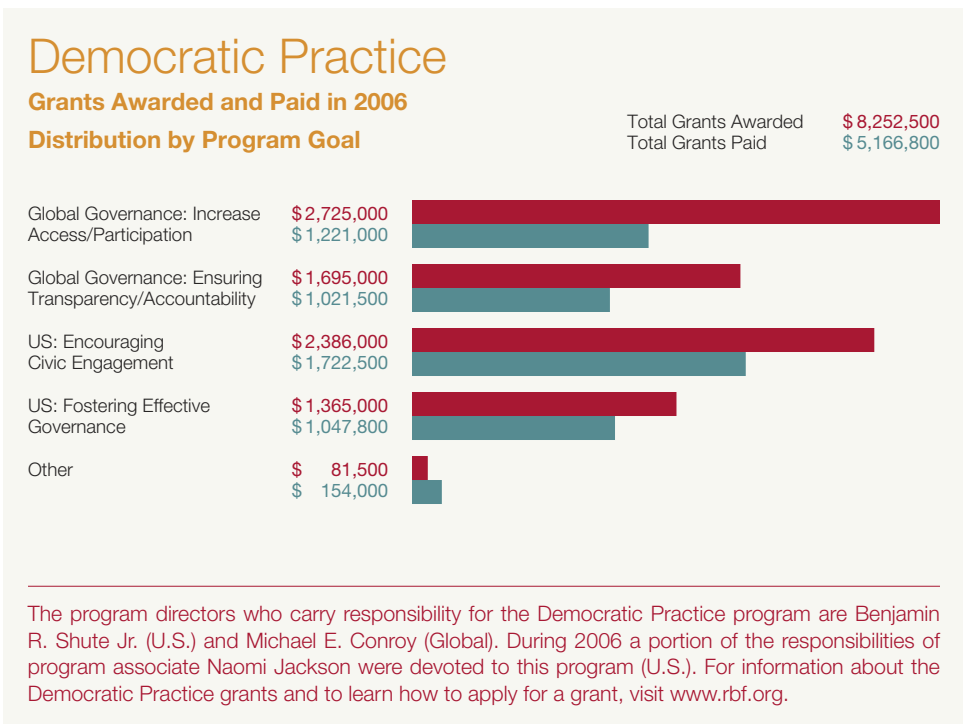
Similarly, an alliance of foundations and donors called the Piper Fund, a unit of the Proteus Fund supported by RBF, has also become a vehicle through which leading donors in the field convene to design and coordinate strategies at the state level. By sponsoring panels and research, publishing articles, and hosting special events, Piper aggregates and enhances the knowledge of the field while attracting new donors. Since its founding, in fact, the Piper Fund has awarded more than \$8 million to state-based organizations working to secure and deepen public financing reform.

The next generation of advocates

Because public financing of political campaigns may not be instituted nationally in the near future, however, it's important to train and develop a network of young leaders and organizers devoted to the issue. This is where the Democracy Matters Institute (DMI) comes in.

DMI, a nonpartisan organization, works to educate, mentor, and mobilize young people across the country to advocate for publicly funded elections—the only student organization focusing on this issue. Through its chapters, students educate their campuses and local communities about the importance of reform, thereby increasing the number of “clean elections” advocates along the way.

With 12 campus chapters at its founding in 2001, DMI has grown to over 70 chapters in 21 states—an extremely diverse group of campuses, large and small, private and public, urban and rural, including both historically black and all women’s colleges and universities.



PEACE AND SECURITY



The Power of Mainstream Culture to Foster Understanding and Moderation in Western and Islamic Societies

People around the world rely on the media every day to learn and connect. Given this unprecedented ability to reach people, isn't it possible that the media can do a better job of bridging the divide between the Western and Muslim worlds? Isn't it likely that film—the art form of our age—broadcast radio, thoughtful journalism, and even enlightened tourism can do a great deal to generate understanding and give voice to moderate views?

The Rockefeller Brothers Fund believes so, and is providing support to several groundbreaking initiatives of this kind. The Sundance Institute's Middle Eastern Screenwriting Lab is a case in point, providing emerging screenwriters in the Middle East with guidance, resources, and freedom to develop their craft as they strive to address the challenges of identity, modernization, and globalization, among other topics. With this support, the objective is to help create films on the Muslim experience that will stimulate dialogue and understanding.



Two screenwriting forums have already taken place in 2005 and 2006, with additional programs expected to be scheduled in subsequent years. Already, these meetings and follow-up activities have increased contact among film artists and the larger cultural community in the region, and between artists in the region and U.S.-based fellows and creative advisors.

The screenwriting lab is part of a larger Sundance Islamic Film Initiative that helps advance artistic expression and dialogue both within the Islamic community and between Muslim and Western societies.



Tapping the power of radio

Radio is another powerful and accessible medium through which people around the world learn new ideas. “Moving to Higher Ground,” for example, an initiative of the Mainstream Media Project (MMP), an RBF grantee, started a public conversation on relations between Islam and the West through a weekly series of radio programs called “A World of Possibilities.” Broadcast nationally and internationally, the program is designed to raise public awareness and understanding of Muslim-U.S. issues, and help motivate Americans to change both negative behaviors and national policies. The first program in the series won an award from the United Nations for “excellence in international radio programming.”

Phase II of “Moving to Higher Ground,” which will be carried out in 2007, will address a number of relevant issues, from developments in Iraq and Iran to Muslim alienation from the United States and the American public’s disaffection with administration policies.



Seeing is believing

In a shrinking world in which international travel has become commonplace, the RBF is also providing support to The Mediators Foundation for the Abraham Path Initiative, a visionary effort to create a path of permanent pilgrimage along the route taken

Left: Images of Western and Islamic societies reflected in the media.



Women attend the first all-Muslim women's conference presented by the Women's Islamic Initiative in Spirituality and Equity.

by Abraham and his family. As the father of monotheism and the forefather of Jews, Christians, and Muslims alike, Abraham is a unifying figure for over three billion people.

The proposed trail passes through parts of the Holy Land that have great spiritual significance but are rarely on the itineraries of religious tourists. This will give Muslim, Christian, and Jewish pilgrims from all over the world an opportunity to travel in Abraham's footsteps and provide a vivid symbolic reminder of their common origins.

Already, the Initiative has brought together groups of Jews, Muslims, and Christians to plan and pray, and to take symbolic walks and meet with local officials. From 2007–2009, the Initiative will support a "rolling launch" of the Abraham Path, opening up trail segments and supporting locally organized events along the way.

