

THE
ROCKEFELLER
FOUNDATION

2009

ANNUAL REPORT



1 **PRESIDENTS LETTER**

2 **OUR WORK IN 2009**

2 **ESTABLISHING NETWORKS**

Building Disease Sensing Networks in the Developing World

Developing Climate Change Resilience in Growing Asian Cities

Employing New Models to Source and Distribute Capital

Harnessing the Private Sector to Improve Global Health

Creating New Means of Global Insight, Analysis, and Impact

8 **CONVENING PARTNERSHIPS**

Improving Economic Security for Unemployed American Workers

Increasing Collaboration Between Leading Global Thinkers

Accelerating the Mobile Health Revolution

12 **DRIVING INNOVATION**

Promoting Sustainable Transportation Policies

Providing Capital to the “Missing Middle”

Protecting New York Harbor Against Rising Tides

Mitigating Climate Risk to African Agriculture

Transforming Urban Crises into Opportunities

19 **FISCAL STEWARDSHIP**

Statement of Financial Position

Statement of Activities

21 **FOUNDATION TRUSTEES**

PRESIDENT'S LETTER


The recent, global triple-threat of economic, climate, and pandemic crises reminded us of the need for rapid, enlightened action to confront the world's urgent challenges. That is exactly what the Rockefeller Foundation strives to achieve and enable by promoting smart globalization – our efforts to ensure globalization's benefits are more widely shared and its complex, inescapable challenges are more easily weathered.

In 2009, we pursued interventions that contributed to smart globalization, while maintaining our single-minded focus on results and impact. We fostered innovation in markets, organizations, products, and processes. We built capacity and leveraged resources. We found and funded new pilot projects, scaled successful ventures, and contributed to the resilience of communities around the world.

An important focus of our effort to build a world with more equitable opportunities and more resilient communities involved establishing networks, convening partnerships, and driving innovation. We have chosen to make our investments in these three approaches the theme of this 2009 annual report.

You will find several rich examples of the Foundation's work over the past year presented in greater context and detail. Read about our recent philanthropic efforts, each reflecting one of these three Foundation core capabilities and illustrating some of the work we've undertaken over the last year. You can also view a full listing of our 2009 grants at www.rockefellerfoundation.org/grants.

In 2009, a year of profound change, the Rockefeller Foundation continued its focus on the twin pillars of its strategy - building resilience and supporting more equitable growth. As we look ahead to a new decade, financially strong and passionately focused, the nature of our challenges will continue to shift, but the defining qualities of our Foundation will stay constant to meet them.



Judith Rodin
President

ESTABLISHING NETWORKS



From climate change and environmental degradation to the dire need for sustainable urbanization and universal health care, the 21st century challenges we face are deeply interwoven.

Networks are therefore an inherently powerful means of bolstering global resilience, and in 2009, network building grew as a critical aspect of our work:

Building Disease-Sensing Networks in the Developing World

To prevent the spread of future pandemics, the Foundation is helping countries in Southeast Asia and Southern and Eastern Africa to build regional disease-sensing networks. Active cooperation on public health issues is giving these countries the tools to stop serious disease outbreaks before they occur.

Developing Climate Change Resilience in Growing Asian Cities

To help new urban centers safeguard against the threats of climate change, the Foundation has established a knowledge-sharing network between several Asian cities. These cities meet to discuss successes and failures as they attempt to sustainably manage their rapid growth, sharing best practices and developing new standards of urban design.

Employing New Models to Source and Distribute Capital

To tap into new sources of capital to solve social problems, the Foundation helped create the Global Impact Investing Network to educate and support the use of investment that seeks both financial and social returns as an important complement to our philanthropic work.

Harnessing the Private Sector to Improve Global Health

In many developing countries, 50-80 percent of the provision and financing of health care is private. In many of the world's poorest and most populous nations more than half of total health expenditures are out-of-pocket. Over the past two years, the Foundation has been uniting private sector caregivers, policy makers and governments to strengthen health systems.

Creating New Means of Global Insight, Analysis, and Impact

Networks are critical to better understand and navigate the growing complexity of our globalized world. In 2009, the Rockefeller Foundation supported a forward-looking network of trend monitoring organizations known as "Searchlight" – an innovative mechanism that scans for novel ideas, researches results, and uncovers "clues" to new challenges.



ESTABLISHING NETWORKS

BUILDING DISEASE-SENSING NETWORKS IN THE DEVELOPING WORLD

In 2009, the world faced an influenza pandemic. In March, a 4-year-old boy in La Gloria, Mexico contracted a unique upper respiratory infection, what would soon be identified as H1N1, or swine flu. Two weeks later, a woman in Oaxaca, Mexico, became swine flu's first casualty. Two weeks after that, more than 100 New York high school students were ill with flu-like symptoms, many having recently returned from a trip to Mexico.

