



Rockefeller
Brothers Fund

Philanthropy for an Interdependent World



Charting Our Progress: 2011–2013

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Table of Contents

President's Message	3
Feature Story: Gaining Traction on Climate Change By Priscilla Lewis	4
Investment Performance and Rate of Spending	14
Total Spending	16
Grantmaking	19
The Pocantico Center	23
Human Resources	25



President Stephen Heintz

The Rockefeller Brothers Fund has six grantmaking programs that reflect the board and staff's assessment of the challenges facing today's increasingly interdependent world. Three programs, Democratic Practice, Peacebuilding, and Sustainable Development, are fields of work that encompass issues of enduring global concern. These thematic programs identify places where breakthroughs are needed or where the opportunities to contribute to global progress are particularly compelling. They typically maintain a focus on the United States along with work internationally to strengthen the vitality of

democracy, advance solutions to climate change, and secure just and durable peace. Three "pivotal place" programs, New York City, Southern China, and the Western Balkans, pursue program goals in our three fields of interest as appropriate in these specific contexts. They aim to build local capacity and generate lessons and innovations of significance to their immediate regions and beyond. The RBF program structure is based on a belief that a combination of thematic and place-based approaches enhances opportunities to achieve enduring change.

When we launched this program architecture in 2003, a few years after my joining the RBF, our hope was that this structure would facilitate cross-programmatic synergy, allowing our program staff to increasingly identify opportunities to complement each other's work.

Cross-programmatic work is never easy, and, at its best, goes far beyond co-funding or collaboration on isolated projects. It requires a deep understanding of the complex interdependence of some of the most pressing issues of our time, as well as mature, coherent program strategies that move from abstraction to grounded specificity, allowing the RBF to affect change across a broad front.

Today, we are witnessing the power of this architecture very clearly in the way that our partners are moving forward on climate change.

Reducing Global Emissions

There is overwhelming evidence that our planet is warming at an alarming rate, and the scientific consensus is that this is the result of human activity. The main source of global warming is carbon dioxide, or CO₂, a pollutant produced by the burning of fossil fuels like coal, oil, and natural gas. If we continue emitting CO₂ at current rates, global temperatures could rise as much as 7–10° Fahrenheit by the end of this century with consequences that would be nothing short of disastrous for the planet and human civilization.

The cover story of this year's *Charting Our Progress* details the cross-programmatic efforts to reduce global emissions undertaken by the RBF's Sustainable Development, Democratic Practice–Global Governance, Southern China, New York City, and Western Balkans programs. The article explores how, in 2013, we saw the impact of our work on this issue magnified by the exceptional synergy between our programs.

In addition to our grantmaking on climate change, we are moving deliberately to align our endowment investment strategies with our mission and programmatic goals. The board of trustees has authorized an initial investment of 10 percent of our total assets to be deployed specifically in impact investment strategies that integrate sustainability and other criteria that are supportive of the RBF's program values. These assets are expected to be committed over the next three to five years, and we expect that many of the resulting investments will be to support development of the "clean energy economy." The RBF also pledges to eliminate any exposure to investments in tar sands and coal industries as quickly as is feasible. Long term, the board supports expanding our impact investments within the Fund's overall investment objective, which is to assure the RBF can continue in perpetuity.

It is with a growing sense of optimism that I can now say we are at an exciting point where there are key opportunities to be seized to meet the global challenge of climate change. The RBF remains fully committed to this imperative.

We welcome comments or questions you may have after reviewing *Charting Our Progress*. Please feel free to email us at communications@rbf.org.

Gaining Traction on Climate Change

By Priscilla Lewis



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The sense of urgency about climate change has been building for decades. Repeatedly, and with growing alarm, scientists, economists, and other experts have explained that we face a critical choice: Act responsibly and aggressively now to address the problem of human-induced climate change, or fail to act and deal with severe consequences and far higher costs in the future.

Today, the need for responsible action on climate change is more urgent than ever. The latest scientific reports reveal that greenhouse gas emissions from the burning of coal and other fossil fuels are rising at an accelerating pace. Profound effects of global warming are already being felt around the world, and the “future,” with its potentially drastic costs and consequences, is upon us.

But today, a sense of possibility can also be felt in the climate arena. Although the gap between the scale of the problem and the scale of measures being taken to address it remains far too large, this sense of possibility reflects real and meaningful shifts. The past few years have

seen movement in the right direction on several fronts; more movement than disheartened climate experts, issue advocates, and concerned policy leaders could have imagined just four or five years ago.

The latest report from the United Nations Intergovernmental Panel on Climate Change (IPCC), released in April 2014, and the most recent National Climate Assessment both delivered stark news about rapidly rising levels of greenhouse gas emissions and the political foot-dragging that has put humanity in a critical situation. But the IPCC report, which reflects the input of thousands of scientists from all over the world, also noted the plummeting costs and increased feasibility of deploying renewable energy sources like wind and solar power; the potential impact of efficiency measures that save energy and reduce emissions without impairing quality of life; and the fact that far more cities, states, and countries—including the United States and China—now have climate plans, evidence of growing political willingness to address the problem.

Across the Rockefeller Brothers Fund’s (RBF) six grantmaking programs, staff have sought and discovered opportunities to help encourage and accelerate these shifts. Five of the six program areas are actively involved in climate-related grantmaking. The Sustainable Development program is devoted entirely to the climate change challenge; the Global Governance portfolio of the Democratic Practice program and the RBF’s programs in Southern China, the Western Balkans, and New York City support climate-related work as part of a broader agenda. Program staff in all of these areas are committed to looking for synergies and complementarities; several formal cross-program collaborations are also being pursued, and in some instances, longtime grantees in one program area are being funded to apply their wisdom and experience in another. Although climate change is not an explicit focus of the Fund’s Peacebuilding program, some individual grants address conflicts and tensions that are exacerbated by climate-related resource scarcity; the U.S. portfolio of the Democratic Practice program concentrates in part on the problem of money in politics, one manifestation of which is the disproportionate influence that powerful fossil fuel interests have in Congress.

This cross-programmatic attention to the climate crisis takes advantage of the Fund's program architecture, which includes thematic program areas that take up issues of enduring global concern and pursue large-scale change, as well as place-based programs that respond more directly to the priorities of local people and build the capacity of local civil society organizations. The programs' collective efforts bring together diverse strategies and different perspectives on the climate challenge—Northern and Southern, global, regional, national, and local—each informing the other.

As Michael Northrop, head of the Fund's Sustainable Development program, acknowledges, "even the combined resources that the Fund is directing to the climate issue are relatively modest. What we aim to do through our cross-program work is to create a whole that is greater than the sum of its parts. That's what needs to happen in the larger climate arena as well. There are real and meaningful opportunities to gain traction on this issue while also building healthier, more prosperous, and sustainable communities. But," he adds, "we must work together strategically—across sectors, borders, and cultures—to seize those opportunities now, while it is still possible to head off the worst impacts of global warming."

Clearly, this is a pivotal moment in the struggle to reduce the risk of climate change. What are some of the dynamics that have helped to create this moment? How do the strategies of the RBF and its grantees seek to capitalize on those dynamics, bearing in mind that many other organizations are also working effectively in this arena, often in concert with groups supported by the Fund?