By establishing a permanent route that retraces Abraham's footsteps 4,000 years ago, the Abraham Path Initiative reminds us that what unites us is much greater than what divides us.

The role of an enlightened media

Improving the knowledge and global perspective of many American journalists is yet another opportunity that can strengthen global understanding. After the attacks of September 11th and the U.S. intervention in Iraq, the need for global news has never been greater for Americans.

To help American journalists and media outlets report knowledgeably and sensitively on Muslim societies and on the relationship between the Islamic world and the West, the RBF has provided a grant to the International Reporting Project (IRP) of the Johns Hopkins University School of Advanced International Studies.

Through IRP Fellowships, talented early and mid-career journalists are awarded four-month stints to focus on international reporting. Fellows spend the first six weeks in Washington, D.C. at the School of Advanced International Studies attending special seminars and courses, researching their overseas destinations, and pursuing language studies. The fellows then spend six weeks on reporting projects in the countries of their choice, and return to Washington, D.C. for the final three weeks of the program to participate in follow-up seminars and to work on their stories, which are published or aired by their news organizations.

Dialogue and more dialogue

In addition to media programs, the RBF also fosters dialogue and understanding by supporting organizations like the American Sufi Muslim Association (ASMA), a New York City–based Islamic cultural and education organization. ASMA’s objective is to strengthen a culturally American expression of Islam based on tolerance and religious harmony, and to foster an environment in which Muslims can thrive within a pluralistic society.

One such ASMA program is the Women’s Islamic Initiative in Spirituality and Equity (WISE), which is addressing the lack of participation by Muslim women in debates on political, social, and religious issues. In November 2006, WISE held the first all-Muslim women’s conference, a three-day event in New York attended by leading human rights activists, religious leaders, jurists, lay leaders, authors, scholars and artists, as well as several non-Muslim women with strong interfaith understanding.

This international forum produced a draft declaration of rights for Muslim women. Intrinsic to the Islamic faith and derived from the Quran, the draft declaration is being edited based on broader feedback from nonattendees. Also being planned are legal scholarships for Muslim women and the establishment of a Muslim women’s council to help advocate for greater rights.

Peace and Security

Grants Awarded and Paid in 2006

Distribution by Program Goal

Total Grants Awarded **\$ 2,547,500**
Total Grants Paid **\$ 3,547,100**



Priscilla Lewis, program officer, and P.J. Simmons, special adviser and project director, carried responsibility for the Peace and Security program during the first half of 2006. For information about the Peace and Security grants and to learn how to apply for a grant, visit www.rbf.org.

SUSTAINABLE DEVELOPMENT



In last year's annual review, we provided a comprehensive overview of the Sustainable Development program area—the principles which guide our grant-making, our primary areas of interest, and some brief evaluations of the successful work of our grantees (www.rbf.org).

This year the RBF has further strengthened its commitment to addressing global warming and, in this short essay, we've chosen to take a more detailed look at the important efforts of two of our grantees. Their work is helping to dismantle one of the most pernicious roadblocks to a meaningful national policy on global warming: the myth that action on global warming will ruin the economy.

The grantees—the Center for Climate Strategies (CCS) and Ceres—are creating vital steppingstones for debunking the myth. One is demonstrating in the public sector the positive economic opportunity climate action brings by helping states develop comprehensive climate plans; and the other is articulating the business case for climate action to the investment community. Thanks to their efforts, the economic benefits accruing to climate action is an idea that is taking root in both the public and private sectors.

State action: a model for federal policy

Historically, the best environmental policies enacted by the United States have emerged from state and local “laboratories” whose innovations and experiences were judiciously applied to the national scale. A similar model of policy development is well underway for global warming, being spearheaded by the CCS, whose patient work is coming to timely fruition.

CCS is a technical service organization that works with state governments to develop climate action plans. CCS is currently working in 16 states—with governors and legislative leaders, industry and environmental interests, side-by-side with both Republicans and Democrats—to resolve disagreements and forge comprehensive climate change action plans.

CCS deploys a carefully facilitated 12-month consensus-building process. It guides the assembled stakeholders—carefully selected to represent diverse interests throughout a particular state—through the pros and cons of more than 300 policy options aimed at reducing emissions. They arrive at a final set of recommendations. Typically, it consists of 50 to 75 policy measures that work in concert to achieve the desired level of emissions reductions.

The process CCS facilitates assures that the most cost-saving, money-making, and emissions-reducing actions are examined and prioritized, leading to a mix of solutions adapted to each state. Still, all plans have a fundamental attribute in common: they all deploy a portfolio of solutions to extract emission reductions from every economic sector. There’s no silver bullet, no single solution that will solve the challenge of global warming by itself. Yet through this consultative, guided process, CCS is able to assemble a suite of policy recommendations that lead to significant emissions reductions in a particular state.

Currently, ten U.S. states have completed climate action plans and have adopted a portfolio of far-reaching policies; six are in the process of developing plans; at least twelve others are commencing greenhouse gas inventories, forecasts, and preliminary assessments. In addition, twenty-two



Ice core samples from Greenland are examined for evidence of global warming caused by rising CO₂ levels.



The case of the Commonwealth of Massachusetts v. Environmental Protection Agency was the first Global Warming case heard by the U.S. Supreme Court.

states have made commitments to reaching renewable energy targets by adopting Renewable Portfolio Standards (RPS). Ten states have adopted standards for reducing greenhouse gases from tailpipes. Dozens of others have entered into regional collaborations to work together to reduce emissions. This means climate action is touching virtually every one of the 50 states in America through a variety of policy and planning mechanisms, initiatives and legislation that are growing in force and momentum.



Private sector embraces the positive economic case for climate action.

say was carried in newspapers across the country. One newspaper noted that the hearings highlighted how much of the country is already moving toward addressing climate change.

Every state that has taken climate action has enjoyed economic benefit as a result, and the comprehensive plans they are implementing forecast significant energy savings, more jobs, economic expansion and a cleaner environment for decades to come. Now that Congress is deliberating federal climate policy, this positive state experience is starting to inform the construction of a national solution.

As a first step, Congressional leaders invited state and local officials to Capitol Hill who have encouraged Congress to follow the states' leading role in the fight against global warming; to pass stringent national limits on greenhouse gases; and to do nothing to prohibit states from going even further. What they had to

The business case for climate action

The private sector is also starting to embrace the positive economic case for climate action, thanks in part to Ceres. For years, Ceres has been patiently carrying the message that businesses that take action now in anticipation of a carbon-constrained future will prosper; and those which fail to respond, or respond too slowly, face increased risk and financial uncertainty. Through various kinds of efforts, Ceres has encouraged business-owners—shareholders and investors—to hold executives accountable for responding appropriately to climate change.

