This annual report and supplementary information about MacArthur's grantmaking are available at www.macfound.org/AR2010.
Our mission is to support creative people and organizations across the United States and around the world.

Informing the American Public
In a media environment characterized by proliferating information sources of varying degrees of reliability, MacArthur seeks to support serious, fact-based journalism for television, radio, and the web, including NPR (National Public Radio).
On each visit, I have come away more impressed with the quality of our grantees, their talent and creativity, their energy and determination—often in the face of overwhelming odds.

Reducing Maternal Mortality
More than 340,000 women die each year due to complications during pregnancy and childbirth, mostly in the developing world. With support from MacArthur, Pathfinder International is introducing a low-tech package of interventions in India and Nigeria to prevent postpartum hemorrhage, a leading cause of maternal deaths worldwide.
We are trying to have an impact on large, complex, and intractable systems. That makes an intimate knowledge of places, societies, and systems essential.

Reforming Juvenile Justice

Through its Models for Change initiative, MacArthur is supporting efforts to create a juvenile justice system based on evidence, focused on public safety, and dedicated to the well-being and future of the young people it serves.
Many of the groups we support work in particularly difficult or dangerous situations; their perseverance keeps the hope of meaningful change alive.

Improving Human Rights
Using a combination of scientific methodology and old-fashioned legwork, human rights researchers from the University of California, Berkeley, surveyed nearly 2,000 households in the Central African Republic to document the impact of violence in the country.
Trust and mutual respect with our grantees is what makes MacArthur effective and keeps our grantmaking fresh and relevant, and I hope to foster that in the years ahead.

Learning from Our Grantees
MacArthur President Robert Gallucci talks with nurses at a rural health clinic in Rajasthan, India. A staff member from Seva Mandir, an organization receiving MacArthur support to help reduce maternal mortality and morbidity, translates.
Most of what MacArthur accomplishes does not happen in our offices on South Dearborn Street in Chicago. Our mission is to support creative people and organizations across the United States and around the world; their achievements justify our existence as a private foundation. This brief essay is a tribute to our grantees, with a focus on those I have met, and a consideration of how foundations go about their work.
Since becoming president of MacArthur, I have travelled to each of the countries in which we have offices (India, Mexico, Nigeria, and Russia), to some of our grantees in the United States, and to many of the organizations we support in Chicago. I have learned that time spent with grantees in the field brings to life the challenges they face, the expertise they bring to bear, and the complex environments in which they work. I have seen conservationists trying to save biodiversity in the forests of Madagascar, courageous human rights workers in Moscow and Lagos, and doctors training traditional birth assistants in Rajasthan and Chiapas. I have seen juvenile justice practitioners rehabilitating young offenders in Louisiana; community financing experts bringing affordable credit to low-income people; groups in Chicago’s neighborhoods building community and creating opportunity; and arts organizations reaching out to underserved schools, lifting the ambitions of students while honing their talents.

On each visit, I have come away more impressed with the quality of our grantees, their talent and creativity, their energy and determination—often in the face of overwhelming odds.

**The Physics**
My background in the world of nuclear issues leads me to think in terms of the sciences, pure and applied. To build a reactor or nuclear device one needs both physics and engineering. Philanthropy too has theoretical and practical dimensions.

For MacArthur, the “physics” is our framework of strategic grantmaking. We locate pressing problems, research ways to address them, and establish goals for what we hope to accomplish. When we set the direction of our grantmaking, we are choosing from an overwhelming array of worthy alternatives; it is vital that we choose wisely and plan carefully and realistically.

Our staff is experienced and accomplished in charting our course, refining our understanding of issues, and identifying the points at which our action would have the most leverage.

In most of our work, however, we are trying to have an impact on large, complex, and intractable systems. Changes in government, economic recession, or rising commodity prices can each upset a carefully prepared strategy and are entirely beyond our control. Still larger shifts, in political sentiment, or demography, or climate, can threaten gains we have made or unsettle our calculations for the future.