1. New constituencies for clean energy are beginning to form.

For many people here in the United States and around the world, climate change and its relationship to fossil fuel consumption remains an abstract concept, remote from daily life. But in China today, the problem of overreliance on fossil fuels has taken all-too-tangible forms. Choking levels of air pollution and devastating public health impacts—pollution now causes almost 1.2 million premature deaths a year in China, according to the Health Effects Institute—have outraged China's rising middle class and galvanized public action.

Aided by social media, an extraordinary and spontaneous social movement is taking shape in China, involving citizens in both rural and urban areas as well as a broad array of other actors, from grassroots groups to business leaders and the media. Pollution has become a political issue, and policymakers are under unprecedented pressure to formulate plans to improve air quality and safeguard citizens' health. In September 2013, China's State Council announced the toughest ever set of measures for air pollution control; stiff fines on polluters have since been announced. Of the 10 measures, six target carbon emissions and energy efficiency and have direct implications for global efforts to reduce levels of greenhouse gases in the atmosphere. There is a new emphasis on low-carbon energy sources and a new willingness to discuss previously taboo topics, including coal consumption and the environmental performance of state-owned industries.

Unprecedented attention to the air pollution crisis has created space for nongovernmental organizations (NGOs) to step up their initiatives in this area. The Beijing-based Institute of Public and Environmental Affairs, for example, is working with a number of other organizations to expand its highly effective Blue Sky Roadmap, an online pollution source map that uses air quality information to hold companies accountable for their contributions to air pollution. The expanded Roadmap will include China's power, steel, and cement sectors—three of the nation's largest consumers of coal. In Hong Kong, Civic Exchange, a public policy think tank, led the way on a multi-sectoral initiative to reduce emissions from local ports. Dirty diesel engines in trucks, locomotives, cargo-handling equipment, and ships are at the heart of port pollution problems that affect entire airsheds. Particulate pollution from diesel engines is especially toxic, and such engines also emit large quantities of black carbon, a climate pollutant. Now, in collaboration with ADM Capital Foundation (also Hong Kong based) and the Natural Resources Defense Council (NRDC), Civic Exchange is helping to expand this clean ports initiative to the greater Pearl River Delta in Southern China. NRDC's pioneering programs to reduce pollution at ports in Los Angeles, Long Beach, and Oakland, California, as well as New York and New Jersey, were the inspiration for this effort.



Photo courtesy of Civic Exchange.

Ships are the largest source of three types of locally produced pollutants in Hong Kong: sulfur dioxide, nitrogen oxides, and particulate matter. Since 2006, Civic Exchange has been researching and reporting on marine emissions, affecting major policy changes for Hong Kong along the way. In 2011, Civic Exchange facilitated the Fair Winds Charter, an industry-led initiative that caused leading shipping lines to voluntarily switch to cleaner fuel at berth to minimize emissions. In 2013, the government began a consultation and legislative process to make the switch mandatory, with an aim to implement it in 2015.

“These are both incredibly daunting times and times of unprecedented opportunity in China,” according to Shenyu Belsky, who directs the Fund’s grantmaking program in Southern China. “What’s been most exciting to see is how China’s civil society sector has been stepping up—playing roles in policy advocacy, encouraging information disclosure, finding channels to increase public participation. The RBF is moving as quickly as possible to keep pace with the dynamism in this sector, by supporting and helping to amplify the impact of key organizations’ foresight, engagement, and initiative.”

In the Western Balkans, tangible public health and pocketbook concerns also are driving attention to climate-related issues. Kosovo is home to Europe’s highest single-point source of carbon emissions—an obsolete coal-fired power plant—and the public health impacts of emissions from Kosovo are being felt throughout the region. The RBF is supporting

initiatives to help citizens understand how the costs of unchecked fossil fuel consumption—and the societal, economic, and environmental benefits of reducing reliance on fossil fuels—directly affect struggling families and communities.

“The focus isn’t so much on educating people about climate change,” notes Haki Abazi, program director for the Western Balkans. “The message is that if you insulate your house, you pay less for energy and have to cut down fewer trees—and you’re helping to reduce carbon and other forms of pollution, which results in a cleaner environment throughout the region. That’s better for everyone’s health, and your children will breathe better. What’s more, the development of renewable energy sources and investments in energy efficiency will cost less and create more jobs than continued reliance on coal, while meeting Kosovo’s basic energy needs. It’s a very holistic way of understanding sustainability.”

Over the past few years, these and other arguments made by RBF grantees and their allies have stimulated unprecedented public engagement and debate and the publication of hundreds of articles in local and national media. “A genuine public constituency for policy change is being built in Kosovo. And these advocates for change are credible,” Abazi adds. “They cannot be dismissed as tree-huggers; they are coming from the perspective of daily life.”

2. Tackling climate change at several levels of governance subnational, national, and supranational—has proved effective.

In addition to supporting local efforts in Kosovo, the Fund’s Western Balkans program has joined with the Democratic Practice program to support the creation of the Kosovo Consortium for Sustainable Development, or KOSID, which encourages coordination among in-country and international organizations (like Sierra Club, 350.org, and the University of California, Berkeley, etc.) that oppose the construction of a massive lignite-fired energy plant in Kosovo (lignite is so-called brown coal, the dirtiest fossil fuel), which would be made possible through a loan guarantee from the World Bank to the Kosovar government. For the Kosovar participants in KOSID—including grassroots groups, think tanks, and



Photo by Katarina Yee.

Smoke billowing from a coal plant can be seen from the heart of Kosovo's capital city of Prishtina. The Kosovo Civil Society Consortium for Sustainable Development (KOSID) launched its nationwide campaign for renewable and energy efficiency on May 5, 2014. Consortium members were on hand to discuss solutions to energy challenges, the financial and health benefits of energy efficiency for Kosovar citizens, and the creation of a national program supported by the government and outside donors.

investigative journalists—the focus is on advancing long-term, sustainable solutions to Kosovo's energy challenges. For the international organizations, a primary goal is to pressure international financial institutions like the World Bank to stop funding dirty energy sources and live up to their stated intentions of financing clean energy projects. But these groups all share the specific goal of stopping the lignite plant, and thanks in substantial measure to their efforts, the project is currently stalled due to widespread public resistance, a lack of investors, and simmering debate over whether Kosovo's energy crisis could be better addressed by rehabilitating and improving the efficiency of existing plants and pursuing various renewable energy sources.

The KOSID experience shows how important it is—and how effective it can be—to tackle complex climate policy challenges at different levels of governance. For climate advocates in the United States, this is a familiar story. Over the past five to 10 years, the value of a multi-level approach has been amply demonstrated here, as state and local activity has compensated to some extent for the federal government's inactivity on climate. By supporting local, state, and regional efforts in the United States, Michael Northrop notes, "climate funders have been able to help catalyze innovation and create inspiring examples of success. It's been a way of building momentum, and these subnational experiments and examples will enable other states to jump in at a deeper level later." Nor are the ripple effects limited to the United States. In China, the Global Environmental Institute (Beijing Chaoyang District Yongzu) and the Washington, D.C.-based Center for Climate Strategies (CCS) are working with the Institute of Policy and Management at the Chinese Academy of Sciences to adapt and localize economic modeling tools for subnational low-carbon development planning that were first developed by CCS for use by American states. This effort serves both provincial and central leadership in China and is complemented by practitioner exchanges between American states and Chinese provinces, which CCS helps to facilitate.