This strategy, long championed by Ceres, found full expression in a development that may have indelibly linked financial viability to climate action—the proposed buyout of TXU.

TXU is a Texas utility that had become a focal point of attention because of its plan to build 11 new pulverized coal plants in Texas. It was an expansion that would have added more new coal plant capacity than has been built in the United States in the last ten years. In the proposed \$45 billion buyout—the largest ever in American history (as of this writing)—plans for eight of the coal plants were scrapped because of *the presence of environmental advocates at the negotiating table*. While Ceres was not directly involved in this groundbreaking deal, its work in Texas over the previous year had helped to create the atmosphere that forced this unprecedented solution.

After TXU announced its initial building plan in April 2006, Ceres quickly organized some of TXU's largest shareholders to send a letter to company management, expressing their concern about the plan's risk. Ceres also organized three shareholder resolutions and briefings for analysts on Wall Street, and issued a report, well-noted by local regulators and lawmakers, that concluded the state's future energy needs could be met more reliably, more cheaply and with more economic benefit through energy efficiency and demand reduction strategies than new construction.

This pressure, in combination with opposition from environmental groups and a coalition of prominent Texas mayors, as well as legal challenges and a steadily declining TXU stock price, paved the way for the breakthrough that captured national attention. It was a giant step forward for sustainable development, even though few, if any, people quite called it so.

This much is now clear and undeniable: climate has become a primary business issue.

The merits of the buyout deal are still being debated and well-justified campaigns against the three remaining coal plants will continue. Still, this much is now clear and undeniable: climate has become a primary business issue. Its connection to economic and energy security is putting climate action at center stage of national politics. More than half a dozen climate bills are floating around Capitol Hill. Congress is holding hearings. Our democratic system has now geared up for a national policy debate to address one of the most important issues of our generation.

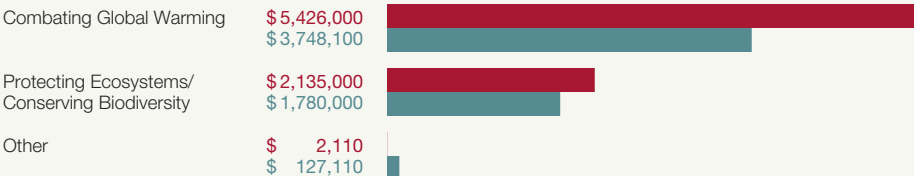
While impossible to predict, it is likely that it will take another two years or more for a comprehensive national climate policy to be enacted. We are at a critical juncture. For our part, we will continue to support a broad civic and democratic discussion on global warming to insure that the solutions we adopt will be meaningful and sustainable. It is truly our generational challenge.

Sustainable Development

Grants Awarded and Paid in 2006

Distribution by Program Goal

Total Grants Awarded **\$ 7,563,110**
 Total Grants Paid **\$ 5,665,210**



Michael Northrop, program director, and Jessica Bailey, program officer, carry responsibility for the Sustainable Development program. For information about Sustainable Development grants or to learn how to apply for a grant, visit www.rbf.org.

HUMAN ADVANCEMENT



Pictured left to right: Yesenia Hernandez, Jeneath Iniguez, and Brooke Hogan, all from Mount St. Mary's.

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, class of 2006.

Fellowships for Aspiring Teachers of Color

In 1991, the RBF established 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.

“With the profound demographic shifts in public classrooms across the U.S., the Fellowships address the need for more people of color in the teaching profession,” said Miriam Añeses, director, Fellowships for Aspiring Teachers of Color.

“With the profound demographic shifts in public classrooms across the U.S., the Fellowships address the need for more people of color in the teaching profession.”

The program director who carries responsibility for the Fellowships for Aspiring Teachers of Color is Miriam Añeses. For a list of the 2006 Fellowship recipients and to learn more about the program, please visit www.rbf.org.

In 2006, 25 college juniors from 16 participating institutions were named Fellows. 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.

2006 Fellows Close-up

Fellow Focuses on the Environment

As a product of the High School for Environmental Studies in New York City, 2006 Fellow Julia Curtis-Burnes intends on using her past experience to add a different dynamic to education.

"I want kids to be excited about the environment. Most people reduce environmental studies to a simple science, but it is so much more than that," says Julia.

Using environmental issues as a springboard for other concerns, Julia wants to motivate urban youth and show them the connection between the environment and societal issues. Through this learning model, she hopes youth see their own connection to the environment and that they feel empowered to act on issues that affect them.

Julia plans to return to Washington, D.C. and work with high school students at the Cesar Chavez Charter School of Public Policy, where she completed her RBF summer project. Her ultimate dream is to open an alternative education center that will serve as a complement to basic academic programs.



Fellow Julia Curtis-Burnes

Obstacles No Stranger to this Fellow



Fellow Natalia Cruz

"When the doors closed ... I did what was necessary to run a successful program," said Natalia Cruz, 2006 Fellow.

Merely two days before her Fellows summer project, "Project Empower: Want Power? Explore History!" was scheduled to begin, Natalia received a phone call informing her that the facility selected for her program would no longer be available. Unable to find another facility to accommodate her summer project, Natalia opened her home—her kitchen—to ten students for her seven-week project. Working with 13- to 15-year-old students, Natalia taught history through a social justice's lens—helping them to connect history to current events.

Upon completion of her undergraduate education in 2007 from Pace University, Natalia will attend graduate school. Afterward, she hopes to begin her teaching career. She is aware that obstacles will be no stranger in her future career in public education. "The situation we live in makes education a very difficult profession, but these kids need us, and we need to be the ones with the drive to battle it out."

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 2006 awardees may be found at www.rmaf.org.ph.



The 2006 Ramon Magsaysay Awardees during the presentation ceremonies held in Manila on August 31, 2006. *From left to right:* Park Won-Soon, Antonio Meloto, Ek Sonn Chan, Eugenia Duran-Apostol, Sanduk Ruit, Francisco A. Padilla (representing Gawad Kalinga Community Development Foundation), and Arvind Kejriwal.

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 2006 PAP awardees, view the 2006 grants at www.rbf.org.