That makes an intimate knowledge of places, societies, and systems essential. Our grantees, on the front lines of engagement, have that knowledge. They can best outline a vision for practical change, and then find the strategies that are likely to work in their situations and the tactics to apply them in practice.

**The Engineering**
That is what I think of as “engineering”: engineers realize the theoretically possible with the techniques and materials available. Like our grantees, they find ways to get things done.

**Innovation**
I have seen this tactical ability across the world, as grantees explore new ways to tackle challenges and accomplish their goals.
They use technology, as I saw in Nigeria, where young IT specialists working with the National Human Rights Commission were using mobile phones to monitor primary elections across the nation.

Conservation groups, such as Tany Meva in Madagascar, are introducing safer, efficient, renewable-energy stoves in rural areas, technology that both improves health and safety and conserves the forests.

The Quest to Learn School in New York is the first school with a pedagogical approach based on game design and systems thinking. Students use digital media platforms to learn through “missions” that help them inquire, create, and master both traditional competencies and the new skills the 21st century demands. The first ChicagoQuest campus will open in the fall.

**MacArthur has a long tradition of supporting higher education and research, something I, as a former dean, particularly value.**

### Systems Change

Other grantees are helping to change large systems. Those participating in the Models for Change program are seeking to reform juvenile justice across America. I visited Louisiana, one of the states in which Models for Change is at work, and saw the Bridge City Center for Youth.

Bridge City shows the effects of reform. It has made a comfortable and personal environment to house young offenders, in contrast with the large (and sometimes dangerous) dormitories that are often the norm for young offenders in Louisiana and elsewhere.

I spoke with several of the boys and was struck by their vulnerability—and their potential. We owe young offenders a justice system that respects their dignity and gives them opportunities to be rehabilitated and reenter society.

In Mexico, I saw efforts to modernize that country's justice system. In 2008, the Mexican Congress passed a reform bill that replaces secretive, document-based trials with processes based on oral testimony—and in which the accused is considered innocent until proven guilty. The Pro Juarez Human Rights Center works with state governments to implement the legislation. We expect that the reforms will lead to more effective prosecutions as well as greater respect for the rights of citizens.

Many of the groups we support work in particularly difficult or dangerous situations; their perseverance keeps the hope of meaningful change alive.

Some of our grantees in reproductive health serve indigenous tribal populations far from cities and mainstream medicine. I visited two in Rajasthan, India: Seva Mandir is an organization working in remote villages, not served by government health programs, to train traditional birth assistants and create links to health care providers. Action Research and Training for Health addresses the shortage of doctors by training nurse midwives. They serve some 60,000 people but, as they made clear to us, their goal is to scale up their work to reach the more than 60 million people who live in Rajasthan. They are training staff from state government as a means to that end.

In Chiapas, Mexico, Kinal Antzetik is an organization dedicated to indigenous women’s rights. They are also helping the region’s 6,000 traditional midwives gain the skills they need and connect to the health system.

Some of our human rights grantees abroad confront repression and risk intimidation or violence. Organizations such as the CLEEN Foundation and Access to Justice in Nigeria and the Nizhny Novgorod Committee Against Torture in Russia tirelessly take on intractable issues. Their concerns include police reform, extrajudicial killings, and classic human rights such as free speech and equality before the law.

### Discovery and Learning

MacArthur has a long tradition of supporting higher education and research, something I, as a former dean, particularly value.

I have been impressed by the quality and relevance of work MacArthur has supported.
I spent time with members of our research network on “How Housing Matters for Children and Families.” This is an effort to build a base of evidence about the ways in which good, stable, and affordable housing serves as a platform for better outcomes in other areas—health, employment, education, or public safety.

In Russia, I saw how the New Economic School has helped create a new economics profession, free of Marxist-Leninist dogma, and build a leadership cadre for government, business, and the academy.

