FORD FOUNDATION



Delivering on a promise to advance human welfare



with a diversity of approaches and continuity of purpose

FINDING LEADERS
SUPPORTING SOCIAL MOVEMENTS
BUILDING INSTITUTIONS
CREATING OPPORTUNITIES

This year marks an important milestone in the history of the Ford Foundation. We celebrate 70 years of delivering on a promise to improve lives and create opportunity. It is also a year in which we will see a change in our leadership as Susan Berresford prepares to retire after 38 years of service to the foundation including 12 distinguished years as president. Over the course of her career at Ford, Susan has come to embody the foundation's values and mission. As president she has built an organization of dedicated professionals who support pioneering work by innovative grantees around the world. The impact of Susan's leadership extends beyond Ford and our grantees to the many contributions she has made to building the field and practice of philanthropy.

Over decades the Ford Foundation and its grantees have taken on enduring problems that require sustained effort and resolve—challenges such as poverty reduction, protection of human rights, peace building and governance reform, expansion of educational opportunity and artistic creativity. Continuity of purpose in these areas is the hallmark of Ford's work. Progress has come from supporting new leaders from among those who live close to the problems, social movements and networks of people working for positive change, institutions doing good work over time and innovations in the for-profit and nonprofit sectors that create opportunity for many. We invite you to trace this journey, vividly illustrated in the enclosed timeline.

While particular funding strategies and grant makers may change over time, the values that guide the foundation endure and will continue to guide our work moving forward. The Board of Trustees has consistently reaffirmed that we must manage the foundation with this long-term perspective, to be here to help the courageous people and institutions who strive for lasting and positive change.

Kathryn S. Fuller

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MESSAGE FROM THE PRESIDENT SUSAN V. BERRESFORD

IN MY LAST YEAR AS PRESIDENT, AND AFTER NEARLY 40 YEARS OF WORK AT THE FORD FOUNDATION, I take pride and pleasure in recalling the ways Ford has supported reformers and visionaries advancing human welfare. In these years, some of our best work with our grantees has been in four areas: supporting emerging leaders; working with social justice movements and networks; creating new organizations; and expanding opportunities through innovations that improve lives. In this essay, I want to offer a few examples of our work in 2006 and how they extend this history of Ford grant making.

Individuals drive innovation. But too often, talented individuals from marginalized groups are prevented from contributing to progress. For decades, Ford has responded to this problem by funding advanced training and other support for men and women from marginalized communities who want to be leaders and decision makers. In the 1960's, under the leadership of McGeorge Bundy, the foundation created a fellowship program to help diversify the racial and ethnic composition of the professoriate in American colleges and universities. We have

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sustained and grown this program over 40 years, while also

funding many other fellowship programs for new thought leaders inside and outside the United States in fields as varied as journalism, the arts, human sexuality research, economics and foreign affairs.

In 2001, we made the largest grant in Ford's history, \$280 million, to establish a graduate fellowship program for emerging leaders from marginalized communities outside the United States. In 2006, we committed an additional \$75 million to extend the program to 2014 and support a total of approximately 4,300 talented men and women. The fellows represent many historically disadvantaged groups, including racial, ethnic and religious minorities and people living with disabilities. Roughly half of the fellows are women; more than two-thirds come from outside major cities; and over 90 percent are the first from their communities to have advanced degrees. The program—based at the Institute for International Education—has disproved skeptics who felt that students from disadvantaged groups would be ill-prepared for highly competitive universities around the world and that brain drain and flawed selection processes would be a problem. As of this date, almost 2,500 fellows have been selected.



Over 1,000 have completed their study and less than 1 percent have left the program for academic reasons. Of those who have completed their degrees and are not pursuing further study, most are now back in their home countries making a difference.