In recent years, the Sustainable Development program has focused much of its subnational funding in the United States on efforts to build markets for renewable energy, electric vehicles, and other emissions-reducing technologies. "Global revenues in the low-carbon economy are poised to jump from about \$500 billion today to \$2.3 trillion in 2020, according to HSBC," Northrop observes. "The United States needs supportive policies and committed market players to build its own low-carbon markets and position itself as a global clean energy market leader. If we substituted advanced energy options in the building, vehicle, and electricity sectors—which together produce almost 90 percent of our greenhouse gases—we could dramatically reduce emissions and catalyze economic growth. In the absence of national leadership, most of this policy and market building is taking place in states and regions."

Through a recent grant to the Sightline Institute, for example, the RBF is supporting efforts by the Pacific Coast Collaborative (which is headed by the governors of California, Oregon, and Washington and the premier of British Columbia) to design a regional clean energy market development program. In New England and elsewhere, the RBF has funded efforts to accelerate the development of markets for electric vehicles. The Georgetown Climate Center, the Center for Climate and Energy Solutions (C2ES), and the Electrification Coalition all are receiving RBF support for their work to promote state-level policies that create incentives for the purchase and manufacture of electric vehicles. In the electricity sector, the Clean Coalition, Fresh Energy, and other RBF grantees are working to encourage U.S. states to utilize Americanized versions of what Europeans call “feed-in tariffs”—long-term purchase contracts for the energy generated by solar and wind power systems—as a way of accelerating the deployment of renewable energy sources.

In the building sector, the RBF is supporting efforts to create incentives for the development of buildings that generate at least as much energy as they consume, called “zero net energy” (or ZNE) buildings. “This is not a futuristic fantasy,” notes Northrop. “Several thousand of these buildings have been



Photo by Eric Vance/EPA.

Environmental Protection Agency Administrator Gina McCarthy engages with state and power company officials during a recent meeting hosted by the Georgetown Climate Center to discuss forthcoming EPA standards to reduce carbon pollution from the power sector.

constructed in the past five years. Thousands more will be coming on line in the next few years. The numbers are small, but the rate of increase is rapid. Home developers tell us that there is only a modest cost increment for these buildings. Tax credits and other incentives could easily close the gap and catalyze a revolution in building efficiency.” With RBF support, 2030, Inc., has been working to encourage states to develop and offer such incentives. Model tax credit bills have passed or been proposed in four states in the past year; California now requires that all new residential buildings achieve net zero emissions by 2020, and all commercial building by 2030. As a result, in California alone, thousands of ZNE buildings are likely to be constructed in the next couple of decades. 2030, Inc., also has produced an open-source, online catalogue (<http://2030palette.org/>) of materials that builders will need to construct these ZNE buildings; the availability of this kind of information should also facilitate the design and construction of low-emissions buildings. In another instance of cross-program collaboration, 2030, Inc., is now being funded to adapt its catalogue to the Chinese building market and secure commitments from multinational firms working in China to design low-carbon built environments.

3. Effective and affordable near-term options for reducing emissions are coming into focus.

Advocates have long argued that improved energy efficiency is a critical strategy for tackling climate change. Efficiency measures in the U.S. building sector have already contributed to a decline in the nation’s overall demand for electricity generating capacity. According to projections by the U.S. Energy Information Administration, the United States would be able to meet its electricity needs without constructing any new power plants for at least the next 10 years (and probably longer, assuming continued improvements in efficiency).

But large-scale energy-efficiency programs are only now beginning to come on line. RBF grantees are active in a push to advance energy efficiency in New York City, and the city is poised to demonstrate that the systematic pursuit of efficiency goals can indeed be an effective, affordable, and significant step toward reducing carbon emissions. A successful program in New York City would build public and policymaker

confidence in the availability of near-term options for reducing carbon emissions—and could inspire and influence other cities, states, and even the nation.

The focus of the RBF-funded work is on energy use in buildings. Ben Rodriguez-Cubeñas, who heads the Fund's New York City program, describes New York as “the perfect laboratory for learning how to address this challenge.” Existing buildings consume almost 80 percent of the city's energy and are responsible for roughly 75 percent of emissions. The city has a large and diverse building stock and plays a central role in the real estate and finance industries. And the city has enacted progressive local policy initiatives—including its Greener, Greater Buildings Plan and a mandate, championed by former Mayor Michael Bloomberg, to reduce carbon emissions by 30 percent by 2030. “With the memory of Hurricane Sandy still fresh in people's minds,” Rodriguez-Cubeñas observed, “this all adds up to a big opportunity to drastically reduce the city's carbon footprint—and to set an achievable example for other major cities.” And because efficiency investments almost guarantee building owners a net positive return by reducing energy usage, the New York City effort enjoys strong support from leading owners and developers who recognize the economic benefits of moving quickly on this front.

There are challenges, though, to creating a robust market for energy-efficiency retrofits. Such a market requires access to capital, sufficient demand from informed building owners, and training and education to ensure compliance with new codes and regulations. The Fund's Sustainable Development and New York City programs are collaborating on a grantmaking strategy designed to help New York facilitate the formation of a sustainable market for efficiency retrofits. With RBF support, for example, the New York City Energy Efficiency Corporation (NYCEEC), a nonprofit financial corporation established by New York City, is working to develop and offer financing products—including loans, grants, technical assistance, guarantees, and debt restructuring—for energy-efficiency retrofits throughout the City's five boroughs. The Environmental Defense Fund is working to generate demand for what are called clean heat conversions (from dirty grades of heating oil to cleaner



Workers finalize the installation of a new 300-kilowatt combined heat and power plant that will efficiently supply electricity and domestic hot water to a New York City housing complex.

Photo courtesy of the New York City Energy Efficiency Corporation.

fuels) through an outreach campaign to owners and developers, and collaborating with NYCEEC to develop and promote financial mechanisms to pay for those conversions. The Center for Working Families is doing outreach to inform homeowners about energy-efficiency financing tools, and has a particular interest in ensuring the inclusion of low-income housing in retrofit efforts and improving local economies by securing better job standards for those implementing the retrofits. The New York Chapter of the U.S. Green Building Council is working to improve compliance with New York City's new green building codes by educating the building industry and providing technical assistance to policymakers.

“The emphasis in much of this grantmaking is on the implementation of city policies,” observes Stephanie Bencivenga, a Sustainable Development program associate who has been dividing her time between that program and the New York City program for the past year. “Funders can be

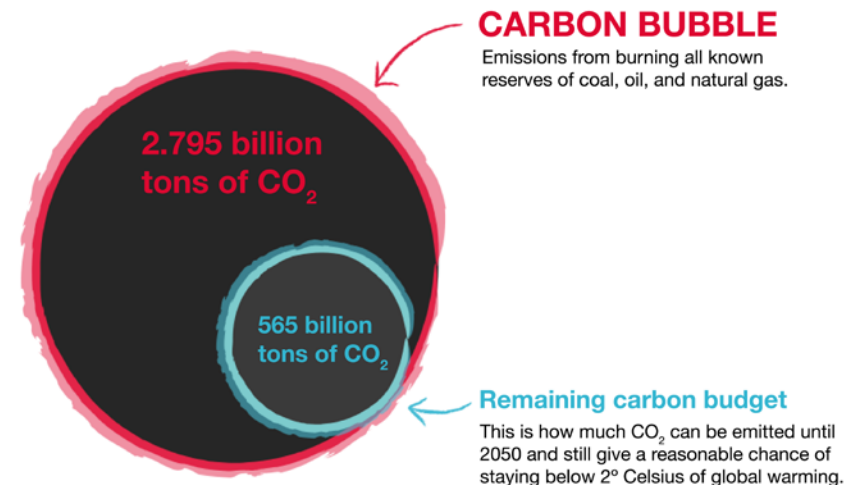
tempted to move on to other issues once a good policy has been enacted. But implementation is critical, both to get the benefits of good policy and to show skeptics that such policies can be made to work.”