In Nigeria, we saw how our investment in staff development, information technologies, and infrastructure helped the University of Ibadan rebuild. It has now been selected as a regional hub for the Pan-African University. Pan-African is a project of the African Union that aims to create a continental network of institutions for graduate studies and research.

I have been impressed by the quality and relevance of work MacArthur has supported.

Building Institutions

Other grantees create new institutions. In North Carolina, I saw the Center for Community Self-Help (Self-Help) and the Center for Responsible Lending (CRL) helping low-income people gain access to capital and protecting them from predatory lenders. Self-Help has invested more than $6 billion in financing to more than 75,000 families, individuals, and organizations, more than 80 percent of whom are low-income borrowers. Self-Help created CRL to protect home ownership and wealth by working to eliminate abusive financial practices. CRL also has ambitious plans for a 250,000-member credit union in California that may help change the financial services industry.

The Chicago Public Library is leading the way toward libraries of the future. Hundreds of teenagers come daily to YOUmedia, the library’s new 5,000-square-foot facility, which provides a place to hang out, use new media tools, record original compositions, interact with mentors, and make use of traditional print resources.

Across Chicago, MacArthur supports arts and culture organizations—some 200 in all. These groups and institutions create a network that strengthens the social fabric of the city and reinforces the work of schools and community organizations. The Chicago Shakespeare Theatre, for example, brings Shakespeare into public school classrooms; the Albany Park Theatre Project...
helps immigrant youth tell their stories through drama (which also boosts their academic performance); and the Old Town School of Folk Music has become an economic engine for its Lincoln Square neighborhood as it attracts 7,000 pupils each year.

**Focus on Pressing or Neglected Issues**

Foundations are able to focus attention on issues that have been overlooked or need a greater degree of attention.

One of these has been the international migration of people—one of the least regulated and understood of our global systems.

MacArthur has been the largest nongovernmental donor to the Global Forum on Migration and Development since its inception four years ago. The forum provides an opportunity for government representatives and civil society to meet and discuss better ways to deal with the movement of people around the world.

I have attended two meetings of the forum, in Athens, Greece, and Puerto Vallarta, Mexico. Almost 150 governments were represented in Mexico. I learned from our grantees who attended the meeting, such as the Migration Policy Institute and Sin Fronteras, about the difficulties that beset migration between the United States and Mexico. The two nations have profoundly different views on migration, and the violence, crime, and exploitation on the border continue to give grave cause for concern.

Another issue MacArthur has addressed is the fiscal crisis America faces. We established an expert committee in 2009, under the auspices of the National Academy of Public Administration and the National Research Council of the National Academy of Sciences. The committee’s report, *Choosing the Nation’s Fiscal Future*, laid out the facts and identified various ways to remedy it. I have been impressed by the contribution the report made to the serious proposals put forward for action, and the ongoing contributions of its co-chairs: John Palmer of Syracuse University and Rudy Penner, former director of the Congressional Budget Office.

When I met with the co-chair of the President’s debt-reduction commission, Erskine Bowles, he told me he had given our report to members of the commission and seen copies tagged and dog-eared in the halls of Congress—anecdotal but persuasive evidence of impact.

**Inspiration**

And, not least, our grantees can inspire. It has been a pleasure to visit our arts and culture grantees in Chicago and see their imaginative productions and the exceptionally high standards they foster. I will not easily forget a dance class run by the Deeply Rooted Dance Theater, which was spending a year in a South Side high school. The focus, discipline, and commitment of the teacher electrified the dancers and, I am sure, will raise the students’ expectations about what they are able to accomplish.

**The Chemistry**

If a foundation is to be a genuine catalyst for change, it must build relationships of trust and mutual respect with its grantees.

One of the most gratifying parts of my visits has been to see the warm and collegial relationships between our staff and our grantees. Wherever I have traveled we have been warmly welcomed, not only because we come bearing gifts but because our grantees feel that we have their interests at heart and share their vision.

This chemistry is what makes the MacArthur Foundation effective and keeps our grantmaking fresh and relevant, and I hope to foster even more of it in the years ahead.