Within two-and-a-half months, swine flu had swept the globe spreading from a tiny village in Mexico to the largest, densest cities in the world, killing thousands on its global trek.

Pandemics have never recognized human borders, but the scale at which we now travel and trade means they can spread with alarming speed. In order to counter modern plagues, we must use modern methods. In addition to developing medicines and vaccines, we must quickly detect and isolate new viruses, preventing them from growing into global killers.

Rapid disease detection is the first and most important step to preventing massive deaths from new epidemics. Disease sensing networks designed to monitor both human and animal health can lead to early detection of an outbreak, and transmit information rapidly across borders. Unfortunately, in the developing world, countries lack the capacity to effectively monitor and report the first signs of outbreaks, let alone coordinate such information with neighbors.

To help build this capacity and head off potential pandemics, the Rockefeller Foundation supported the MBDS, the Mekong Basin Disease Surveillance Network; SACIDS, the Southern African Centre for Infectious Disease Surveillance and EAIDSNET, the East African Integrated Disease Surveillance Network. Operating across multiple countries, these networks are designed to coordinate and contribute to these countries' capacity to conduct surveillance within their own borders, and to share with their neighbors a focused regional response to infectious disease outbreaks.

Currently, SACIDS and EAIDSNET are testing the efficacy of mobile disease surveillance technologies, using smartphones to collect and transmit medical data, and resource mapping to plan outbreak responses. And unlike previous public health response units in the region, these networks critically examine both human and animal disease outbreaks, helping to prevent the next swine flu from becoming a global pandemic.



ESTABLISHING NETWORKS

DEVELOPING CLIMATE CHANGE RESILIENCE IN GROWING ASIAN CITIES

In 2008, for the first time in human history, more people lived in cities than in rural areas. In China, more people assembled hard drives and mobile phones in the factories of Guangdong and loaded cargo in Shanghai's port, the world's busiest. In India, more people took calls in the customer service centers of Hyderabad, drove motorized rickshaws through the vibrant streets of Mumbai, and spun cotton yarn into fabric in the textile mills of Gujarat. And throughout Asia, Africa and Latin America, more people sacrificed living with their families in rural villages for a chance to bring them a better life working higher-paying jobs in coastal metropolises.

Nowhere is the impact of this phenomenon more acute than in Asia. Already, there are 411 cities in the world with populations of more than 1 million; 194 of these cities are in Asia with 60 in China alone. More will soon form. By 2050, 65% of Asia's population, nearly 3.4 billion people, will reside in cities. The largest cities of the future may not even merit boldface on today's maps.

While we grapple with the consequences of this staggering global trend, we witness yet another: a shifting, warming climate. As more people concentrate themselves in urban centers, the risk increases that a strong hurricane or other sustained drought leads to death and devastation on a massive scale.

To safeguard our urban future, our cities must be resilient in the face of global climate change. As cities in Asia grow, and new ones emerge, they have the potential to build infrastructure and housing that can better withstand environmental threats, and through wise land use employ natural defenses against storms and flooding.

Ensuring a quick recovery after a disaster is just as important. Effective disaster management and response policies and the allocation of contingency funding can limit devastation and lower costs in the face of catastrophe. To help ensure that Asian cities grow resiliently and equitably, the Rockefeller Foundation helped support the formation of the Asian Cities Climate Change Resilience Network (ACCCRN), designed to help cities grow in a manner that acknowledges and prepares for an unpredictable climate.

Focused on securing poor and vulnerable communities, ACCCRN helps cities develop and identify best practices for climate-resilient growth, and develops effective, agile ways to implement those practices. The successes of individual cities are quickly taught and disseminated across the network of cities, making certain no lessons are lost.

In 2009, with support from the Rockefeller Foundation, ACCCRN completed its final city selection process, and is now operational in 10 cities across India, Indonesia, Thailand and Vietnam. By engaging with key stakeholders such as city officials, research experts, national and local governments, NGOs, and think tanks, ACCCRN is creating detailed vulnerability assessments. These will be instrumental in identifying climate shock susceptibilities as well as building the necessary response capacity. Comprehensive sector studies are also being conducted for a wide array of issues including health, housing, and water, energy and flood management. These analyses will help each city identify its most vulnerable populations and devise effective strategies to minimize the damage done by climate change.



ESTABLISHING NETWORKS

EMPLOYING NEW MODELS TO SOURCE AND DISTRIBUTE CAPITAL

There were many casualties of the recent economic and financial crisis. In the U.S., 8 million people lost their jobs and corporations posted record losses. Global wealth was eroded on a mammoth scale, and economic downturns around the world meant existing social problems would soon be exacerbated by the swelling ranks of the impoverished.

While the number of people in need around the world grew, the resources available to address their need shrank. In the United States, charitable giving fell by the largest percentage in five decades, after peaking in 2007 at \$314 billion.