4. Advocates are focusing on financing—where “the rubber hits the road.”

The Fund’s grantees in New York City are not alone in focusing on financing strategies that will direct investment to energy efficiency and renewables. In fact, at all levels of activity within the climate arena, there is a widely shared appreciation of the importance of finance-based strategies for encouraging the transition to clean energy—and halting the disproportionate flow of capital to fossil fuel projects. “Because climate change is a global problem,” notes Tom Kruse, director of the Global Governance portfolio of the Democratic Practice program, “the institutions and agencies of global governance have a major role to play in ensuring that we start funding the good and stop funding the bad. Since capital flows in global markets often are not influenced by national policies, our grantees are working to push the global governance system to be a stronger, more constructive (in some cases, a less destructive) actor in the climate arena. And financing is where the rubber hits the road, globally as well as nationally.”

Bank monitoring is an important dimension of this work—tracking the energy investments of multilateral development banks, including the World Bank, the European Investment Bank, and other international financial institutions. Although the Obama administration and the leaders of several other nations have called on these banks to stop investing in coal plants, monitoring by the Bank Information Center and other groups shows that the lion’s share of financing is still going to the construction of dirty plants. Oil Change International is challenging the entrenched national government subsidies that have tilted the investment playing field in favor of the fossil fuel industry, but also working to bring transparency to the evolving relationships between the industry and global governance institutions.

RBF support has helped the Carbon Tracker Initiative, a small team of financial specialists, strengthen the economic arguments against further investment in fossil fuels. Carbon Tracker has been working to make



Source: Carbon Tracker Initiative 2013/PIK Potsdam-Institut für Klimafolgenforschung

According to The Guardian, the Carbon Tracker Initiative has “put the phrases ‘carbon bubble,’ ‘unburnable carbon,’ and ‘stranded assets,’ into the environmental and financial vocabulary....Essentially, [it] translated climate risk into energy demand and prices, so that it became relevant to people allocating capital today rather than in five years’ time.”

Infographic created using Carbon Tracker Initiative research by Felix Müller via Wikimedia Commons under Creative Commons license BY-SA 4.0.

“carbon risk” an inescapable consideration in capital markets. Carbon Tracker’s analyses demonstrate that the fossil fuel industry’s investment strategies assume the development and burn of five times more fossil fuel than the maximum amount that would allow us to maintain a stable global climate. In short, investors are banking on political inaction—a bad bet, Carbon Tracker argues, for people, the planet, and investors. As the world makes progress in setting limits on carbon emissions and shifting to clean energy sources, investments that are based on carbon pollution will lose value and become “stranded.” This analysis, notes Kruse, “has created a firestorm of conversation, and investors who have been backing huge fossil fund reserves are beginning to wonder when and how they should start taking the ‘carbon bubble’ into account. These risks also are beginning to inform decisions made within global governance institutions.”

Complementing RBF funding for global advocacy and research efforts such as these is the Sustainable Development program's support of Ceres, Inc., for its work to harness the massive financial clout of global business leaders and the global investment community on behalf of solutions to climate change. "Clean energy investment is growing," Michael Northrop notes. "As the price of renewables falls and the feasibility of reducing emissions from buildings, vehicles, and other sources is demonstrated, the clean energy investment picture should continue to improve. But will it improve fast enough to cover the costs of the clean energy transition needed to mitigate climate change? One of the most important things policymakers could do, at all levels of governance, is to ensure that the investment climate for clean energy stays strong globally."

5. A major global conference is on the horizon, providing a focal point for organizing and policy development.

The question of what national policymakers are willing and able to do to mitigate climate change is very much on the table now, as the next big international climate meeting draws near. The stated objective of the 21st Conference of Parties to the U.N. Framework Convention on Climate Change, which will take place in Paris in December 2015, is to hammer out a binding and universal global agreement on climate. Governments around the world are beginning to debate the commitments they will make, and national and international NGOs—including the RBF's grantees—are using the Paris meeting as a focal point for organizing as they to ramp up their efforts to press for more ambitious government proposals. U.N. Secretary General Ban Ki Moon has said that addressing climate change is one of his top priorities; to jumpstart the Paris negotiation, he is planning a Leaders' Summit for heads of state at the U.N. in September 2014.

There are some encouraging signs. The United States is positioned to play a leadership role at this Conference of Parties, for the first time in many years. Greenhouse gas emissions in the United States have fallen every year since 2008 and the nation is now within striking distance of President Obama's pledge to reduce emissions by 17 percent below 2005 levels. Also



Photo courtesy of the Sierra Club.

In San Francisco and across the country, concerned citizens from the environmental, faith, clean energy, and environmental justice communities joined with parents, children, local community leaders, and others to support strong carbon protections for existing power plants.

for the first time, the United States is working cooperatively with other nations to advance specific climate initiatives. Serious back-channel negotiations are under way between the United States and China, which together account for 40 percent of global greenhouse gas emissions. The RBF and the Blue Moon Fund have been supporting high-level, informal dialogues among American and Chinese policy advisors and experts, focusing on how the two countries might collaborate to advance a strong global climate deal. A number of institutions have played a role in facilitating these dialogues, including the Center for American Progress, Chinese government-affiliated think tanks, the Global Environmental Institute, and the Carnegie Endowment for International Peace. These dialogues helped to lay the foundation for a new U.S.-China Joint Statement on Climate Change, signed in April 2013, and for the creation of a new U.S.-China Climate Change Working Group. More progress and trust-building on both sides will be needed, and it is not a given that the positive rhetoric will be matched by action. But on both sides, there appears to be significantly increased willingness to cooperate.

If the sense of urgency about climate change can be reinforced and amplified between now and the end of 2015, if collaboration and a virtuous cycle of competition among nations can be fostered, and particularly if the United States and China arrive in Paris with meaningful emissions reduction targets, this Conference of Parties could represent a real opportunity. It, alone, won't solve the problem of climate change, which will remain daunting under the best of scenarios, but it will help change the conversation from one in which responsible and aggressive action on climate is the exception, to one in which it is expected.

All of the organizations and institutions described in this essay—and many hundreds more around the world—are working to change that conversation and taking practical steps to bring carbon reduction efforts to scale, in diverse ways and settings. The sense of possibility being felt in the climate arena today is real. But by definition, it points to a future that is potential and not yet actual. Can we—will we—seize this pivotal moment, and turn the possibility of progress into an inevitability? ■

Charting Our Progress: 2011–2013

Charting Our Progress is an annual report of the Rockefeller Brothers Fund's activities over a three-year period. It offers an overview of the Fund's interests and provides details on the following RBF activities:


1. Investment Performance and Rate of Spending
2. Total Spending
3. Grantmaking
4. The Pocantico Center
5. Human Resources

The report also includes diversity data for the Fund's trustees and staff (see Human Resources section). The Diversity Project Update, available on the Fund's website, summarizes the progress made by the Fund's staff in collecting and analyzing data on diversity in the RBF's human resources, operations, grantmaking, public programs, and conference activities.