ROBERT L. GALLUCCI
President
2010 Year in Review
JANUARY 13
A MacArthur-supported report from the National Research Council and the National Academy of Public Administration offers U.S. leaders ways to address the nation’s fiscal problems and confront the rapidly growing debt.

Report Online

MARCH 11
The Foundation invests nearly $2.2 million to support relief and reconstruction efforts in Haiti in the aftermath of the devastating earthquake.

APRIL 12
“Global risks from nuclear weapons and nuclear terror loom large,” MacArthur President Robert Gallucci tells a nuclear security summit for nongovernmental leaders, as President Obama hosts nearly 50 world leaders to discuss the same issue.

Video Online

MAY 4
Completing a $16 million investment, MacArthur awards grants to ten universities in eight countries to establish new Master’s in Development Practice programs to help practitioners address critical global challenges.

Interactive Map and Videos Online

MAY 17
Recognizing the developmental differences between adolescents and adults and informed by the work of the MacArthur Research Network on Adolescent Development and Juvenile Justice, the U.S. Supreme Court rules that juveniles may not be sentenced to life without the possibility of parole for a nonhomicide.

Video Online

JUNE 26
More than 3,500 Americans gather together at 57 sites across the country to deliberate and find common ground about addressing the national debt, in a national town meeting organized by AmericaSpeaks. See photo above.
AUGUST 3

In a study published in the Journal of the American Medical Association, researchers based at the University of California, Berkeley, document the devastating human impact of violence in the Central African Republic.

SEPTEMBER 9

A new report highlights improvements in African higher education over the past decade, stemming from a $440 million investment by seven American foundations, including MacArthur.

SEPTEMBER 16

MacArthur and the Institute of Museum and Library Services announce plans to create 30 new youth learning labs in libraries and museums across the country, based on the MacArthur-supported YOUmedia teen space at the Chicago Public Library.

SEPTEMBER 28

Working across a broad spectrum of endeavors, 23 new MacArthur Fellows include a stone carver, a quantum astrophysicist, a jazz pianist, a high school physics teacher, a marine biologist, a theater director, an American historian, a fiction writer, an economist, and a computer security scientist. See photo above.

NOVEMBER 17

“MacArthur will continue its commitment to Chicago, looking for new ways to address crucial problems,” says Foundation President Robert Gallucci, in remarks to the City Club of Chicago.

DECEMBER 14

Spurred by a $20 million MacArthur guaranty, an innovative new partnership to finance the preservation of federally subsidized rental housing in underserved markets brings together major financial institutions, philanthropy, and the federal government.
Grantmaking Activities
International Programs focus on international issues, including human rights and international justice, peace and security, conservation and sustainable development, higher education in Africa and Russia, migration and human mobility, and population and reproductive health. MacArthur grantees work in about 60 countries; the Foundation has offices in four focus countries: India, Mexico, Nigeria, and Russia.

**Conservation & Sustainable Development**
MacArthur’s conservation grantmaking protects the biodiversity of the planet, while balancing the needs of communities that depend upon natural resources for their survival. With the increasing threat of climate change, the Foundation also supports efforts to adapt conservation strategies to a rapidly changing environment, particularly in eight hotspots around the world.

**Global Migration & Human Mobility**
MacArthur seeks to improve the governance of international migration and supports research to build a base of knowledge about the relationship between migration and economic development.

**Higher Education in Russia & Africa**
To help nurture the intellectual freedom necessary to keep emerging democratic societies healthy and economically vibrant, MacArthur makes grants for the development of modern university-based science and social science research and training capabilities in Russia and provides long-term support for four leading African universities.

**Human Rights & International Justice**
MacArthur seeks to further the development of an international system of justice and advance human rights around the globe, with a special focus on Mexico, Nigeria, and Russia.

**International Peace & Security**
Through grants to policy research institutions worldwide, MacArthur aims to reduce global risks from nuclear weapons, foster security cooperation in the Asia-Pacific region, and strengthen independent scientific advice on international security matters.