CROSS-PROGRAMMATIC INITIATIVE: ENERGY



In 2006, the Fund decided to examine the issue of sustainable energy as a cross-cutting programmatic theme that would connect the RBF's core interests in sustainable development, peace and security, and democratic practice. By overlaying the RBF program structure lenses on the energy challenges of the 21st century, the Fund can focus on energy as a pivotal issue and the strategic opportunities to accelerate a transition to an alternative energy future. On October 12, 2006, the RBF trustees approved grantmaking in the area of Cross-Programmatic Initiative: Energy. Work within this pivotal issue offers the opportunity to reshape the energy system by advancing conservation and efficiency and accelerating the development and implementation of alternatives in order to enhance security, promote development and economic growth, and protect against the devastating impacts of global warming.

PIVOTAL PLACES

The Rockefeller Brothers 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 its 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.

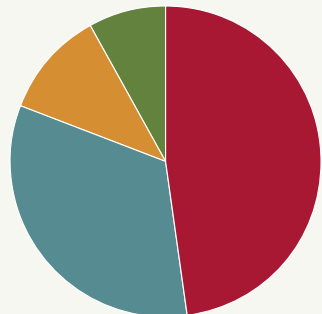
The Fund currently works in four RBF pivotal places: New York City, South Africa, the Western Balkans, and Southern China.

Pivotal Places Grants

Grants Awarded in 2006

Percentage Distribution by Program

- Human Advancement** (48%)
- Democratic Practice** (33%)
- Sustainable Development** (11%)
- Peace and Security** (8%)



WESTERN BALKANS

2006 witnessed the final steps in the dissolution of the old Yugoslavia. (See the cover story on pages 2–9.) While the political constructs of Serbia, Montenegro, and Kosovo are still in flux, efforts to increase democratic participation and sustainable development in the region are making an impact on every level of society.

Damaged in the wars of the 1990s, the eight wells that supply water to the town of Neradin, Serbia, were steadily deteriorating. A lack of funds and unresponsive authorities repeatedly stalled efforts by some of the town's 700 residents to have them repaired. But a small grant from the Balkans Community Initiatives Fund (BCIF) bolstered the community's citizens and, eventually, municipal authorities to contribute the time, tools, and materials needed for the wells' long-term conservation.

"Our grants encourage citizens to actively participate and shape their lives," explained Aleksandra Vesic, executive director, BCIF. "Caring about the process as well as the result is one of the most important ways of supporting democratization. It's not just about the number of votes or policies and systems. Personal engagement can bring positive change."

BCIF initiatives in Serbia and Montenegro straddle two of the Fund's program goals for this pivotal place: building democracy and promoting the wise use of natural and cultural resources. In addition to the Neradin well project, the organization has also worked to improve the lives of Romas living near an illegal garbage dump on the outskirts of the town of Kragujevac and helped people with disabilities wage a campaign to gain access to community services. It is also strengthening local philanthropy and linking those nascent efforts with grantmakers in Central and Eastern Europe where it also has a proven track record.

"BCIF enables people to use their own ideas and work across ethnic divides to rebuild their communities," said Bill Moody, RBF program director. "The assistance it provides is critically needed in this post-war era to help gradually rebuild bonds of trust."



Above: Public wells in Neradin before and after construction projects funded by BCIF grants.

POCANTICO KOSOVO FORUM



Kosovo Founding Unity Team Signs "Pocantico Declaration." Pictured left to right: (seated) Veton Surroi, President of the ORA Party and Assembly Member; President Fatmir Sejdiu; Hashim Thaci, President of the PDK Party and Assembly Member; Prime Minister Agim Ceku; Kole Berisha, President of the Assembly; (standing) Stephen Heintz, President of the Rockefeller Brothers Fund; Ambassador Wolfgang Petritsch; Ambassador Frank G. Wisner.

Held at the Pocantico Conference Center from April 12–14, 2007, the conference on *Developing a Strategy for Kosovo's First 120 Days* was designed to provide senior Kosovar political and civil society leaders with an opportunity to jointly consider the significant challenges they will face in building an independent and democratic nation as envisioned in the Ahtisaari Plan presented to the United Nations Security Council (UNSC) in March 2007.

The gathering was chaired by Ambassador **Frank G. Wisner** and Ambassador **Wolfgang Petritsch** and facilitated by **Stephen Heintz**, President of the Rockefeller Brothers Fund. In addition to the participation of a number of experienced and distinguished practitioners/leaders from Afghanistan, Timor-Leste, Northern Ireland, South Africa, and Sri Lanka, the participants from Kosovo were joined by a number of significant U.S. leaders including Under Secretary of State for Political Affairs **Nicholas Burns**, former U.S. President **William J. Clinton**, former Secretary of State **Madeleine Albright**, former U.S. Ambassador to the United Nations **Richard Holbrooke**, and former White House Chief of Staff to President Clinton **John Podesta**.

The Pocantico conference proved to be very timely and helped Kosovo's leadership consider the many significant issues they will need to address immediately following action on the Ahtisaari Plan by the UNSC. Discussions with leaders from other post-conflict societies and the U.S. also helped identify concrete steps the Kosovar leaders can take to address three specific areas that require urgent action:

- Communications and Risk Management
- The Constitution and the Legislative Process
- Preparations for the Donor Conference and Defining Relations with the International Civilian Office (ICO)

In addition, the participants also discussed the need for united political leadership in Kosovo during the crucial period in Kosovo's history. As a result, one of the accomplishments of the meeting was the signing of the Pocantico Declaration by the Kosovar Unity Team stating that its members are committed to collaborative work on key issues that will have to be addressed during the 120-day transition period.

For the complete *Developing a Strategy for Kosovo's First 120 Days* conference summary report, please visit www.rbf.org.



River-cleaning project in the Western Balkans.

In contrast, the Belgrade Fund for Political Excellence (BFPE) reaches out directly to the country’s political players—parliamentarians, opinion makers, and activists—to address the ethnic dysfunction, environmental pollution, and historical degradation that are some of the remains of decades of socialism and war.

“BFPE creates a space where people from different political parties can meet and create a network,” Sonja Licht, president, BFPE explained. “Their cooperation and participation show that they need this type of education in order to not see each other as enemies.”

In Montenegro, The Network for the Affirmation of NGO Sector (MANS) is challenging its citizens to improve governance, protect human rights, reduce poverty, and advance sustainable development by revealing the effects of corruption on social and economic outcomes and the environment. In three municipalities MANS is providing information about its efforts and services; a hotline for victims of corruption; and experimental monitoring mechanisms relating to land transfers, building permits, and environmental impact assessments.