The current economic climate demands that the Rockefeller Foundation embrace new models of philanthropy, models that may challenge conventional beliefs about the role of charity and the lines drawn between the public, private and philanthropic sectors.

To increase the amount of capital available to combat social ills, the Rockefeller Foundation has supported efforts to expand the reach of impact investing, for-profit investment that seeks to deliver both financial and social returns, in order to bring new tools to focus on solutions to intractable problems. Despite widespread enthusiasm, a lack of market structures has prevented impact investing from achieving the scale necessary to effectively serve as an additional mechanism to address the world's most difficult social and environmental problems.

In 2009, the Rockefeller Foundation helped create the Global Impact Investing Network (GIIN), a non-profit organization dedicated to increasing both the scale and effectiveness of impact investing. The Network created a platform for impact investors, including financial services companies and large-scale foundations, to work together to build the market infrastructure necessary to demonstrate the viability of the impact investing industry.

One of the Network's first efforts was to establish Impact Reporting and Investment Standards (IRIS), creating a uniform language and reporting framework for measuring and monitoring the social performance of impact investments. By establishing these global standards, the GIIN is bringing the transparency and credibility necessary to deploy more private capital in the service of combatting social ills.

Already, these standards are being used to track the social and environmental performance of investments that provide financing for solar energy in Ghana, support affordable healthcare in India, and expand a coffee cooperative in Bolivia.



ESTABLISHING NETWORKS

HARNESSING THE PRIVATE SECTOR TO IMPROVE GLOBAL HEALTH

Our efforts at improving health systems around the world are tied to achieving access to affordable, quality health care for all citizens. This is a difficult, ambitious prospect, one that still confounds many countries in the developed world. Not only must we work with key stakeholders about the benefits of universal coverage, which will provide greater financial protection, but we must also help build the capacity to deliver high-quality, accessible health care. A key part of both efforts, as the World Health Assembly recently recognized, is leveraging the reach of private sector health systems.

In much of the developing world, 50-80 percent of provided health care is private. These private caregivers work independently of governments and each other, preventing the spread of innovations about effective approaches and models. To help ensure these crucial health findings are spread, the Rockefeller Foundation in 2009 helped create the Center for Health Market Innovations (CHMI). The CHMI maps, tracks, and analyzes health innovations designed to improve health outcomes and lower the cost of care. Its ultimate objective is to accelerate the diffusion and replication of the best innovations.

In addition to improving the performance of private healthcare providers, the Foundation is working to improve oversight and accountability of the private health sector. Despite its size and potential for improving public health, the private health sector is often neglected in health systems. Without adequate accountability mechanisms, the quality of services provided by the private sector can be hugely variable, especially for poor and vulnerable patients.

The Foundation is working to ensure the private sector is leveraged more effectively to achieve national health outcomes. In 2009, we worked to promote a global policy and practice agenda that takes a more inclusive approach toward the private health sector. And we will continue our work to bring promising, innovative private sector policies and models to the attention of the global health and donor communities.



ESTABLISHING NETWORKS

CREATING NEW MEANS OF GLOBAL INSIGHT, ANALYSIS, AND IMPACT

From the billions of data-exchanging devices that comprise the World Wide Web, to the impossibly intricate neural connections that give rise to human learning, networks are fundamental structures of insight and information. To understand, to adapt, and to thrive, we turn to networks. Today, they are particularly needed to better understand and navigate the growing complexity of our globalized world.

To that end, in 2009, the Rockefeller Foundation supported a forward-looking network of trend monitoring organizations known as “Searchlight” – an innovative mechanism that scans for novel ideas, researches results, and uncovers “clues” to new challenges and how we can surmount them.

Rockefeller’s Searchlight function is comprised of 10 grantees located throughout the developing world, in Africa, Asia, and the Americas. Each participating institution provides a series of regular, high-level insights

that point to the long-term implications of regional change in a variety of contexts. Searchlight’s interdisciplinary, multi-actor, and international analysis covers a wide range of views and expertise, from the social entrepreneur and business incubation lens of Intellectap in India, to the policy and social justice oriented mindset of the Center for Democracy and Development in Nigeria.

The Searchlight network has offered a unique and meaningful approach to understanding and impacting the broader context within which our grantees operate. For instance, through the Searchlight activities, the Strategic Foresight Group in India was able to initiate a discussion on the important topic of migration after sharing its forward-looking perspective with local and national policymakers. This important new network will continue to elevate planning and action among our grantees, and inform decision-making at a variety of levels throughout the Rockefeller Foundation.