**Master’s in Development Practice**
The challenges of poverty, population, health, conservation, and human rights around the world are interconnected, requiring sustained and comprehensive interventions. Recognizing the need for a new approach, MacArthur is supporting the first global initiative to provide rigorous, cross-disciplinary professional training for future leaders in sustainable development.

**Population & Reproductive Health**
The Foundation’s population and reproductive health grantmaking seeks to reduce maternal death and illness and to advance the sexual and reproductive health and rights of young people, with a special focus on India, Mexico, and Nigeria, where the Foundation has offices.

Contact: Barry Lowenkron, Vice President, International Programs
bflowenkron@macfound.org (312) 726-8000

More information on this program, 2010 grants, and grant guidelines is available at [www.macfound.org/AR2010](http://www.macfound.org/AR2010).
U.S. Programs address issues in the United States, including community and economic development; housing, with a focus on the preservation of affordable rental housing; juvenile justice reform; education, with a focus on digital media and learning; and policy research and analysis on issues such as the implications of an aging society, America’s fiscal future, and the use of economic analysis in policy making.

Affordable Housing
Recognizing the relationship between affordable housing and successful human and community development, MacArthur supports the Window of Opportunity initiative, which seeks to preserve the stock of affordable rental housing, and a comprehensive research program on how housing matters to families and communities.

Community & Economic Development
Helping to increase social and economic opportunities for low-income Chicagoans, MacArthur supports the New Communities Program, a comprehensive community revitalization effort in 16 Chicago neighborhoods, as well as communication of its lessons learned to other cities and the field.

Digital Media & Learning
The digital media and learning initiative aims to determine how digital media are changing the way young people learn, play, socialize, and participate in civic life. Answers are critical to education and other social institutions that must meet the needs of this and future generations.

Juvenile Justice
Through the Models for Change initiative, MacArthur supports reform in 16 states and aims to help accelerate a national juvenile justice reform movement to improve the lives of young people in trouble with the law, while enhancing public safety and holding young offenders accountable for their actions.

Policy Research
MacArthur’s policy-related grantmaking aims to improve and inform decision making at the federal, state, and local levels through general operating support to a small portfolio of organizations across an array of issues and special fiscal, demographic, and analytical projects with broad implications for domestic policy.

Program-Related Investments
In addition to its grantmaking, the Foundation makes program-related investments (PRIs), which are low-cost loans, guarantees, and equity investments provided at below-market rates to support charitable activity. Most of the Foundation’s PRIs are used to support specialized intermediaries known as community development financial institutions and for efforts to preserve affordable rental housing across the country.

More information on this program, 2010 grants, and grant guidelines is available at www.macfound.org/AR2010.

Contact: Julia M. Stasch, Vice President, U.S. Programs jstasch@macfound.org (312) 726-8000
Media, Culture, and Special Initiatives support public interest media, including public radio, documentary programming, and work to explore the use of digital technologies to reach and engage the public. Grants are also made to arts and cultural institutions in the Chicago area and for special initiatives.

Arts & Culture in Chicago
Support for 200 arts and cultural organizations in Chicago and the region is an expression of civic commitment to the place where the Foundation has its headquarters and John D. and Catherine T. MacArthur made their home. Grants are designed to help sustain the cultural life of the city and region.

Media
MacArthur supports the production and distribution of news and documentary programs for television, radio, and the web that help inform the American public about important domestic and international current affairs and policy issues.

MacArthur Award for Creative and Effective Institutions
These awards recognize exceptional Foundation grantees and help ensure their sustainability with grants of $350,000 to $1 million each—a large sum given that recipients' annual operating budgets are under $5 million.

More information on this program, 2010 grants, and grant guidelines is available at www.macfound.org/AR2010.