Efforts by the Kosovo Women’s Network (KWN) to move the region toward a healthy, open society has created strong local, regional, and international networks that promote women’s political rights and offer services that range from training and psychological support to the prevention of violence and prostitution. As one of the largest civil society networks in the region, KWN’s efforts to gain a foothold for women in Kosovo politics and to implement gender equality mandates has resulted in its formal inclusion in decision-making processes.

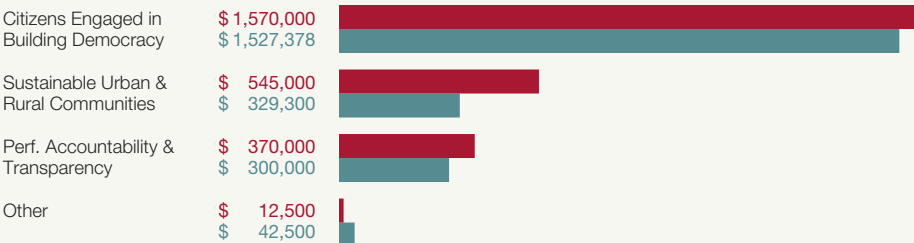
“All of these groups are attempting to move ahead within a complex political framework,” explained Moody. “Their successes demonstrate that when many different people participate, tolerance increases across the divides.”

Pivotal Place: Western Balkans

Grants Awarded and Paid in 2006

Distribution by Program Goal

Total Grants Awarded **\$ 2,497,500**
Total Grants Paid **\$ 2,199,178**



Bill Moody, program director, and Haki Abazi, program officer, carry responsibility for the Western Balkans portion of the RBF Pivotal Places program. For more information about Western Balkans grants or to learn how to apply for a grant, visit www.rbf.org.

PIVOTAL PLACE

SOUTHERN CHINA

In March 2004, the Rockefeller Brothers Fund decided to concentrate its Asian grantmaking in Southern China, one of the fastest growing and most dynamic regions of the world. This focus builds on the Fund's history of philanthropy in East and Southeast Asia and continues over a century of Rockefeller family philanthropy in China that includes the founding of the Peking Union Medical College in 1921.

The Fund's geographic area of interest encompasses the nine diverse and increasingly interconnected provinces of the Pan Pearl River Delta—Guangdong, Guangxi, Hunan, Yunnan, Sichuan, Guizhou, Fujian, Hainan, and Jiangxi—and, to a lesser extent, Hong Kong and Macau. This region accounts for one-third of China's population and 40 percent of its GDP. It has played a pivotal role in China's extraordinary progress over the last 25 years—progress that includes, among many achievements, the elevation of over 400 million people out of extreme poverty and the growth of China's economy into the fourth largest in the world.



Kunming, China

Southern China's rapid development, however, has been accompanied by profound challenges including environmental degradation and growing disparities between rich and poor, urban and rural, which, if not addressed, threaten the sustainability of development in the region, the country, and the world. The Chinese government and people have been responding vigorously to these complex challenges. The RBF's grantmaking seeks to assist these efforts, supporting work that advances two of its central programmatic interests: sustainable development and human advancement.

Within these two programmatic interests, the Fund has defined three areas of initial focus. These include addressing the links between the environment and human health; advancing sustainable approaches to meeting the region's energy needs; and strengthening community leadership in support of sustainable development.

At the core of all the RBF's work in Southern China is a fundamental belief in the wisdom, creativity, and resourcefulness of the Chinese people. The Fund will encourage multidisciplinary approaches to problem solving that integrate social, economic, environmental, and cultural concerns, and it will seek to foster collaboration at all levels and across sectors—government, business, civil society, and academia.

Grants: \$1,248,400 in grants was awarded in the Pivotal Place: Southern China program during 2006; \$750,000 was paid.

The program director who carries responsibility for the Southern China portion of the RBF Pivotal Places program is Shenyu Belsky. For more information about Southern China grants and to learn how to apply for a grant, visit www.rbf.org.

NEW YORK CITY

Empowering new Americans

New York City has long been a city of immigrants. Of the eight million people who call the city home, more than one-third of them are foreign-born. New immigrants to New York City are increasingly Latino and South Asian, with small but growing African communities in Harlem and Staten Island. As with the immigrants who came before them, the challenges for these new Americans are to integrate themselves into their new neighborhoods; to access health, education, and other social services for their children; and to lay the foundation for their families' health and prosperity.

"Immigrants are critical to the civic and economic life of the city. Over the past decade, they have fueled much of the growth in New York City, and our grants recognize their important contributions and their future potential," said New York City Pivotal Place program director, Ben Rodriguez-Cubeñas.



En Foco's New Works #10 exhibition brought together 46 of the artists who have received New Works Photography Awards over the past 10 years.

In the first half of 2006, a banner year for immigrant mobilization, the United States witnessed mass public demonstrations and public marches by immigrants in one of the largest displays of solidarity around a social justice issue since the civil rights era. It was in this context that the RBF made new investments in immigration work. A grant to the North Star Fund will support New York City's diverse grassroots immigrant community groups. The Four Freedoms Fund, a project of Public Interest Projects, received a grant for its local initiatives to strengthen civic involvement and campaign coordination on important immigrant justice issues. Together, these grants further the Fund's interest in strengthening democratic practice by empowering community groups to address locally identified priorities and encouraging collaboration among local institutions and across sectors.

Investing in the arts

Each year, the New York City Pivotal Place program makes approximately \$2 million in grants to local arts organizations, which range from small dance companies to established museums, to commission new works, support artists, and guarantee the long-term vitality of these institutions, which are at the core of the city's vibrancy and life.



This year, the Fund continued its support of small and mid-sized arts organizations with capacity-building grants. Reflecting the growth of new arts and cultural institutions in the outer boroughs, three of the grants went to groups in Brooklyn and the Bronx. En Foco, a Bronx-based exhibition space for photographers of color, received general operating support. A grant to La Mama Experimental Theatre Club, the legendary home for experimental performance in the East Village, will support the implementation of its strategic plan. The Bill T. Jones Foundation for Dance Promotion, which is associated with the Bill T. Jones/Arnie Zane Dance Company, will use its grant from the Fund to prepare for the construction of its new dance center and “arts laboratory” on Harlem’s 125th Street.

“Over the past decade [immigrants] have fueled much of the growth in New York City, and our grants recognize their important contributions and their future potential.”

