



# RUMSFELD FOUNDATION

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October 2009

## 2009 Annual Update

Dear Friends,

Between working on my memoir and a few new joint replacements -- one shoulder and three hips between the two of us -- Joyce and I are pleased to report on the Rumsfeld Foundation's progress since our report last April 2008. We have expanded the scope of the Foundation's charitable giving and broadened its charter to include support to members of the U.S. military and their families. The Rumsfeld Foundation's four areas of focus are:

1. Funding organizations to help military veterans and their families
2. Supporting microfinance projects around the world
3. Awarding fellowships for U.S. graduate students interested in public service
4. Building linkages between the United States and Central Asia

The fundamental goals of the Foundation remain the same: encouraging and rewarding leadership and public service at home, and supporting free political and free economic systems abroad.

Underlying our approach is a simple precept. The 12<sup>th</sup> century Jewish philosopher Maimonides maintained that philanthropy ought not be about philanthropy. The purpose of philanthropy is to help those in need find the means by which they can earn their own living. From supporting microfinance projects in the world's least privileged areas to funding organizations that help wounded veterans and their families get back on their feet after their sacrifice in our nation's service, the Rumsfeld Foundation is committed to promoting self-sufficiency and dignity, liberty and leadership.

Larry Di Rita, Senior Vice President at Bank of America, has joined the Foundation's Board of Trustees. Keith Urbahn continues to help steer the Foundation's programming from our offices in Washington D.C. with the assistance of Sarah Conant, who has recently joined us. In the coming year, we plan to launch a website for the Foundation and hope to publish my memoir, from which all proceeds will go to U.S. military and veterans' charities.

Over the last year, the Foundation has donated over half a million dollars in grants to military charities, microfinance organizations, graduate student fellowships, and exchange programs for young leaders from Central Asia. This report highlights some of the activities and programs with which we are pleased to have partnered.

## **1. U.S. Military and Veterans' Charities**

Through the Joyce and Donald Rumsfeld Foundation – the older foundation we established back in 1985 – we supported a number of charities aiding the U.S. military, veterans and their families. Over the last year it became clear that we could easily migrate charitable giving for those organizations assisting wounded military veterans, their families and the families of the fallen to our newer foundation, the Rumsfeld Foundation, given its emphasis on public service. There are few who have contributed more to our nation's service than our men and women in uniform. And there are none who have sacrificed more than those who have given their lives on the battlefield or been wounded in the defense of our country. With that in mind, we are fortunate to be able to support some of the finest charities in the nation providing opportunities to the wounded and to the families of the fallen.

### **Fisher House Foundation**

For two decades, Fisher House Foundation has supported service members, veterans and their families as they undergo treatment and care at armed forces and VA medical centers across the country, and overseas in Germany. A public-private partnership, Fisher House each year provides 10,000 families free accommodations at nearby facilities, affording those undergoing treatment for illnesses and those recovering and rehabilitating from combat-related injuries some of the comforts of home by being with their families.



### **Marine Corps-Law Enforcement Foundation**



Former Chairman of the Joint Chiefs of Staff General Peter Pace introduced us to the Marine Corps-Law Enforcement Foundation several years back. In the past 15 years, this charity has raised and distributed over \$40 million to the families of fallen Marines and Federal law enforcement officials, providing hundreds of sons and daughters the opportunity to attend college.

### **Rivers of Recovery**



Rivers of Recovery provides rehabilitative therapy for wounded veterans and the family members of fallen soldiers. Through outdoor experiences such as fishing trips, the program assists these individuals in rebuilding self-confidence as they prepare for careers out of uniform. The organization works to help veterans overcome combat-related psychological and physical injuries, providing them with a lifelong support network among fellow veterans and volunteers.



Fly-fishing on Utah's Green River with Rivers of Recovery

## **National Organization on Disability's Army Wounded Warriors Careers Demonstration Program**



For veterans who have endured combat injuries and battled Post-Traumatic Stress Disorder (PTSD), the transition from uniform to civilian life has been difficult. The Rumsfeld Foundation awarded a \$100,000 grant to the National Organization on Disability's Army Wounded Warriors Career Demonstration Program in partial support of the Program's Colorado Springs office, serving the entire state of Colorado. This promising program is the result of collaboration between the National Organization on Disability and the United States Army Wounded Warrior (AW2) Program that began in late 2007. A full-time career specialist works to counsel veterans during their re-entry into civilian life, providing or mobilizing local educational, employment, and other career-related advice and services. Launched in August 2008, the Colorado Springs location is already servicing over 50 severely-injured veterans of Operation Iraqi Freedom and Operation Enduring Freedom and has helped 37 of them so far to enter education, training, and/or work.