While the originality and personal commitment of individual leaders is what drives innovation, most achieve truly significant change when they inspire and mobilize like-minded people. For this reason, Ford also works with social movements and social justice networks. This second signature of Ford grant making has included support for the U.S. civil rights movement, the anti-apartheid struggle, the women's and international human rights movements and others. We provide funds for research to identify patterns of injustice, legal advocacy and scholarship, and cultural and

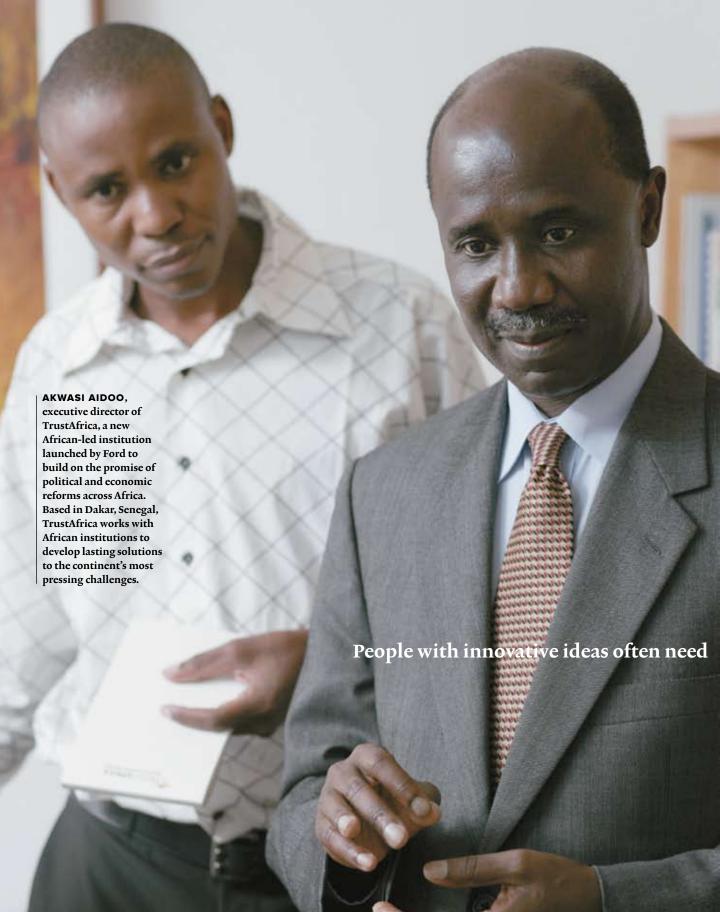
inspire and mobilize like-minded people.

artistic expression that help people communicate their shared vision and values. Very often, at the start of social

justice movements, issues raised by their leaders are controversial, but ultimately they are accepted and seen as consistent with evolving standards of decency and respect for the value of each individual human being. This past year, we continued our long history of support for such efforts and also continued funding for organizations focused on migrants, gay and lesbian rights, people living with AIDS and citizens seeking governmental accountability around the globe.

Another category of effective Ford grant making is our support for the creation of new kinds of organizations. This work recognizes that people with innovative ideas often need new organizational forms to realize their goals. When Ford takes a major role in establishing a new organization, we often help sustain it for 10 or more years through planning and launch, refinement of governance and operational systems and later, the creation of a diverse funding base. Sometimes, after a considerable period of support, the foundation helps with an endowment. This long-term partnership is evident in the history of such organizations as Manpower Demonstration Research Corporation, the Police Foundation and Local Initiatives Support Corporation in the United States. The worldwide Innovations Awards programs and the International Center for Transitional Justice exemplify such long-term partnerships between Ford and new institutions working largely beyond U.S. borders.

In 2006, following on these principles, Ford helped set up and capitalize a number of new foundations around the globe such as TrustAfrica and the Brazil Human



Rights Fund. Ford also made grants to two new organizations we recently helped create to address the problems of individual American artists: United States Artists, which awards \$50,000 to 50 artists each year, and LINC, which addresses the "working poor" concerns of individual artists such as health insurance and affordable space in which to live and work.

Finally, we support innovators and their colleagues who generate new ideas and programs that advance knowledge and improve lives and opportunities. Ford funds the refinement and testing of new ideas, and if they produce positive results, these ideas and practices can move into the mainstream. In the past, fields as diverse as demography and minority and women's studies exemplify this partnership between innovative thought leaders and Ford. In each case, innovators offered academic and policy researchers new tools to understand complex human behavior and formulate appropriate policies and teaching. Last year, continuing this focus on fresh intellectual inquiry, the foundation made grants to prompt 27 colleges and universities to develop academic programs that encourage new scholarship and engage students and faculty in constructive dialogue on subjects that have been a source of conflict and hostility on campus. These "difficult dialogues" can also serve as models of respectful discussion of sensitive public issues.