CONVENING PARTNERSHIPS



The philanthropic sector plays a unique role in our global society. Working alongside the public, private and academic sectors, it informs, directs, and enables collective efforts to build strong and vibrant communities. The Rockefeller Foundation has attempted to play a catalytic role in this space by convening partnerships across sectors, coordinating the efforts of disparate groups around shared, singular goals. In 2009, organizing new partnerships was a centerpiece of our work:

Improving Economic Security for Unemployed American Workers

The employment crisis has left millions of Americans out of work. America's safety net does provide unemployment insurance (UI) benefits, but in many states there are gaps in coverage for low-wage, part-time, and even female workers. The Foundation brought together the National Employment Law Project, the nation's only think tank specializing in UI research, with several state governments to redesign their programs, compete for federal aid, and provide a stronger safety net for millions who had fallen through the cracks.

Increasing Collaboration Between Leading Global Actors

Collaboration, so often a key to producing shared knowledge and unleashing human capacity, happens too rarely amongst scholars of different disciplines. To help foster cross-disciplinary work between a diverse group of thinkers, the Rockefeller Foundation's Bellagio Center hosts policymakers, professionals, practitioners, scholars and artists from around the world.

Accelerating the Mobile Health Revolution

Around the world, the increasing ubiquity of mobile devices presents an important opportunity to efficiently and rapidly deliver critical health services. With a number of key partners, the Rockefeller Foundation established the Mobile Health Alliance to maximize the impact of this growing field, strengthen preventive and clinical care, and improve patient outcomes around the world.



CONVENING PARTNERSHIPS

IMPROVING ECONOMIC SECURITY FOR UNEMPLOYED AMERICAN WORKERS

In 2009, America began the long, difficult process of emerging from recession. The American economy is growing again, albeit slowly, while stock markets have largely recovered after posting staggering losses. But for the eight million people who lost their jobs over the last two years, the sluggish pace of recovery is little relief.

Unemployment insurance benefits provide critical support to those currently at sea in our economy, but with gaps in coverage and state budgets bursting, many have found themselves falling without a safety net. In some states, as many of two-thirds of unemployed workers were ineligible for coverage.

In 2009, the American Recovery and Reinvestment Act provided \$7 billion in incentive awards, encouraging states to close gaps in their unemployment insurance. States had to alter complex policies, many of them politically charged, to provide benefits to low-wage, female and part-time workers.

To help states compete for incentives and provide greater coverage for those out of work, the Rockefeller Foundation supported the National Employment Law Project (NELP), the nation's only national policy organization with deep legal and policy expertise regarding unemployment insurance. NELP provided in-depth technical assistance and non-partisan analysis in over 40 states, helping to identify major gaps in coverage and the best paths toward reform.



CONVENING PARTNERSHIPS

INCREASING COLLABORATION BETWEEN LEADING GLOBAL THINKERS

What we know today as the Renaissance was an era that saw an unheralded merging of various disciplines. A diverse group of scientists and sculptors, philosophers and poets, artists and academics converged upon Florence and other European cities, learning from each other while breaking down disciplines. This unique historical moment inspired innovations in medicine, mathematics, and astronomy that became the foundation of our modern society.

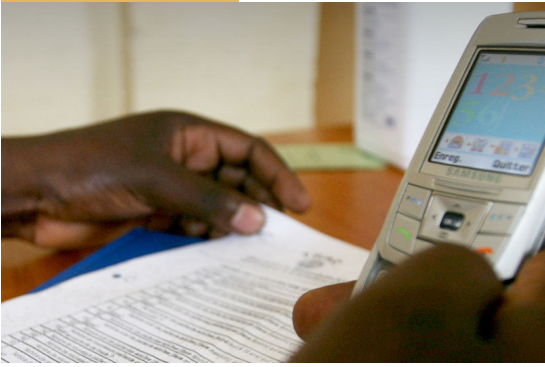
The Rockefeller Foundation has long believed in the wisdom of bringing people with differing perspectives and different training together to unlock new innovations. We helped pioneer modern interdisciplinary research, supporting the collaboration between biologist George Beadle and chemist Linus Pauling, creating the new field of biochemistry and sponsoring work that led both scientists to Nobel Prize winning work. Throughout our near-century of work, we've continued this tradition, combining realms of thought to create new disciplines, including public health, molecular biology, and urban theory.

The Rockefeller Foundation's Bellagio Center was designed to foster exactly this kind of path-breaking intellectual discourse. The Center annually hosts

residencies for policymakers, professionals, practitioners, scholars, and artists from around the world. Fellows spend their days working on individual or collaborative projects, then meet in the evenings to share findings and ideas and seek feedback. A frequent schedule of conferences at the Center brings representatives from global institutions together to discuss some of our world's greatest challenges.

In 2009, the Foundation hosted 43 conferences at the Bellagio Center, with nearly 1,000 participants, three-quarters of whom live outside the United States. In fact, 33 percent of our conference participants in 2009 came from the developing world, demonstrating the growing influence that emerging countries will have on global progress and thought.