About the Rockefeller Brothers Fund

Founded in 1940, the Rockefeller Brothers Fund advances social change that contributes to a more just, sustainable, and peaceful world. The RBF's grantmaking is organized around three themes: Democratic Practice, Peacebuilding, and Sustainable Development. Though the Fund pursues its three program interests in a variety of geographic contexts, it 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 three pivotal places: New York City, Western Balkans, and Southern China.

Discerning and communicating the impact of our grantmaking and other program activities are essential to fulfilling our mission and commitment to stewardship, transparency, and accountability. The RBF carefully monitors performance—both institutional effectiveness and program impact. ***To learn more about this, visit the Foundation Performance page on the Fund's website at www.rbf.org/content/foundation-performance.***



Investment Performance and Rate of Spending

In 2013, the Rockefeller Brothers Fund portfolio continued to experience overall market growth since its 2009 recession low of \$609 million, finishing the year at approximately \$844 million. The 2013 value reflects the net impact of annual performance of 15 percent and total spending of approximately \$41 million in expenditures that count toward the minimum distribution requirement, plus \$3 million for investment-related expenses.

Despite portfolio growth, the Fund experienced a gap between the average market values of investment assets used to set its program spending budgets for 2010 through 2013, and the respective actual average market values. Given actual portfolio performance, net of spending, the Fund experienced a significant decline in its payout requirements. As a result, the Fund exceeded the minimum IRS distribution generating approximately \$38 million in cumulative excess distributions from 2009–2013, including the costs associated with the 2009 office relocation and green buildout. These carryforward credits can be applied against future I.R.S. spending requirements. This overspending was approved by the trustees in the annual budgeting process, as the Fund sought to balance the challenges of a reduced portfolio against the important programmatic priorities related to the Fund's mission.

Total spending as a percentage of the average market value of investment assets through the year was 5.04 percent in 2013. This compares with 5.62 percent in 2012 and 5.47 in 2011.

Investment Performance and Rate of Spending

	2011	2012	2013
Investment Portfolio (12/31)	\$ 726,788,000	\$ 772,011,000	\$ 844,099,000
Average Market Value of Portfolio	\$ 751,592,000	\$ 748,314,000	\$ 804,135,000
Average Value Used for Budget	\$ 802,246,000	\$ 784,544,000	\$ 729,918,000
Investment Performance (net of fees)	3.20%	12.03%	15.00%
Consumer Price Index	3.16%	2.10%	1.50%
Total Spending*	\$ 41,144,528	\$ 42,029,000	\$ 40,522,000
Total Spending as a % of Average Market Value of Portfolio	5.47%	5.62%	5.04%

* Exclusive of investment-related expenditures and excise taxes.



Total Spending

Total spending for 2013 was \$40,522,000, reflecting a reduction of approximately \$1.5 million from total spending in 2012 of \$42,029,000. This decrease was primarily attributable to decreased grants from donor contributions. When excluding core operating costs of The Pocantico Center from the RBF's spending figures, grants represented 75 percent of the RBF's spending in 2013, which is consistent with previous years. In addition to \$27.4 million in grant payments, the Fund spent a combined total of \$2 million to further support grantees and other nonprofit organizations through program-related expenditures, conferences and public programs at The Pocantico Center, other conferences and special events, and direct charitable activities. Spending on grantmaking and administration at the Fund's headquarters, and operations in Southern China and the Western Balkans, accounted for 90 percent of total spending, and The Pocantico Center for 10 percent.

Key Terminology

Spending: Expenditures that count toward satisfying the minimum I.R.S. distribution requirement. Under I.R.S. regulations, a private foundation generally must distribute at least 5 percent of the market value of its investments to support its mission. This amount for the Fund includes grants, program-related expenses, conferences and events, administration costs, and core operating and maintenance costs of The Pocantico Center.

Donor Contributions: When a donor prefers to work through the RBF, the Fund may accept contributions that are consistent with its philanthropic mission and enhance or complement its grantmaking. **To read the Fund's donor contributions policy, visit <http://www.rbf.org/content/donor-contributions-policy>.**

Program-Related Expenditures: Non-grant expenses for activities that support the RBF's grantmaking. This includes expenses such as consultancies and various expenses associated with convenings of the Fund.

Direct Charitable Activities: Activities that are classified as administrative expenses, although they represent charitable activities (e.g. technical assistance and board service) carried out directly by the RBF staff.

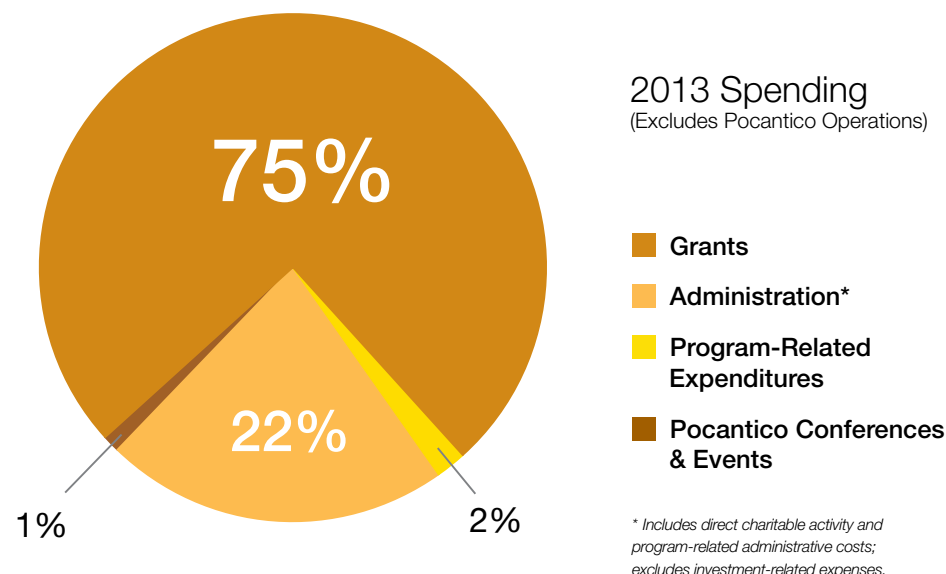
Total Spending[†]

	2011	2012	2013
Grants Paid*	\$ 28,343,000	\$ 29,097,000	\$ 27,399,000
Program-Related Expenditures	222,000	148,000	625,000
Administration**	8,393,000	8,582,000	8,170,000
Conferences & Events	388,000	361,000	407,000
Pocantico Conferences & Public Programs	328,000	197,000	286,000
Other Conferences & Special Events	60,000	164,000	121,000
Subtotal, Spending	\$ 37,346,000	\$ 38,188,000	\$ 36,601,000
Core Pocantico Operations	3,798,000	3,841,000	3,921,000
Grand Total, Spending	\$ 41,144,000	\$ 42,029,000	\$ 40,522,000