## **Paws for Patriots**

When Joyce and I learned that the Department of Veterans Affairs did not provide guide dogs to veterans who lost their vision in the line of duty in Iraq and Afghanistan, we became interested in Paws for Patriots. Run by the Southeastern Guide Dogs non-profit organization, the program places guide dogs with wounded military veterans and provides certified instructors to train them and pairs veterans recovering from combat injuries with therapy dogs while they spend time at Walter Reed Army Medical Center and Bethesda Naval Hospital.



## **Special Operations Fund**

Dubbed "the quiet fund for quiet warriors," the Special Operations Fund is dedicated to the brave individuals serving in the elite special operations forces of the Army, Navy, Marine Corps and Air Force. These courageous soldiers, sailors, Marines, and airmen are often the first on the ground carrying out some of our nation's most sensitive—and dangerous—missions overseas. The fund provides financial support for family members of personnel who have died in combat, focusing on sponsoring higher education for children.

## **Segs4Vets**

Segs4Vets provides wounded service members with Segway transports, helping them maintain an active, high quality of life despite their injuries. The program was conceived and implemented in 2005 with the assistance of our friend, retired Air Force General Ed Eberhart. The program has provided 356 Segways to men and women of the U.S. military that served in support of Operation



Iraqi Freedom and Operation Enduring Freedom and will award an additional 75 Segways this fall.

### **Vail Veterans Program**

The Vail Veterans Program is committed to building the confidence of wounded warriors by providing them and their family members the opportunity to ski and snowboard in Colorado. Since its founding in 2004, the Vail Veterans program has hosted over 250 wounded veterans and 140 of their family members. In 2007, the organization incorporated a summer program and in 2008 a ski camp for paralyzed veterans.



### **Special Operations Warrior Foundation**



Since 1980, the top-rated Special Operations Warrior Foundation has continued to assist the families of special operations personnel killed in training or combat. This foundation has two principal programs: the Wounded SOF Warrior Program, which offers immediate financial assistance to severely wounded special operations personnel so their loved ones can travel to be bedside, and the Scholarship Program, which makes it possible for the children of fallen Special Operations personnel to attend college through four-year college scholarship grants which funds tuition, fees, room, board, computer and printer.

### **Wounded Warrior Project**

The goal of the Wounded Warrior Project is to improve the quality of life for injured veterans of Operation Enduring Freedom and Operation Iraqi Freedom. The organization's numerous activities include rehabilitative care through outdoor activities, comfort packages for severely wounded service members when they arrive at armed forces medical centers, career training, educational opportunities, and psychological and emotional support.

Proud  
Supporter of



### **ThanksUSA**

ThanksUSA seeks to "thank" the men and women of the U.S. armed forces by providing college, technical and vocational school scholarships for their children and spouses. Since 2006 the organization has provided over 1,750 scholarships valued at more than \$5 million and plans to award 500 more scholarships this year. The recipients of these scholarships include family of service members from all branches of the armed services including the Guard and Reserves and wounded and fallen.



## The OSS Society



On May 2, 2009, General David Petraeus was presented with the Office of Strategic Services Society's William J. Donovan Award for his superb military leadership in Iraq and Afghanistan and his distinguished career in our nation's service. We were pleased to make a donation this year in honor of General Petraeus' award and in support of The OSS Society's efforts to educate the public about the importance of strategic intelligence to the preservation of freedom in the U.S. and around the world.



Gen. Singlaub presents the OSS Donovan Award to Gen. Petraeus

## 2. Graduate Student Fellowships

In academia, some ideas are more welcome than others. The importance and dignity of public service is too seldom emphasized in universities across the country. Reserve Officers' Training Corps (ROTC), Judge Advocate General (JAG) and CIA recruiters have been barred from a number of America's campuses. Though there are some encouraging signs that anti-military and anti-American views may increasingly be relegated to a fringe in academia, we began thinking last year about how we could assist those pursuing advanced degrees with an interest in public service. This year we launched the Foundation's graduate fellowship program.

We established the Foundation's Graduate Fellowship to provide grants to promising students with an interest in serving the nation through policy-relevant fields or by pursuing a career in public service. Some of the country's most respected scholars in fields from economics to international relations have agreed to help identify candidates of outstanding intellectual ability, integrity, moral character and leadership potential.