In the same year, we welcomed 89 fellows for residencies. By bringing these intellectually and geographically diverse scholars to Italy, we hope to extend a 600-year-old tradition of convening novel partnerships to unlock new trajectories in thought, art, and human progress.



CONVENING PARTNERSHIPS

ACCELERATING THE MOBILE HEALTH REVOLUTION

Several hundred thousand smart-phones are activated around the world each day. Mobile data transmission increased by more than twofold last year. Five billion people currently have access to mobile technology. These trends portend powerfully of explosive, unknown technological advancement in the coming years, particularly in health care delivery.

Around the world, the increasing ubiquity of mobile devices presents an important opportunity to efficiently and rapidly deliver critical health services, from education to prevention to remote data collection and monitoring. The new field of mobile health is already making strides in providing training for health care workers, disease tracking, and diagnostic treatment and support for rural populations in the developing world.

In 2009, to scale and grow the mobile health revolution, the Rockefeller Foundation, the United Nations Foundation and The Vodafone Foundation—three of the

leading foundations in global health, technology and humanitarian assistance—banded together to create the Mobile Health Alliance. The United States' "President's Emergency Plan for AIDS Relief" (PEPFAR) has also joined the mHealth Alliance as a key partner.

The Alliance is designed to maximize the impact of mobile health, particularly in developing countries, strengthening preventive and clinical health care and improving patient outcomes. In 2009, it continued to broker product development, offer thought leadership, and thoroughly map this burgeoning space. Already, the Alliance is driving the Maternal and Newborn mHealth Initiative, working with the U.N. Secretary General, the World Health Organization, and other partners to create an integrated information system underpinning the continuum of care to advance this key Millennium Development Goal.

DRIVING INNOVATION



Throughout our history, the Rockefeller Foundation has driven innovation. This drive has characterized our most impactful work, and plays a vital role in confronting challenges that are imposing, complex, and evolving. Indeed, such challenges can outpace our ability to counter them. Food insecurity becomes exacerbated by climate change; city transportation and infrastructure becomes overwhelmed by rapid urban migration. To face these dynamic challenges, we must innovate with the same speed and determination – a key feature of our efforts in the past year:

Promoting Sustainable Transportation Policies

America's transportation policies and infrastructure are in dire need of reform. Not only have roadways and bridges begun to deteriorate, but the size and scale of our sprawl has led to overdependence on car ownership and the fossil fuels that power them. The Foundation has supported novel research, non-partisan policy analysis, and public awareness campaigns to transform American transportation networks. We've also helped create competitive investment challenges, directing funds to climate-conscious public transit programs.

Providing Capital to the "Missing Middle"

Microfinance has done a miraculous job of extending credit to the poor, while banks are able to direct capital to large corporations in the developing world. But what happens to the small and growing businesses, the small farms and artisanal craft makers that are most effective at lifting villagers out of poverty? The Foundation is working to develop new models of credit assistance, to ensure the "missing middle" can help provide a mechanism to provide jobs to the poor and stabilize communities.

Protecting New York Harbor Against Rising Tides

With global climate change leading to polar melting and rising waters, the Rockefeller Foundation commissioned a number of leading architectural and urban design firms to devise new ways to protect low-lying coastal cities. Their work led to the "Rising Currents" exhibit at the Museum of Modern Art, a reimagining of New York Harbor as a sustainable, thriving coastline, able to resist the threat of floods and wave damage.

Mitigating Climate Risk to African Agriculture

Subsistence agriculture is the only route millions of rural poor have to escape poverty. But the already risky venture of investing in next season's harvest is being made more so by the impact of climate change. The Foundation is funding the effort to create new, innovative weather insurance products at prices that are affordable to poor subsistence farmers. The growth of these markets will help protect those farmers, and help safeguard a Green Revolution in Africa.

Transforming Urban Crises into Opportunities

Today, for the first time in history, more people around the world live in cities than in rural regions. However, in developing nations, the urban poor have little or no access to land or services in their own cities. In 2009, the Foundation supported Shack/Slum Dwellers International (SDI) to better leverage its resources to reduce poverty, landlessness and homelessness more effectively.



DRIVING INNOVATION

PROMOTING SUSTAINABLE TRANSPORTATION POLICIES

It is easy to overlook the importance of transportation in American life. But our transportation networks are extremely influential, determining the shape of our communities, our access to jobs and services, and the safety of our families.

In America, congested streets, crumbling bridges and motorways, and a lack of mass transit options are undercutting economic productivity, and harming both the quality of our lives and the health of our environment. Each year, American workers spend the equivalent of an entire workweek sitting in traffic, while they burn 2.9 billion gallons of fuel in bumper-to-bumper congestion. This wasted gas and wasted time represents \$78.2 billion in squandered resources annually.

But those who must sit in traffic might be considered the lucky ones. Millions of poor Americans, unable to afford a car, must commute for hours on public transit to reach their jobs, making multiple transfers between sparse, poorly linked routes. On average they spend significantly more time commuting to work than wealthier Americans, despite living closer to their jobs.