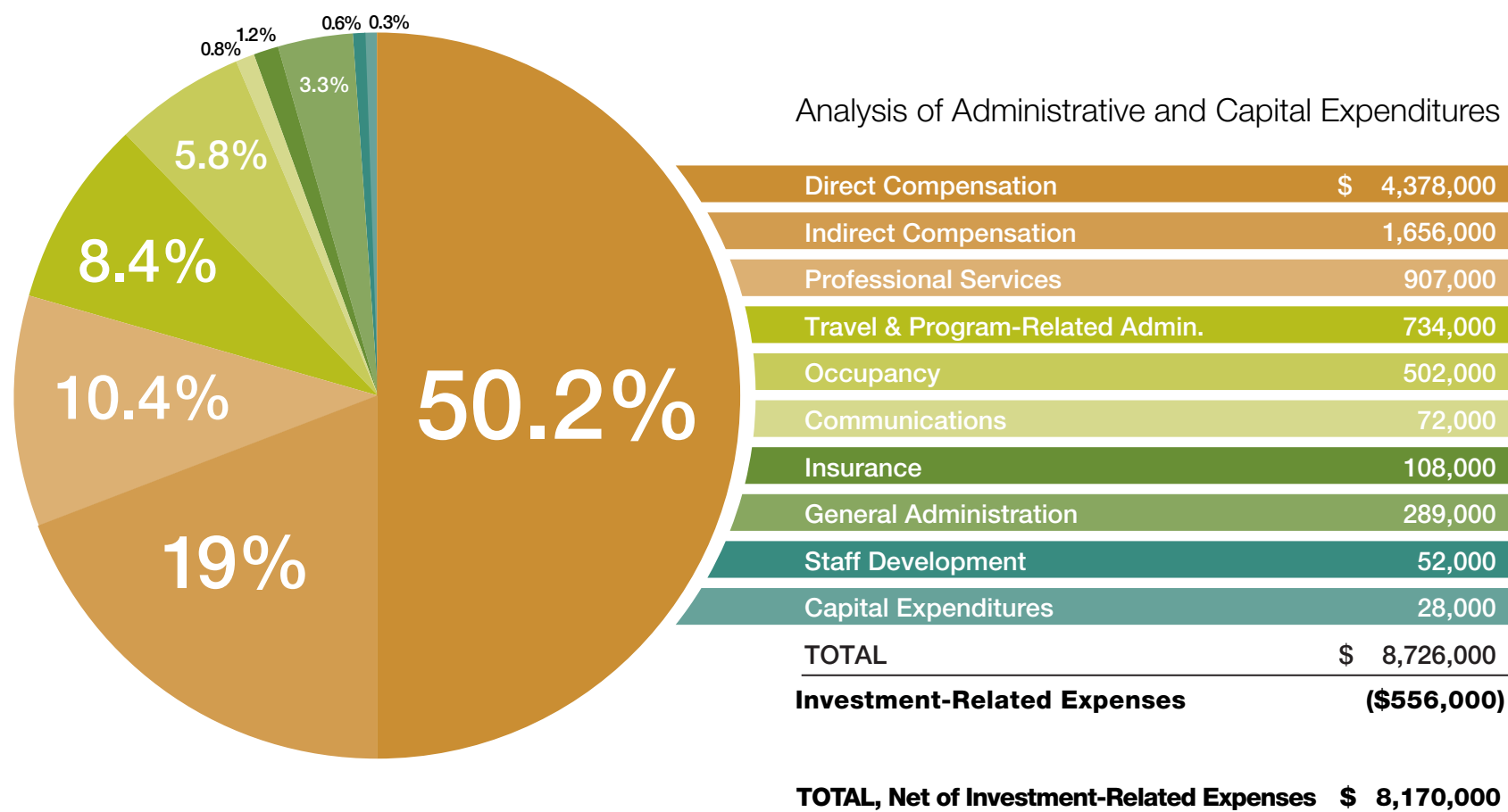
[†] Includes donor contributions.

^{*} Includes grant payments and employee matching gifts.

^{**} Includes direct charitable activity and program-related administrative costs; excludes investment-related expenses.



The Rockefeller Brothers Fund's combined administrative and capital expenses, net of estimated investment-related expenses, totaled \$8,170,000 in 2013. This does not include Pocantico operations. Personnel costs (direct and indirect compensation) accounted for 69 percent of total administrative expenses, consistent with 69 percent in 2012 and 69 percent in 2011. Cost-saving measures implemented across the organization following the 2008 recession have been maintained in order to keep administrative expenditures as lean as possible.





Grantmaking

Overview

In 2013, the Rockefeller Brothers Fund awarded 265 grants, totaling \$28,025,209. This amount differs from the grants paid figure (\$27,399,000) as some grants are payable over more than one year. The Fund entered the year with approximately 26 percent of the overall grantmaking budget committed for payment on grants awarded in prior years.

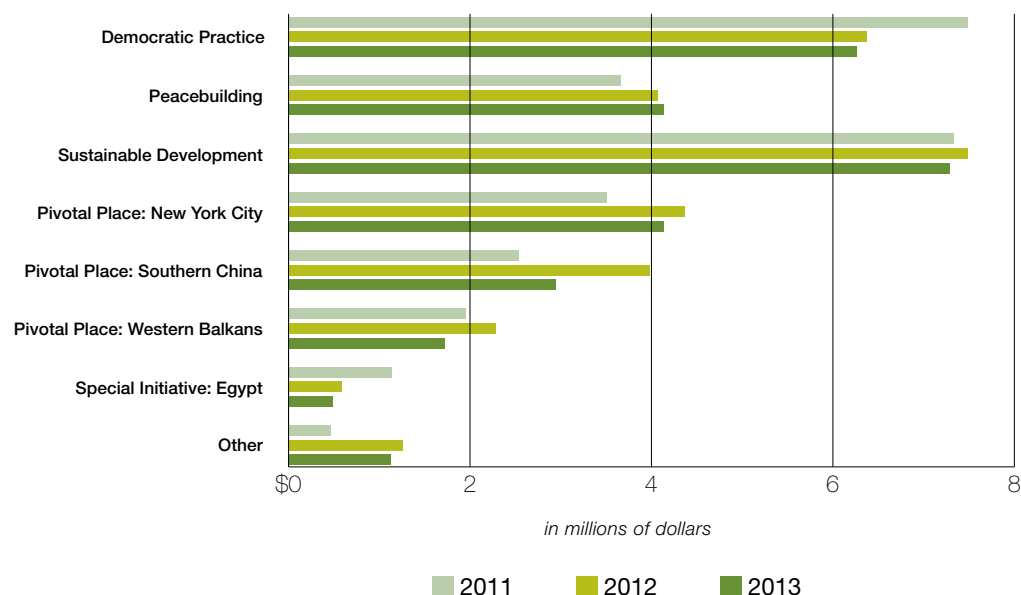
Grantmaking figures include contributions received from external sources used to support the Fund's grantmaking endeavors. In total, the Fund received \$2.8 million from individuals and other foundations to support the RBF's grantmaking. In 2013, the Fund drew on these contributions to support the Fund's Sustainable Development and Peacebuilding programs, as well as grantmaking in Egypt.

Grants categorized as 'other' primarily reflect the Fund's support of nonprofit and philanthropic infrastructure organizations, as well as the RBF's Travel and Learning Fund at the Institute of International Education. For 2013, grants related to Typhoon Haiyan relief and recovery are also included within this category.

Approximately one quarter of the Fund's grants in 2013 were for two or more years. The average grant size increased from \$91,637 in 2012 to \$105,755 in 2013.