We also appreciate the value of support for fresh ideas in the world of practice. In the 1970's and 1980's, under the leadership of Franklin Thomas, the emergence of the new field of community development resulted in part from a partnership between Ford and neighborhood leaders engaged in restoration of blighted, low-income communities. From the 1970's onward, the foundation supported reform designed

new organizational forms to realize their goals.

to re-establish rule of law and participatory decision making in countries emerging from

dictatorial or totalitarian regimes. Another example from that period is seen in Ford's early support of microfinance pioneers—people like Nobel Laureate Muhammad Yunus or India's Ella Bhatt or Vijay Mahajan. Ford funding helped these and other microfinance leaders try new poverty-reduction and social-mobilization strategies that affect policy and link with mainstream civic and financial institutions. In 2006, Ford continued to seek ways to make markets work for the poor through innovative experiments that expand homeownership, promote savings by seeding accounts



established at a child's birth and reform of predatory lending and credit practices that harm low-income families.

These four areas of signature work—finding emerging leaders, supporting social justice movements, building new organizations and expanding opportunities through innovations that improve lives—reflect the diversity of approaches Ford

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brings to enduring challenges. But they also suggest one role for philanthropy that

Ford has pursued for more than 50 years: To be a long-term and flexible partner with innovative leaders of thought and action.

Lasting change in difficult areas such as poverty alleviation, protection of human rights or re-establishment of democratic governance after a dictatorship, requires decades of trial and effort. It involves sustained effort with successive generations of innovators as they pursue idealistic and ambitious goals. This is a choice our board has made, decade after decade. Other foundations have the freedom to make other choices that are equally valid when they pursue a short-term perspective. Our nation's philanthropic traditions and laws encourage philanthropic generosity in multiple forms that reflect the diversity and varied ambitions of our population. I see this as a great strength of our nation's philanthropic heritage and one of our soundest public policies.

As I leave Ford, I see philanthropy growing significantly. The numbers of foundations and donor organizations are expanding rapidly, including the presence of new "mega-donors" whose resources hold great promise. It is, therefore, a time for us all to engage in dialogue about our field's evolution, what we can accomplish and how each of us can do the very best work with our resources. I feel sure that creative men and women will continue to bring fresh ideas to the Ford Foundation as they strive for peace, freedom, fairness, well-being and democratic governance. I am proud of what Ford's grantees have accomplished during my turn leading the foundation, and I look forward to learning and inspiration from the next generation's achievements.

Susan V. Berresford

The Ford Foundation is a resource for innovative people and institutions worldwide.

Our goals are to:

STRENGTHEN DEMOCRATIC VALUES
REDUCE POVERTY AND INJUSTICE
PROMOTE INTERNATIONAL COOPERATION
AND ADVANCE HUMAN ACHIEVEMENT

This has been our purpose for more than half a century.

A fundamental challenge facing every society is to create political, economic and social systems that promote peace, human welfare and the sustainability of the environment on which life depends. We believe that the best way to meet this challenge is to encourage initiatives by those living and working closest to where problems are located; to promote collaboration among the nonprofit, government and business sectors; and to ensure participation by men and women from diverse communities and at all levels of society. In our experience, such activities help build common understanding, enhance excellence, enable people to improve their lives and reinforce their commitment to society.

The Ford Foundation is one source of support for these activities. We work mainly by making grants or loans that build knowledge and strengthen organizations and networks. Since our financial resources are modest in comparison to societal needs, we focus on a limited number of problem areas and program strategies within our broad goals.

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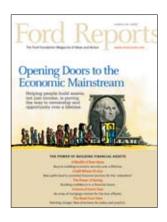
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We invite you to learn more about the Ford Foundation at www.fordfound.org. On our Web site you'll find:

- Guidelines for grant seekers
- A searchable database of all recent grants
- Our good-governance practices and most recent financials
- Details on our offices and programs around the world
- News on recent initiatives and grants
- In-depth resources such as our magazine, Ford Reports
- And an e-Library of some 300 valuable publications, including the Ford Foundation annual report



WHERE TO SEND GRANT INQUIRIES

In the United States send requests to: Secretary Ford Foundation 320 East 43rd Street New York, N.Y. 10017

Or email: Office-Secretary@fordfound.org

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