Of course, our transportation policies also threaten the environment: automobile exhaust is the fastest growing source of greenhouse gas emissions both in America and around the world.

In 2009, to define a new vision for transportation in America, the Rockefeller Foundation supported novel research, non-partisan policy analysis and public

awareness campaigns, highlighting the environmental, energy, and equity challenges of transit in the US.

The Rockefeller Foundation facilitated a dialogue among key stakeholders at national and local levels regarding the need for more sustainable and affordable transportation options throughout the country. We helped create a broad network of over 450 organizations to work together on transportation policy issues. These organizations, from the American Association of Retired Persons to the National Resources Defense Council, are advocating the formation of more sustainable, livable communities.

By supporting grantees like Smart Growth America, we have helped create competitive investment challenges to direct federal dollars to deserving, climate-conscious programs. Our work has helped inform federal efforts that emphasize livability, creating communities with transportation options that are energy efficient and equitable.

In 2009, we also helped the Center for Neighborhood Technology develop powerful online tools to help cities and consumers make informed transportation decisions. These tools help consumers calculate the true costs of transportation, learn how pedestrian-friendly a neighborhood is, and describe public transit options for a given address.



DRIVING INNOVATION

PROVIDING CAPITAL TO THE “MISSING MIDDLE”

Microcredit has been one of the most staggering development successes of the last 50 years, in a field where game-changing breakthroughs are few and far between. The idea of providing small loans to those in poverty changed the global economic calculus, proving that the world was short on opportunity, but not on talent. By fostering growth from the grassroots, and focusing on the economic power of women, microcredit helped offer a lifeline out of poverty for millions.

But throughout the developing world, access to capital is still punishingly scarce, especially for small, growing businesses that create jobs for the poor and stabilize their communities. Too large to access microcredit and too small and risky for traditional bank loans, the single-origin coffee farms and artisanal cooperatives throughout the developing world cannot find funds to grow or even to sustain their operations.

These entrepreneurs are caught in the “missing middle,” often sinking all of their assets into business ventures, only to find their contributions unmatched and their potential unmet. And yet small businesses could be true engines for sustainable development and poverty alleviation, operating at a scale that microcredit cannot achieve. By developing a new class of capital, sitting between microcredit and commercial lending, the development community can unlock the potential of a new class of entrepreneurs, helping build sustainable jobs and improved livelihoods. Empowering these risk takers can help foster lasting growth that ripples through rural villages and communities.

To spur investment to small businesses in the developing world, in 2009 the Rockefeller Foundation supported Root Capital in its efforts to help expand an innovative lending model that targets grassroots entrepreneurs. Root Capital provides capital and financial training to growing firms operating in poor, environmentally vulnerable regions of Africa and Latin America. These lending and capacity building activities help small businesses expand their operations, generate incomes for their workforce, and support their local communities. Root Capital has financed 139 organizations across 27 industries, directly benefiting over 164,000 producers and their families.

By supporting a new class of entrepreneurs, the Rockefeller Foundation and Root Capital hope to create a powerful demonstration effect, convincing commercial banks that small and growing businesses are smart investments. Only by attracting more commercial investment can the world hope to truly build upon the initial success of the missing middle to create jobs, stabilize communities and alleviate poverty. Shifting this financial paradigm will help transform global lending in the same way microcredit has throughout the developing world.



DRIVING INNOVATION

PROTECTING NEW YORK HARBOR AGAINST RISING TIDES

Every day, Rockefeller Foundation employees from throughout New York converge at our Midtown office to help tackle the problems confronting humanity. We travel on the subway from Brooklyn and Queens, ride ferries across New York Harbor, or walk along Central Park on our way down Fifth Avenue. And though our work often takes us to the most remote corners of the world – to the areas where global need is greatest – we remain residents of New York at heart.

To us, New York represents the ultimate urban promise – that by forgoing the comforts of a more subdued life, we can form vibrant and diverse capitals of culture and commerce. But New York is also emblematic of the many challenges urban centers will face in the next century. Most notably, as a major coastal city, New York must learn to cope with the threats of fiercer storms and rising seas levels due to global climate change.

In 2009, to help protect and enrich New York's coastline, the Foundation sponsored the Museum of Modern Art's Rising Currents workshop and exhibition. The Museum challenged five interdisciplinary teams – comprised of architects, designers, engineers– to re-imagine the coastlines of New York City and New Jersey, developing novel solutions to prevent damage from flooding and storm surges.

Traditionally, coastline infrastructure featured dense, hard surfaces like levies, sea walls and storm-surge barriers. But this strategy actually leads to stronger surges and increased flooding, as waves bounce against the walls with greater velocity.