The grantmaking described here is in addition to approximately \$2 million that is included in the Total Spending section which supported activities that further the Fund's grantmaking but do not take the form of grants, including consultancies and conferences. In 2013, the Fund sponsored and hosted two new and important forums: the Balkan Forum and the Egypt Economic Reform Forum.

Grant Dollars Awarded



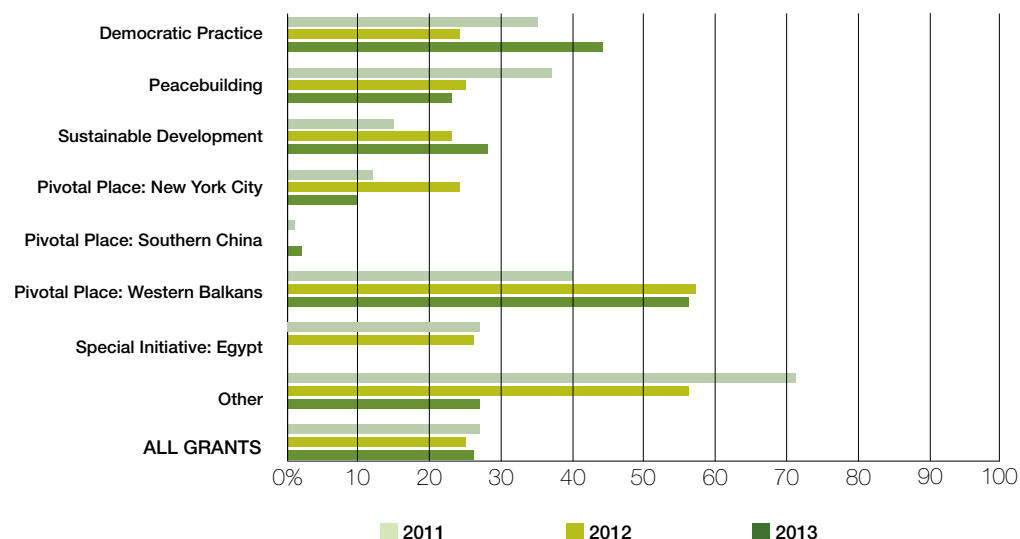
Number of Grants Awarded by Program

	2011	2012	2013
Democratic Practice	86	82	69
Peacebuilding	37	26	33
Sustainable Development	62	67	60
Pivotal Place: New York City	57	59	47
Pivotal Place: Southern China	22	24	16
Pivotal Place: Western Balkans	28	29	22
Special Initiative: Egypt	11	5	4
Other	12	21	14
Total	315	313	265

Type of Grant Support

Twenty-six percent of all grant dollars awarded in 2013 provided general support to assist grantees in meeting core operating needs which is largely consistent with previous years. This figure varies year to year within programs depending on the nature and size of grant requests from grantees.

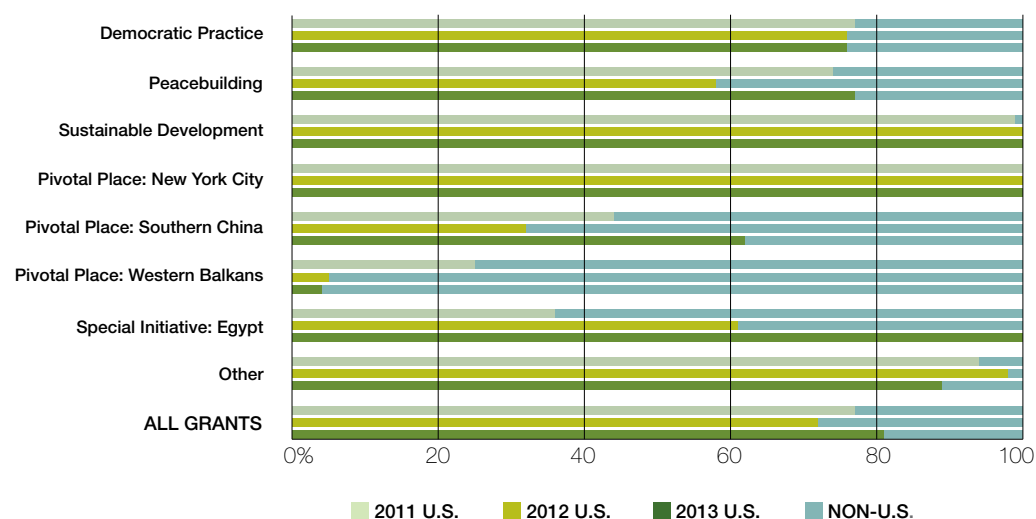
Percent of Dollars Awarded for General Support



Location of Grantees

U.S. organizations were awarded 81 percent of all new grant dollars approved in 2013. While a slight increase from 2012, half of the grantmaking dollars the Fund awarded in 2013 was for work with a focus outside of the United States. This figure varies with the calculation of grants awarded to U.S. organizations since grants may be awarded to a U.S.-headquartered organization for its work overseas.

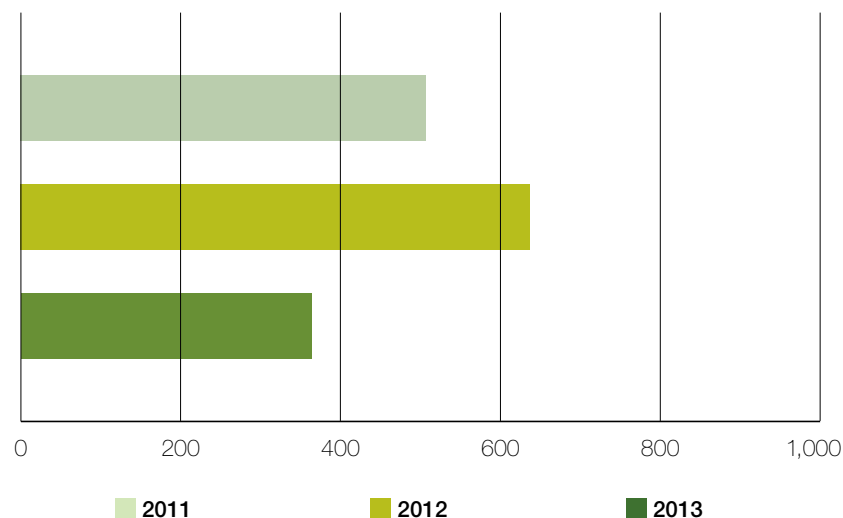
Percent of Dollars Awarded by Location of Grantee



Declinations

The Fund declined 365 requests for support in 2013. While a significant decrease from 2012, the 2012 figure includes 116 declinations sent in response to the Charles E. Culpeper Arts and Culture request for proposals; the 2013 figure does not as the RFP was not offered in 2013. This record of declinations does not include informal inquiries about the likelihood of Fund support. New grantees received 16 percent of grants awarded in 2013, and of grants awarded to previous grantees, 29 percent were for new purposes. The Fund publishes program guidelines in an effort to convey what it seeks to support, thereby reducing the number of unsolicited proposals that do not lead to grants.