Supporting educational equity

Through the Human Advancement portion of its New York City program, RBF supported two important education organizing efforts. A major grant to Brown University for its Annenberg Institute for School Reform’s Community Involvement Program will provide technical assistance and support to community groups that form the citywide Coalition for Educational Justice and the Urban Youth Collaborative. Since making its first investment in this work in 1998, the Fund has been impressed by the victories that parent-led community organizing groups and youth organizing groups have won for public school students, including the citywide implementation of the Lead Teacher Program, as well as facility upgrades for several Bronx schools.

“The Lead Teacher Program has made a real contribution. And now in the ten schools where it started, test scores are up, teachers want to stay, everyone saw that a difference could be made,” said Herb Katz, Retired United Federation of Teachers representative, District 9, The Bronx.

A report on the history and impact of RBF’s investments in education organizing is available on the RBF Web site (www.rbf.org).

The Fund also supports the Campaign for Fiscal Equity, which won billions of dollars in increased funding for New York City’s public schools, highlighting the injustice in funding allocations for urban schools that left many schools and students without the basic resources they needed and suffering in overcrowded classrooms and school buildings. The new funding, expected to take effect in 2007, is the result of a 13-year battle at the local and state levels fought valiantly by the Campaign for Fiscal Equity and its partners. Our grant to the Campaign will support its monitoring of new spending to ensure that these funds reach the state’s most needy and historically overlooked students.

Realizing a green dream

With a grant to New Partners for Community Revitalization for its New York City Brownfields Redevelopment Fund, the Fund furthers its commitment to supporting research and advocacy around the redevelopment of environmentally contaminated brownfield sites in and near low and moderate-income neighborhoods, many of which are predominantly inhabited by people of color. While much work is still needed to ensure that brownfield redevelopment programs are executed in a safe, timely, and community-driven manner, we are optimistic that New Partners, in partnership with other community-based organizations, will transform underutilized and abandoned property into vibrant centers of community life.

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 the core work of the foundation firsthand. 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.

Committee Members

Lydia Brown

Administrative Assistant

Hope Lyons (Facilitator)

Grants Manager

Gail Fuller

Communications Officer

Nelita O'Connor

Financial Manager

Danielle Lazaroff (Facilitator)

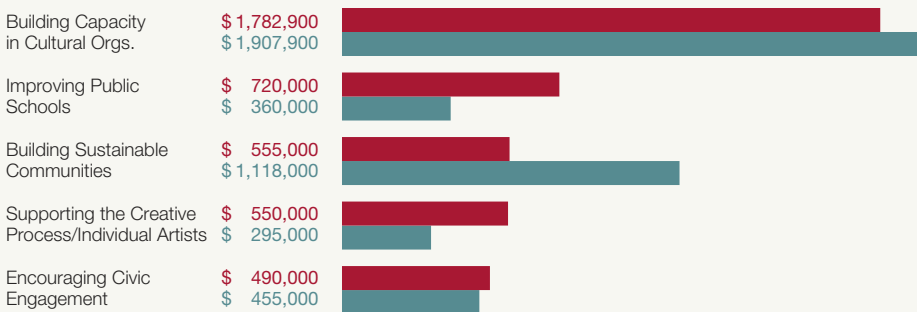
Administrative Assistant

Pivotal Place: New York City

Grants Awarded and Paid in 2006

Distribution by Program Goal

Total Grants Awarded \$ 4,097,900
Total Grants Paid \$ 4,197,900



The program director who carries responsibility for the New York City portion of the RBF Pivotal Places program is Ben Rodriguez-Cubeñas. During 2006, a portion of the responsibilities of program associate Naomi Jackson were devoted to this program. For more information about the New York City grants and to learn how to apply for a grant, visit www.rbf.org.

SOUTH AFRICA

Making a Difference Against HIV/AIDS in South Africa

Unlike most of the others who attended the tenth annual Children in Distress Network (CINDI) conference in Pietermaritzburg, South Africa, Yvonne Spain knew that the antiretroviral (ARV) syrup, which inhibits the reproduction of HIV in young children, tasted vile.

“We actually got the real syrup to taste and held a mock ARV trial with candies that had to be taken at different times and in different ways to demonstrate the difficulties of compliance for children and their caretakers,” explained Spain, director, CINDI.

The mock trial was one of many experiences shared at the April 2006 conference among the 500 practitioners from civil society groups and government agencies whose efforts address the needs of some of the 13 percent of South Africans aged two to 14 years who have lost one or both parents due to HIV/AIDS. CINDI is the only network of its kind in South Africa that has developed a transparent and accountable funding conduit for its members and implemented a distribution system for public donations of clothing and school supplies. It has also coordinated food gardens in the city, provided nearly one-quarter of its members with organizational development assistance, and piloted a mentorship program for community-based organizations.

The faces of South Africa. 13 percent of South Africans aged two to 14 years have lost one or both parents to HIV/AIDS.





With representatives from ten countries in southern Africa, the U.S., the U.K., Australia, and Switzerland, as well as a contingent of young people whose lives are affected by the explosive and widespread pandemic, the conference participants shared stories, best practices, and lessons learned. And, in a significant step forward in CINDI's advocacy efforts, conference representatives took unanimously adopted commitments—such as scaling up existing projects, including youth in policy planning, and strengthening the families of vulnerable children—to South African national policy makers.

“It was a real achievement to take our work beyond the province of KwaZulu-Natal straight to the national level,” Spain said. “This is an indication that networking for children affected by HIV/AIDS is a valid intervention and that children's rights organizations and NGOs can support one another and level influence with governments and policymakers.”

CINDI's efforts encapsulate two RBF goals in South Africa: to strengthen the institutional capacity of nonprofit organizations working with orphans and vulnerable children and to provide a continuum of care and support through programs and services at local schools that serve as nodes of support.

“Schools are often the one oasis of normalcy and consistency in children's lives,” explained RBF program director Nancy Muirhead. “The vision is not to add more responsibilities for already overwhelmed teachers—who are themselves impacted by HIV/AIDS—but to use schools as the hub for a network of assistance mechanisms for children.”

Growing Networks and Sharing Research

Four two-day meetings convened by the Caring Schools Network (CASNET) of Save the Children, UK, also brought together its growing membership—from small, local groups to national and international organizations—to focus on creating a nationwide safety net for primary and secondary school students. CASNET concentrates its work in five areas: basic needs such as uniforms, food, and school fees or

waiver of school fees; psychosocial support; linkages between schools and the community; youth workers in schools; and advocacy. Its presence in all nine South African provinces and on a national level is helping to link the South Africa Department of Social Development with the Department of Education and increase awareness of the significance of schools as a place to care for children.