Contact: Elspeth A. Revere, Vice President, Media, Culture, and Special Initiatives erevere@macfound.org (312) 726-8000
The MacArthur Fellows Program awards unrestricted $500,000 fellowships to talented individuals who have shown extraordinary originality and dedication in their creative pursuits and a marked capacity for self-direction. The criteria for selection of Fellows are exceptional creativity, promise for important future advances based on a track record of significant accomplishment, and potential for the fellowship to facilitate subsequent creative work.

Biographies and videos of the 2010 Fellows and more information about the program are available at www.macfound.org/AR2010.

Contact: Daniel J. Socolow, Director, Fellows Program
fellows-inquiries@macfound.org (312) 726-8000
Financial Information
In 2010, the Foundation paid out $243.8 million in grants and program-related investments to organizations and individuals in the United States and around the world. Actual cash paid out varies from year to year depending on payment schedules of larger grants. MacArthur’s charitable administrative expenses totaled $30 million in 2010, about 10.8 percent of total charitable expenses.
Program budgets are approved by the Foundation Board of Directors. Working pursuant to these budgets, the Foundation approves grants and makes expenditures during the year. We share these budgets so that you can better understand the Foundation's priorities.

### Budget by Program, 2010

<table>
<thead>
<tr>
<th>International Programs</th>
<th>U.S. Programs*</th>
<th>Media, Culture, and Special Initiatives</th>
<th>MacArthur Fellows Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>$17.8M</td>
<td>$18.5M</td>
<td>$17.7M</td>
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<tr>
<td>$92.4M</td>
<td>$91.8M*</td>
<td>$33.5M</td>
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</table>

### International Programs

- Conservation and Sustainable Development
- Human Rights and International Justice
- International Peace and Security
- Population and Reproductive Health
- Higher Education in Africa and Russia
- Global Migration and Human Mobility
- Other

### U.S. Programs*

- Justice Reform
- Digital Media and Learning
- Affordable Housing
- Community and Economic Development
- Policy Research
- Other

### Media, Culture, and Special Initiatives

- New Ideas and Areas of Special Interest
- Large and Small Institutional Grants
- Encyclopedia of Life
- Arts and Culture
- Media

* In addition to grants, U.S. Programs also authorized $12.4 million in program-related investments.
As of December 31, 2010, MacArthur’s assets totaled $5.67 billion. The Foundation’s investment portfolio had a return of 17.02 percent in 2010 net of investment management costs.

The Foundation invests for the long term with the objective of earning a real rate of return, net of expenses, sufficient to fund its charitable giving and operations. The underlying principles of MacArthur’s investment approach may be summarized as follows:

- The Foundation maintains a broadly diversified portfolio with allocation to a variety of asset classes, both public and private.
- The broad diversification, combined with rigorous analytical research, is intended to enable the Foundation to manage risk.
- The Foundation seeks to achieve strong net returns over time at a cost comparable to other institutions with similar asset allocations.

Total Assets and Rate of Return, 2001–2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Rate of Return</th>
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<tbody>
<tr>
<td>2001</td>
<td>$4,215,930,831</td>
<td>-4.45%</td>
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<tr>
<td>2002</td>
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</tr>
<tr>
<td>2003</td>
<td>$4,530,410,640</td>
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<tr>
<td>2004</td>
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<tr>
<td>2005</td>
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<td>2006</td>
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<td>2007</td>
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<td>2008</td>
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<tr>
<td>2009</td>
<td>$5,237,796,061</td>
<td>12.26%</td>
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<tr>
<td>2010</td>
<td>$5,666,612,008</td>
<td>17.02%</td>
</tr>
</tbody>
</table>

Average rate of return, 2001–2010, 7.66%
### Board of Directors

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- **Elspeth A. Revere**
  Vice President, Media, Culture, and Special Initiatives
- **Marc P. Yanchura**
  Vice President and Chief Financial Officer

Biographical information about the Board of Directors and the Foundation Officers and a complete staff list are available at [www.macfound.org/AR2010](http://www.macfound.org/AR2010).