The Trustees of the Foundation met in March 2009 and awarded eleven Fellowships for the fall semester of 2009 and spring semester of 2010. Depending on the circumstances of each selected student, he or she can receive a stipend for the academic year and tuition assistance – a combined total of up to \$25,000 per student. The fellowships were awarded on the basis of recommendations from eleven advisers at the following institutions:

- Georgetown University
- Harvard University
- Johns Hopkins University
- Missouri State University
- Princeton University
- Stanford University
- University of Chicago
- University of Notre Dame
- University of Pennsylvania
- University of Virginia
- Yale University

Among the eleven students awarded fellowships for the 2009-2010 academic are a Defense Department policy planner, a Middle East correspondent for *The Christian Science Monitor*, a member of the U.S. Army who served in Afghanistan and a Ph.D. candidate studying Montesquieu and the American founding.

### **3. Global Microfinance**

After becoming interested in microfinance in Latin America in the 1980s and making microfinance a priority of the Rumsfeld Foundation two years ago, we are currently working with five respected microfinance non-profit organizations. In 2009, we have awarded grants for microfinance projects totaling \$300,000 in six nations from Colombia to Tajikistan. We also continue to watch the progress of a \$1,000,000 grant in 2006-7 to Hand-in-Hand for a microfinance pilot project in Afghanistan.

Even in an economic downturn that is not confined to any one nation or continent, microfinance remains one of the more successful routes out of poverty for millions of the world's poor. The government-to-government development approaches of USAID, the World Bank and the International Monetary Fund (IMF) can be successful, but too often they fall victim to the corruption prevalent in the governmental and financial institutions in many developing countries. By encouraging entrepreneurship and opportunities to launch small businesses, we believe that microfinance offers a different, more efficient and ultimately more effective model of aid and development.

In fact, the social experiment pioneered in the 1980s is today a profitable enterprise for many of commercial banks distributing small loans to the poor and lower middle class. Still credit is not readily available to a great many of those living in poverty – many on less than \$1 per day. The organizations we have partnered with continue to focus on catering to the poorest of the poor. Profit margins are less, but the individual impact of small loans that allow those who would never have the opportunity otherwise to start small businesses in their communities is arguably greater.

Some observers have warned of the danger of flooding markets in the developing world with cheap credit. The non-profit organizations we are working with have strict lending standards and are still reporting high repayment rates – well over 90 percent. A credit crisis in microfinance markets remains an uncertain peril, but the reality is that microfinance products and financial services are still too difficult for most of the world's poor to obtain. Many governments in the developing world do not favor individuals accumulating individual wealth – and the political power that goes with it. It is estimated that only 10 percent of the billion people in the world who could benefit from microfinance services currently have access to them. We hope that over the next decade, we will see expanding business and entrepreneurship opportunities to more of the world's poor. Many charitable organizations are committed to this goal.



## FINCA International



FINCA International is one of the few global microfinance organizations operating in Central Asia. It continues to do good work in helping to develop financial cultures hospitable to entrepreneurship and investment – a tough task following many years of Soviet economics. After providing grants to assist FINCA's microfinance projects in Georgia and Tajikistan in 2008, we have expanded the Foundations' grants in 2009 to continue support of their projects in **Georgia** and **Tajikistan** and their new efforts in **Afghanistan**.

Russia's invasion of **Georgia** in the summer of 2008 has brought instability and uncertainty to the nation's economy, and highlighted the importance of supporting nations with relatively young free market economies. Despite notable improvements following the country's independence from the Soviet Union in 1991, Georgians continue to suffer from poverty and high unemployment. Last year, our grant helped to fund the development of new microfinance products – such as agricultural microinsurance – for Georgia's more rural and poorer population. In 2009, FINCA expanded their goals and is now installing banking counters in 14 branches throughout Georgia, making transactions more efficient, transparent and accurate. To support FINCA Georgia's efforts, particularly in those areas most affected by Russia's 2008 invasion, our Foundation has provided \$20,000 in funding for 2009.

FINCA Georgia	
Poverty Rate	54%
Loan clients	20,109
Average loan size	\$880
Percentage of women	45%
2009 RF Grant	\$20,000
Total Grants	\$50,000

In Central Asia's Fergana Valley -- land that extends into the territory of Kyrgyzstan, Tajikistan and Uzbekistan – ethnic tensions, terrorist recruitment, trade barriers and poverty have proven difficult obstacles to economic development. Expanding our Foundation's 2008 grant for electric generators and transportation, we have awarded

FINCA's efforts in **Tajikistan** a grant to expand microfinance services into the country's underserved north, particularly in the Fergana Valley region of Tajikistan. By providing access to investment capital and loans – even relatively small amounts – FINCA's microfinance operation, if successful, can be a model of economic development in Central Asia.