“By deepening our relationship, we’re furthering the discussion and process at the level of parliament, which raises awareness of how important this is,” said Lynette Mudekunya, HIV/AIDS director, Save the Children, UK in South Africa.

How to best use schools as hubs for networks of assistance for

children is the focus of RBF-supported research at the Children’s Institute of the University of Cape Town. In partnership with local governments, the Institute is researching best practices and policy interventions in such key areas as teacher well being; psychosocial support for educators, children, and caregivers; and monitoring young people at risk.

Understanding the link between HIV/AIDS and sustainable development, democratic practice, and peace and security through the work of the Centre for Conflict Resolution (CCR) and twelve other grantees is another of the Fund’s ongoing concerns. The RBF’s third annual workshop for grantees and policy makers, “AIDS and Society: Building a Community of Practice,” convened with CCR’s call for a common research agenda toward an integrated response to HIV/AIDS; disseminating and generating new knowledge and devising strategies on the impact of HIV/AIDS on sustainable development, democratic practice, and peace and security; and facilitating the development of policy recommendations for South African-based actors to respond to the societal impacts resulting from the HIV/AIDS pandemic.

“It is important that African researchers go beyond data collection and become part of the knowledge production for solutions that fit the local contexts and environments,” said Dr. Adekeye Adebajo, executive director, CCR.

Having grown from an organization of 40 employees in 2003 to 300 in 2006, Media in Education Trust (MIET), which supports quality education by helping schools access, manage, and share educational media and resources in the KwaZulu-Natal and Northwest provinces, received funding to help it navigate its organizational expansion. To improve the effectiveness of its work, MIET is also taking advantage of the Fund’s support of Footsteps, one of five nonprofit organizations that will help build local communities of practice among RBF grantees operating in different provinces of South Africa and on specific topics. This model of technical assistance for grantees, which defines a new approach for the Fund, is a response to the desires expressed in a 2005 grantee survey for nonmonetary support from local NGOs working in similar regions or on similar issues. The NGOs will facilitate learning on such topics as

The vision is...
to use schools
as the hub
for a network
of assistance
mechanisms
for children.



Teacher works with students at farm school.

developing mentoring, coaching, and peer support, and strengthening the monitoring and evaluation skills of grantees. According to Lynn van der Elst, executive director, MiET, learning from other grantees' experience will help facilitate MiET's growth from a small, tight-knit group to a large, policy-driven organization.

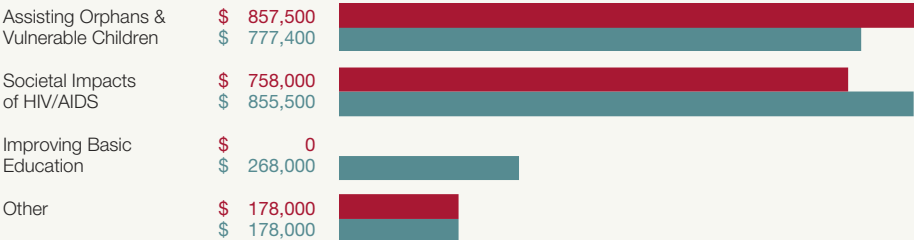
"Our goal is for everyone to feel part of the decision-making process and to ensure that we retain what is essential about who we are and what we do," she said.

Pivotal Place: South Africa

Grants Awarded and Paid in 2006

Distribution by Program Goal

Total Grants Awarded **\$ 1,793,500**
 Total Grants Paid **\$ 2,078,900**



The program director who carries responsibility for the South Africa portion of the RBF 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.

POCANTICO



From sustainable, environmental practices to long-term institutional planning, sustainability was the focus of the Pocantico Conference Center's staff in 2006. In leasing the Pocantico Historic Area from the National Trust for Historic Preservation in 1991, Rockefeller Brothers Fund assumed stewardship of the property, overseeing the maintenance, care, conservation, and restoration of the historic buildings, gardens, and collections of decorative and fine art at Kykuit and the Coach Barn.

"Our goal is to create a sustainable future for the Pocantico Historic Area and the RBF's Pocantico programs, which have benefited and leveraged the Fund's grantmaking for over a decade. The Pocantico Committee and staff are also working to provide more opportunities for the public to experience and learn from the remarkable natural, architectural, artistic, and intellectual resources available in this extraordinary setting," said Charles Granquist, director of Pocantico Programs.

Planning for the long term

Since its opening in April 1994, the Pocantico Conference Center has both complemented and extended the impact of the Fund's grantmaking programs. The Conference Center provides a setting by which nonprofits and public-sector institutions can engage people of diverse backgrounds and perspectives on important issues related to the Fund's philanthropic programs.

In addition to the conferences, the RBF assumed the responsibility of providing public access to the property and overseeing a visitation program at Kykuit operated on behalf of the Fund by Historic Hudson Valley. To date, there have been 570,086 visitors—including 28,085 in 2006—who toured Kykuit, its galleries and gardens, and the carriage and automobile collections in the Coach Barn.

Central to Pocantico's long-term planning process is increased public access and programming. During 2006, the staff initiated a long-range planning process intended to inform the Pocantico Committee of the RBF board about possible future uses of the Pocantico estate. As part of the process, two meetings were held during 2006: 1) In June, a group of outside experts from a wide range of disciplines gathered to inform deliberations on current programs and new perspectives on future program opportunities for the estate; and 2) In December, a working group of architects, landscape architects, and planners were convened by the Regional Plan Association at Pocantico for a building and landscape charrette. During the workshop, participants considered how to link the multifaceted elements of the estate together in a flexible manner that encourages synergies among present and future programs. Members of the Pocantico Committee participated in both meetings. Updates on Pocantico's long-range planning will be available on the Fund's Web site, www.rbf.org, beginning in August.



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.

In 1991, the Rockefeller Brothers Fund leased from the National Trust for Historic Preservation the portion of the Rockefeller estate bequeathed to the Trust by Nelson Rockefeller. Subsequently, through the generosity of members of the Rockefeller family, the Fund created the Pocantico Conference Center of the Rockefeller Brothers Fund in the estate's Coach Barn, as an extension of its grantmaking activities.

Embracing sustainable practices

When it comes to the environment, the Rockefeller Brothers Fund has a long history in sustainable practices and grantmaking. From its Manhattan offices to its Pocantico Conference Center, the Fund has made a commitment to going carbon neutral.