To counter this effect, the teams employed soft infrastructural solutions that absorb water and waves and lessen the impact of violent storms. Featured solutions included restored wetlands that absorb water and manage sea level change, artificial islands that accumulate silt and provide resilience against storm surges, and the creation of an oyster reef that would help purify water while attenuating wave velocity.

The ideas generated from the project will help New York, as well as coastal cities around the world, develop innovative, unconventional practices to protect their shores with an approach in harmony with the environment and local communities.



DRIVING INNOVATION

MITIGATING CLIMATE RISK TO AFRICAN AGRICULTURE

In a small village in East Africa, a young woman's neck strains under the weight of a plastic sack of bananas resting on her head. She's walked miles now to reach her village's market stall, a patchwork of gathered aluminum and wooden planks. On a good day, the proprietor of the stall, also a woman, will pay her a decent price for what's she's grown and carried.

On a bad day, the proprietor will either pay her less than it cost to produce her crops, or send her back home with nothing. Women like her represent the small fraction of African farmers lucky enough to have fed their own families and still have a surplus of something worth selling, despite erratic rainfall and dusty soils leached of nutrients.

This daily game of chance takes place throughout Sub-Saharan Africa, where nearly 500 million people depend on agriculture for their livelihoods. Half of these smallholder farmers live in extreme poverty, and a third of them are undernourished. For most of them, moving away from subsistence into small-scale commercial agricultural production represents their only chance at escaping a life of want and need, but too often it locks them in a vicious cycle of indebtedness and hunger. Increasingly, due to global climate change, their odds of breaking that cycle are becoming worse.

African farmers already grapple with wild swings in weather, growing crops at temperatures near their maximum tolerance. That means even minor droughts can lead to crisis, resulting in hunger and death at a rate

higher than on any other continent. As climate change leads to higher temperatures, less dependable rains, and longer droughts, outbreaks of famine throughout the region will become increasingly common. And if an agricultural economy suffers a major climate-related natural disaster, such as a severe drought or debilitating storm, as much as 15 percent of its GDP could be wiped out, with after effects lasting five years.

Climate change will undoubtedly hurt Africa's smallholder farmers, but it does not have to consign them to economic despair. Microinsurance can help poor farmers survive the shocks of erratic weather and climbing temperatures, and protect their fragile economic security.

New insurance models, especially those based on local weather indexes, have lowered the costs of premiums, making them a realistic option for struggling farmers. These affordable crop and livestock insurance products allow farmers to withstand droughts and overcome bad harvests, encouraging them to make investments that increase land and labor productivity.

In 2009, the Rockefeller Foundation worked with partners to design and test new microinsurance models, helping to create products that shield smallholder farmers from weather risk, improving their odds of success. We continue to test and pilot these products in hopes of increasing their scale, lowering their cost, and disseminating them throughout the developing world.

(cont'd on page 17)



DRIVING INNOVATION

MITIGATING CLIMATE RISK TO AFRICAN AGRICULTURE

(cont'd from page 16)

In Ethiopia, the Rockefeller Foundation worked with the national government and Oxfam America, as well as other NGOs, private sector partners, and academic institutions to provide insurance products that are tied to the local region's weather measurements rather than individual claims, dramatically lowering administrative costs and premiums. The success of these products will lead to opportunities to devise them at a much larger scale, helping mitigate risk at a regional, national, and even continental level, widening the risk pool and driving down costs even further.

The Foundation also supported Oxfam's pioneering HARITA (Horn of Africa Risk Transfer for Adaptation) program, allowing subsistence farmers to obtain insurance in exchange for their labor. Instead of spending what little income they generate on premiums, these farmers obtain insurance vouchers after working on public works projects in the off-season, many of which are designed to strengthen resilience to climate change. The insurance products are collaboratively designed, encouraging participation from local farmers and administered through existing community and social structures.

In Kenya, the Foundation worked with the World Bank and local NGOs to pilot an indexed-based weather insurance (IBWI) project, which will help develop a market for agriculture insurance to reduce the risk climate change presents to farmers and pastoralists. Tailored products are being designed for various crops, including cereals, bananas, tea and coffee, further helping to stabilize fragile economies.

Also with the support of the Foundation in 2009, the World Food Programme's Climate and Disaster Risk Solutions team developed Africa RiskView, a software tool that allows the WFP to predict and assess the impact of severe droughts on food security throughout Africa. The tool help governments and aid organizations predict and prepare for climate-related food crises, responding quickly and efficiently, even before outbreaks of famine occur.



DRIVING INNOVATION

TRANSFORMING URBAN CRISES INTO OPPORTUNITIES

Today, for the first time in history, more people around the world live in cities than in rural regions. However, in developing nations, the urban poor see themselves as refugees in their own cities, with no access to land or services.