Total Declinations





The Pocantico Center

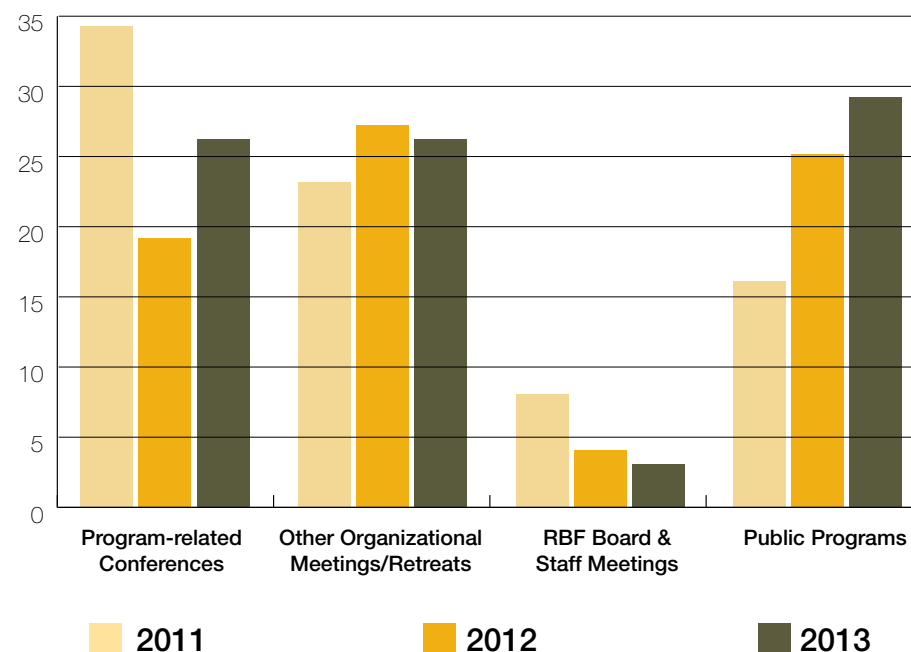
Overview

The Pocantico Center is a venue for conferences and meetings on critical issues related to the Fund's mission. It also serves as a community resource and offers public access through a visitation program, lectures, and cultural events, as well as support to artists and arts organizations in the greater New York City area. The RBF's stewardship of the Pocantico Historic Area includes overseeing the maintenance, care, conservation, and restoration of the historic buildings, gardens, and collections of decorative and fine art. Located 20 miles north of Manhattan in the Pocantico Historic Area, The Pocantico Center is managed by the Rockefeller Brothers Fund as part of its agreement with the National Trust for Historic Preservation.

In 2013, The Pocantico Center held 55 conferences and meetings and 29 public programs. Of these, 26 conferences directly related to the Fund's grantmaking programs, while 26 meetings/retreats supported activities of other organizational partners, whose objectives are consistent with those of the Fund. There were 16 Pocantico artist residencies in 2013. In addition, 34,321 people visited the Pocantico Historic area in 2013.

For more about The Pocantico Center, visit The Pocantico Center's page on the Fund's website at www.rbf.org/pocantico-center.

Conferences, Meetings, and Public Programs



Public Access

Number of Participants Attending Conferences, Meetings, and Public Programs

	2011	2012	2013
Participants	2,746	2,766	3,179

Number of Historic Tour Visitors

	2011	2012	2013
Visitors	30,397	30,914	34,321



Human Resources

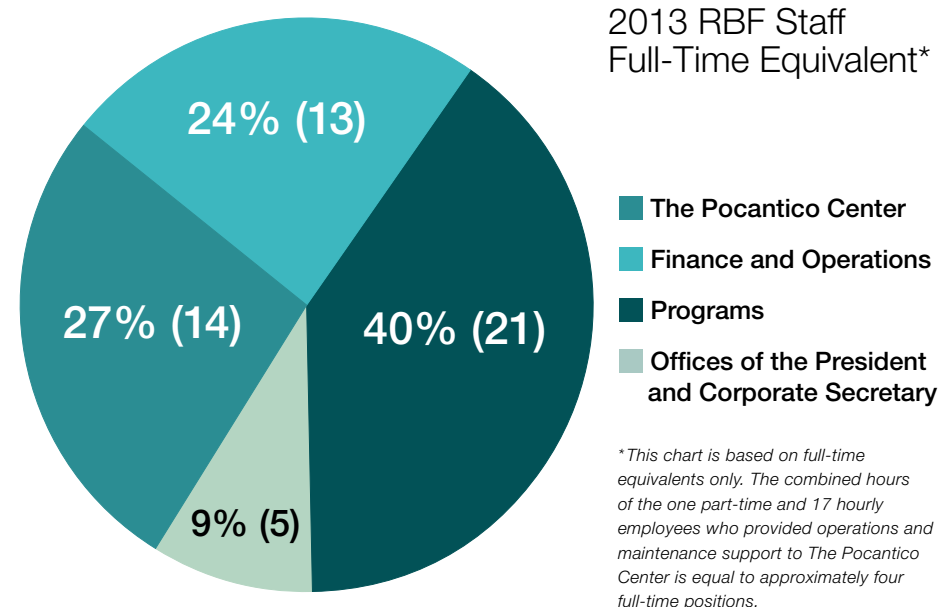
Human Resources

The Fund's 2013 staff total was 67, which included 46 full-time and 21 part-time, employees. Of these part-time employees, one worked in Finance and Operations; one worked in Programs; one worked in the Office of the President; and one part-time and 17 hourly employees provided operations and maintenance support to The Pocantico Center. The combined hours of these Pocantico staff members (part-time and hourly) are equal to approximately four full-time positions. The Fund filled four vacancies in 2013. The average tenure of RBF employees in 2013 was 10 years, and the average age was 52.

In 2013, certain services of the Rockefeller Brothers Fund's Human Resources, Operations, Accounting, and Information Technology departments were shared with the Rockefeller Family Fund, V. Kann Rasmussen Foundation, and National Purpose Initiative. In addition, the Human Resources and Accounting departments provided support to the American Conservation Association, Asian Cultural Council, the David Rockefeller Fund, Environmental Grantmakers Association, Rockefeller Archives Center, and the Trust for Mutual Understanding. These organizations reimbursed the RBF for their share of these services.

Tenure of RBF Employees

Tenure	2011		2012		2013	
Less than 5 years	26	41%	16	27%	19	28%
5–10 years	16	25%	21	35%	24	36%
11–14 years	5	8%	7	12%	7	10%
15–19 years	11	17%	7	12%	6	9%
20–24 years	2	3%	6	10%	8	12%
25 years or more	3	5%	3	5%	3	4%
Total	63	100%	60	100%	67	100%
Average Length of Service	9.5 years		10.8 years		10.3 years	



Diversity

The 2013 RBF board of trustees included 16 trustees: 88 percent White, 6 percent Black or African-American, and 6 percent Asian or South Asian. Women comprised 50 percent of the board of trustees. Half of the trustees are members of the Rockefeller family, including five from the fifth generation.

In 2013, the RBF staff total was 67, which included 46 full-time and 21 part-time employees. It was comprised of: 66 percent White, 15 percent Black or African-American, 10 percent Hispanic or Latino, 7 percent Asian or South Asian, and 1 percent Two or More Races. Women represented 78 percent of the staff.

The Rockefeller Brothers Fund regularly reviews its performance with regard to diversity, both internally and in its external activities, including grantmaking. ***To learn more about the RBF's efforts with regard to diversity, visit the Diversity, Equity, and Inclusion page on the Fund's website at www.rbf.org/content/diversity-equity-and-inclusion.***