FINCA Tajikistan	
Poverty Rate	60%
Loan clients	18,970
Average loan size	\$573
Percentage of women	31%
2009 RF Grant	\$75,000
Total Grants	\$175,000

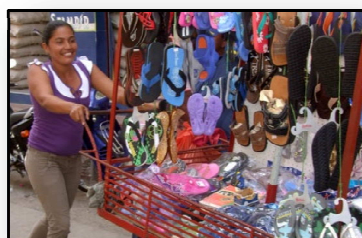
FINCA Afghanistan	
Poverty Rate	73-80%
Loan clients	28,290
Average loan size	\$331
Percentage of women	48%
2009 RF Grant	\$30,000
Total Grants	\$30,000

FINCA is also pursuing microfinance work in **Afghanistan**. FINCA is providing individual entrepreneurs microfinance services on the grassroots level, as well as helping the Afghan government rebuild its financial infrastructure. With the country's predominantly Muslim population (99 percent), FINCA provides microfinance compliant with Islamic law,

avoiding traditional restrictions on charging loan interest. Supporting FINCA's innovative ways to bring microfinance to the Afghan people, the Rumsfeld Foundation has awarded the organization a grant to expand its efforts there.

## Opportunity International

It was through Opportunity International's work in Latin America that Joyce and I first became interested in microfinance over two decades ago. We have been impressed by the organization's work and growth since. Almost four decades since Opportunity International was founded in 1971, it now serves over 1.5 million loan, savings and insurance clients in 27 countries.



Colombia loan client Sugay Armenteo

In 2007, we awarded \$100,000 to Opportunity International in support of its microfinance work in **Colombia**. Three million Colombians struggle to survive on less than \$1 a day, and 8 million live on less than \$2 a day. Microfinance lending still reaches only about 2.5% of the total population of Colombia. Colombia's successful President, Alvaro Uribe, has visited Opportunity International's operations in Colombia and has expressed support for its work to provide greater microfinance access to Colombia's poor. Despite the U.S. Congress's failure to pass the important free trade agreement with our closest friend and ally in Latin America, and despite Venezuelan President Hugo Chavez's sponsorship of terrorist organizations attempting to destabilize Colombia, President Uribe has accelerated economic development and is bringing stability to the country.

Opportunity International has developed a new plan to expand their efforts to raise the standard of living for the poorest households in Colombia by launching a new full-service, national-scale commercial finance company in 2009. As a regulated national financial institution, Opportunity Colombia, will be able to build upon their current presence, increase savings levels and support entrepreneurship. In support of this goal, the Rumsfeld Foundation has granted \$75,000 to Opportunity International Colombia for their efforts in 2009.

Opportunity Intl Colombia	
Poverty Rate	65%
Loan clients	25,606
Average loan size	\$164
Percentage of women	81.6%
2009 RF Grant	\$75,000
Total Grants	\$184,300

## Hand in Hand

The recipient of the Foundation's \$1,000,000 grant to jumpstart microfinance in **Afghanistan**



HAND IN HAND

in 2006 and 2007, Hand in Hand has sought to facilitate large-scale job creation among Afghans through community microfinance and enterprise development. Joyce and I first learned of the work of Hand in Hand International when Percy Barnevik began aiding the



organization's work in southern India. In 2006, we encouraged him to begin thinking about ways of establishing a similar operation in Afghanistan.

Working with the Afghan government and ministries, Hand in Hand has run pilot programs in northern and northeastern Afghanistan to test how its enterprise and job creation model might work across the country. The program has seen its share of successes and challenges in a country that consistently defies easy solutions. While getting off to a promising start, a harsh drought in the autumn of 2008 caused the participation of individuals involved in Hand in Hand's community lending programs to drop significantly. The program's managers have learned that microfinance operations in Afghanistan are vulnerable to stresses and shocks. Hand in Hand plans to strengthen staff capacity and technical skills and to diversify into non-agribusiness activities in order to minimize future risk and susceptibility to drought.