How we live, how we work, how we play ... it all impacts the environment. From switching on the lights and turning on our computers to commuting to work and traveling on vacation,



Pocantico Conference Center

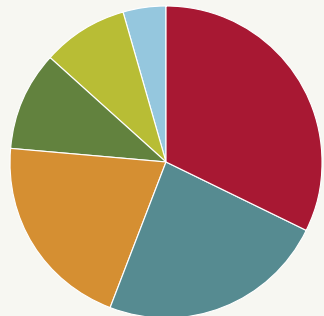
we all contribute to global warming to a certain degree. But we can also contribute to the solutions. The Pocantico staff is committed to being part of the solution—of incorporating responsible environmental practices in all aspects of its operation. Beginning in 2006, a portion of the Pocantico conference fees were utilized to acquire Green Tags/Renewable Energy Certificates from NativeEnergy to offset greenhouse gas emissions associated with conference attendees' travel to

and from the Pocantico Conference Center. In addition to renewable energy, green initiatives at Pocantico to date include the use of green cleaning products, a recycling program, the option for towel and linen reuse, and sustainable seafood and locally grown food served whenever possible. Also, it is a goal to incorporate sustainable building practices into ongoing maintenance and capital improvement projects.

Pocantico Conferences

Number of Events by RBF Program Theme (68)

- Miscellaneous** (22)
- Democratic Practice** (16)
- Sustainable Development** (14)
- Peace and Security** (7)
- Pivotal Place: New York City** (6)
- RBF Board/Staff** (3)



POCANTICO FORUMS



The Pocantico Forum is a semiannual lecture series designed to provide information on a wide range of issues and topics that reflect RBF's program objectives.

SPRING FORUM: A FAMILY'S LOVE OF ASIAN ART

May 23, 2006

The spring forum was inspired by the Asia Society's exhibit, "A Passion for Asia: The Rockefeller Family Collects," to celebrate the 50th anniversary of their founding by John D. Rockefeller 3rd. Accompanying the exhibition was a publication, *A Passion for Asia: the Rockefeller Legacy*, to which Mrs. Cynthia Bronson Altman, curator for the Collections at Kykuit, contributed an examination of the collections of ceramics, textiles, sculptures, and prints. At the spring forum, Mrs. Altman provided local residents with a closer look at the family's collections in New York, Pocantico, and Maine.

FALL FORUM: "SHOULD NONCITIZENS HAVE VOTING RIGHTS, AGAIN?"

November 8, 2006

Residents from the local community came to hear author Ron Hayduk talk about his most recent book, *Democracy for All*, which examines the politics and practices of noncitizen voting in the United States, chronicling the rise and fall—and reemergence—of immigrant voting in the United States. In addition to making the case for noncitizen voting, his book explores the prospects for a truly universal suffrage in America.

FINANCIAL REPORT

Rockefeller Brothers Fund, Inc. and
Affiliate Condensed Financial Information
for the Years Ended December 31, 2006 and 2005

Balance Sheet

Assets

Liabilities

Net Assets

Total Liabilities and Net Assets

Statement of Activities

Investment Revenue

Other Revenue

Total Revenues

Direct Charitable Expenses

Program and Grant Management

Investment Management

General Management

Federal Excise and Other Taxes

Total Expenses

Change in Net Assets

Net Assets at Beginning of Year

Transfer of Affiliate's Net Assets

Net Assets at End of Year

For an overview of program spending, see page 23 of this report or see the Statistical Review of RBF Operations (June 2007) at www.rbf.org for detailed information on the Fund's grantmaking.

Note: The Statement of Activities includes the results through June 30, 2006 for the Asian Cultural Council, Inc. Effective July 1, 2006, the Rockefeller Brothers Fund was no longer the sole member of the Asian Cultural Council, Inc.; thus the net assets of the Asian Cultural Council were transferred out on that date.

2006 Consolidated Total	2005 Consolidated Total
\$ 918,583,236	\$ 851,667,140
29,765,171	28,594,736
888,818,065	823,072,404
\$ 918,583,236	\$ 851,667,140
\$ 149,167,768	\$ 84,200,242
1,217,276	2,453,459
150,385,044	86,653,701
4,740,895	4,367,710
34,674,665	29,069,986
5,089,276	4,796,061
4,131,233	4,393,556
3,260,761	2,099,973
51,896,830	44,727,286
98,488,214	41,926,415
823,072,404	781,145,989
(32,742,553)	
\$ 888,818,065	\$ 823,072,404

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 as unqualified opinion on those financial statements.

The full set of statements are available on the Fund's Web site at www.rbf.org.

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¹ Chair until June 15, 2006

² Chair effective June 15, 2006

³ Until August 18, 2006

⁴ Until September 29, 2006

⁵ As of June 15, 2006

⁶ Until June 1, 2006



Pictured left to right: Frank G. Wisner, Timothy O'Neill, Jessica P. Einhorn, Steven C. Rockefeller, Wendy O'Neill Wang, David Rockefeller Jr., Abby M. O'Neill, Valerie R. Wayne, Stephen B. Heintz, Richard G. Rockefeller, Joseph A. Pierson, Miranda M. Kaiser, John Morning, Neva R. Goodwin, and Richard Chasin.

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¹ As of June 15, 2006

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² Until June 15, 2006

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¹ Until December 31, 2006

² Until March 31, 2006

³ Until June 23, 2006

⁴ As of December 4, 2006

⁵ Until February 2, 2006

⁶ Until July 28, 2006

⁷ Until June 30, 2006

⁸ As of January 23, 2006

⁹ Until August 18, 2006

¹⁰ As of June 5, 2006

¹¹ Until May 25, 2006

¹² As of April 3, 2006

¹³ Until September 29, 2006

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This year's Rockefeller Brothers Fund Annual Review was printed in a quantity of 2,000 on 100% recycled paper that is made with wind power from Mohawk Paper. The choice of paper allowed us to save 18.7 trees for the future. We also avoided generating 54 pounds of waterborne waste, 7,944 gallons of wastewater, 879 pounds of solid waste, 1,731 pounds of greenhouse gases, 13,246,400 BTUs of energy, 899 pounds of air emissions, and 2,139 cubic feet of natural gas, which was the equivalent to planting 61 trees. Values were derived from information publicly available at www.epa.gov/cleanrgy/eGRID and www.environmentaldefense.org/documents/1687_figures.pdf.

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