In 1996, a number of national federations of community-based organizations of shack and slum dwellers, mainly in India, South Africa, and Thailand, came together to found Shack/Slum Dwellers International (SDI). Their mission is to link poor urban communities to transfer and adapt the successful mobilization, advocacy, and problem-solving strategies they develop in one location to other cities, countries and regions. Now, organizations from some 30 developing countries in Latin America, Asia and Africa have joined SDI.

In 2009, the Rockefeller Foundation supported SDI to better leverage its resources to reduce poverty, landlessness and homelessness more effectively.

SDI now encourages individual daily savings plans that promote financial literacy, accountability and self-reliance; participation of women and the most marginalized members of slum communities, and grassroots-driven information gathering, through surveys, enumerations and settlement profiles.

SDI members have also created solid savings networks that make established financial institutions take notice. Yes, poor people can borrow money and pay it back, say SDI leaders, enabling slum dwellers to obtain financing for better housing, toilets, and communal services.

In several towns in Zimbabwe, hundreds of households now have water, thanks to SDI. Once-voiceless urban communities work with government officials to secure and develop land in their areas.

FISCAL STEWARDSHIP

THE ROCKEFELLER FOUNDATION CONDENSED FINANCIAL STATEMENTS

Statement of Financial Position as of December 31.

Amounts in millions. Numbers are rounded.

	2009	2008
ASSETS		
<i>Cash, cash equivalents and other current assets</i>	8	77
<i>Investments</i>	3,255	2,926
<i>Other long term assets</i>	54	51
<i>Total Assets</i>	3,317	3,054
LIABILITIES AND NET ASSETS		
<i>Accounts payable and accrued expenses</i>	9	8
<i>Grants payable</i>	43	52
<i>Debt outstanding</i>	20	120
<i>Other liabilities</i>	24	21
<i>Total liabilities</i>	96	201
<i>Unrestricted Net Assets</i>	3,211	2,853
<i>Total Liabilities and Net Assets</i>	3,317	3,054

FISCAL STEWARDSHIP

THE ROCKEFELLER FOUNDATION CONDENSED FINANCIAL STATEMENTS

Statement of Activities as of December 31.

Amounts in millions. Numbers are rounded.

	2009	2008
REALIZED INCOME		
<i>Revitalized investment income</i>	32	87
<i>Investment expense</i>	(12)	(12)
<i>Other income</i>	1	4
<i>Net realized income</i>	21	79
EXPENSES		
<i>Grants and direct charitable activities</i>	136	144
<i>Program costs</i>	19	18
<i>Operations</i>	19	20
<i>Taxes</i>	(1)	1
<i>Total expenses</i>	173	183
<i>(Deficiency) of net realized income over expenses</i>	(152)	(104)
UNREALIZED INCOME		
<i>Unrealized gain (loss) on investments</i>	510	(1,110)
<i>Pension and post-retirement benefit adjustments</i>	8	(33)
<i>Change in Net Assets</i>	366	(1,247)

FOUNDATION TRUSTEES

JAMES F. ORR III

BOARD CHAIR

*President and Chief
Executive Officer
LandingPoint Capital
Boston, Massachusetts*

ANN M. FUDGE

*Retired Chairman and CEO
Young & Rubicam Brands
New York, New York*

RAJAT K. GUPTA

*Senior Partner emeritus
McKinsey & Company
Stamford, Connecticut*

THOMAS J. HEALEY

*Partner
Healey Development LLC
Morristown, New Jersey*

ALICE S. HUANG

*Senior Faculty Associate in Biology
California Institute of Technology
Pasadena, California*

STRIVE MASIIWA

*Executive Chairman
Econet Group
Johannesburg, South Africa*

DIANA NATALICIO

*President
The University of Texas at El Paso
El Paso, Texas*

SANDRA DAY O'CONNOR

*Associate Justice, Retired
Supreme Court of the United States
Washington, D.C.*

NGOZI OKONJO-IWEALA

*Managing Director
The World Bank
Washington, D.C.*

RICHARD D. PARSONS

*Chairman of the Board
Citigroup Inc.
New York, New York*

MAMPHELA RAMPHELE

*Chairperson
Circle Capital Ventures
Cape Town, South Africa*

DAVID ROCKEFELLER JR.

*Director and former Chair
Rockefeller & Co., Inc.
New York, New York*

JUDITH RODIN

*President
The Rockefeller Foundation
New York, New York*

JOHN W. ROWE, M.D.

*Professor
The Mailman School of Public Health
Columbia University
New York, New York*

VO-TONG XUAN

*Rector Emeritus
An Giang University
Long Xuyen City,
An Giang, Vietnam*

*This list includes any trustee who served between
January 1 and December 31, 2009.*

THE ROCKEFELLER FOUNDATION

420 Fifth Avenue

New York, New York 10018-2702 U.S.A.

Main phone: 212-869-8500

Media inquiries: 212-852-8454

[Visit RockefellerFoundation.org](http://RockefellerFoundation.org)