Hand in Hand - Afghanistan	
Poverty Rate	73-80%
Loan clients	560
Average loan size	\$100
Percentage of women	56%
Total Grants	\$1 million

## Grameen Foundation



The Rumsfeld Foundation continues to support the microfinance efforts of **Grameen Foundation in Pakistan**. There, the Grameen Foundation partners with a local microfinance organization that provides a range of microfinance services, including credit, savings, insurance, and business development services throughout the country. Even in a society as deeply conservative as Pakistan's, through microfinance women are being empowered. Thousands of women who are Grameen partner's clients now run their own small businesses.

Grameen Foundation - Pakistan	
Poverty Rate	25%
Loan clients	320,000
Average loan size	\$150
Percentage of women	100%
2009 Grant	\$25,000
Total Grants	\$200,000

Pakistan's political instability, compounded by adverse global economic trends, has caused inflation, weak exchange rates and general insecurity. In this challenging environment, loan repayment rates have been lower than expected. The Grameen Foundation is confident that its microfinance operation in Pakistan will return to profitability after instituting tougher lending standards and promoting better financial literacy.

## ACCION International

ACCION International has been providing microloans and financial services to the world's poor for over three decades.

ACCION's mission is to develop microfinance strategies against poverty that will be permanent, self-sustaining, and not dependent on private charity in the long-term. In 2008, we contributed a \$100,000 grant for ACCION's work in El Salvador and a \$100,000 grant for its work in India.



After receiving updates of ACCION International's work earlier this year, we were pleased to hear that ACCION's efforts with partner, Apoyo Integral, in El Salvador have been so

ACCION International - India	
Poverty Rate	25%
Loan clients	13,693
Average loan size	\$149
Percentage of women	76.18%
2009 RF Grant	\$75,000
Total Grants	\$175,000

successful that they no longer require private donor support. The microfinance operation in El Salvador and its client base continue to grow, and ACCION's work in El Salvador with its local partner institution is now serving as an example for other countries in Latin America.

In 2009, we are continuing to support ACCION's microfinance program in **India**. In the past few years, ACCION has developed ways to broaden opportunities for microentrepreneurs to access financial services in India's cities. ACCION's three current partners are now serving urban clients with both group and individual lending and by the end of 2010 aim to be serving close to 200,000 with individual and group lending, savings, micro-insurance and remittances programs.

#### 4. U.S.-Central Asia Relations

Perhaps the most unusual work of the Rumsfeld Foundation, we have made fostering ties between the United States and the former Soviet Republics of Central Asia and the Caucasus, including Afghanistan, a priority. As these



countries chart a new path in the 21<sup>st</sup> century away from command economies and totalitarian regimes, the United States and the West can play a helpful role in their gradual evolution toward freer economic and political systems.



The centerpiece of our outreach to Central Asia is the **Fellowship Program for young leaders from Central Asia, the Caucasus and Afghanistan at the School of Advanced**



**Fall 2008 Central-Asia Caucasus Fellows**

**International Studies at Johns Hopkins University.** With the help of the renowned scholar of the region Dr. S. Frederick Starr, Chairman of the **Central Asia-Caucasus Institute**, and program manager Mr. David Soumbadze, we launched this program in the fall of 2008 to bring rising regional leaders in politics, business, and academia for six weeks to Washington D.C. to pursue research projects and establish ties with their counterparts in the United States. In two groups -- the fall of 2008

and spring of 2009 -- 12 fellows participated in the program. Joyce and I hosted each group for dinners at our home, and we have been impressed by their potential to build closer linkages between our country and theirs.

Seven more young leaders from Central Asia arrived in Washington this October as part of the program and will participate in meetings with policy makers, officials, analysts, business leaders, journalists and organizations relevant to their fields of expertise. They will also visit our hometown, Chicago, for meetings there -- an opportunity to see the United States beyond Washington's Beltway. We are optimistic that the program will contribute to the emergence of a cadre of leaders who recognize the importance of productive links between their region and America in the 21<sup>st</sup> century.

The Rumsfeld Foundation has also supported a program that provides opportunities for outstanding students from Central Asia. Each summer, the **Fund for American Studies** hosts seminars in Prague to teach students – and tomorrow's leaders – from Eastern Europe and Central Asia Western philosophy and the principles that make free political systems and free markets possible. Over the last two years, we have helped to support over forty students from nations such as Uzbekistan and Kazakhstan attend the organization's summer program.



Joyce and I thank you for your interest in the Rumsfeld Foundation and we look forward to developments in the year to come.

If you have questions or suggestions, please call our office at (202) 944-1304 or send an email to [contact@rumsfeldfoundation.org](mailto:contact@rumsfeldfoundation.org).

Warm regards,

Donald and Joyce Rumsfeld