



AGA KHAN FOUNDATION U.S.A.
An agency of the Aga Khan Development Network



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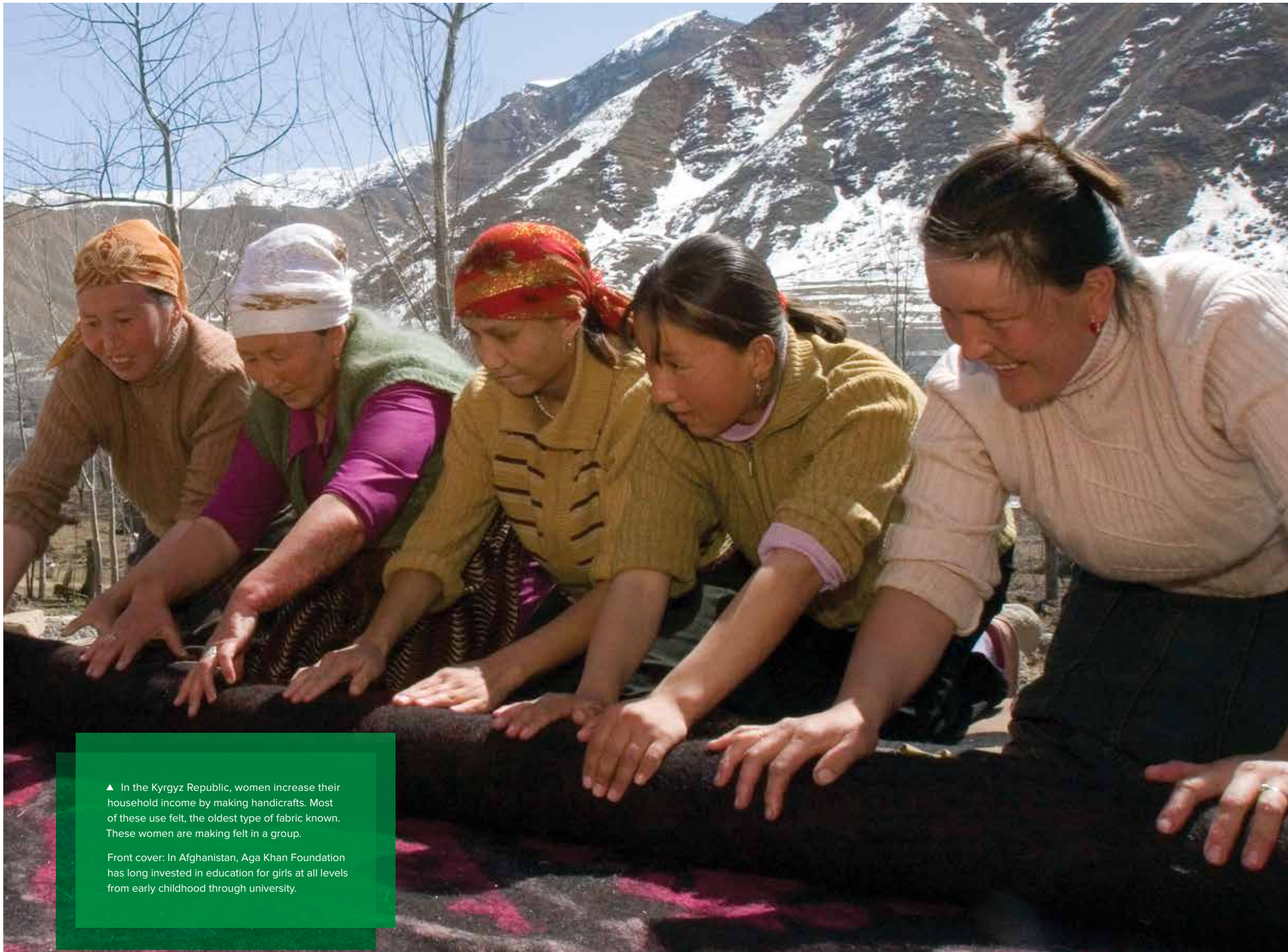


2014
Annual Report

In Pursuit of
Good Governance
Together

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▲ In the Kyrgyz Republic, women increase their household income by making handicrafts. Most of these use felt, the oldest type of fabric known. These women are making felt in a group.

Front cover: In Afghanistan, Aga Khan Foundation has long invested in education for girls at all levels from early childhood through university.



▲ In Mali, multi-input area development combines activities in health, education, rural development, financial services and civil society to improve the quality of life for people in the Mopti Region, one of the poorest in the country.

Welcome

“Together, we help people in Africa and Central and South Asia achieve their potential and their priorities.”

Dear friends,

With your generous support, the Aga Khan Foundation celebrated a landmark year in 2014 helping communities around the world build better futures together. We saw progress in reliable schools and healthcare, economic opportunities and vibrant civil societies—all cornerstones of thriving communities.

Last year’s report highlighted new public-private partnerships for innovative solutions that help fragile communities flourish. This report takes that exploration further with the theme, “In Pursuit of Good Governance Together.” The title refers to an observation made by our founder, His Highness the Aga Khan, during his North American visit in 2014 (see quote on page 9). As you will see in the stories that follow, the Aga Khan Foundation works with diverse communities to address their challenges and create partnerships that contribute to better governance and quality of life.

The stories reveal the range of our partnerships in form and scale. They start with collaboration in a marginalized community in Kenya. In the next story, local governments and their constituents work together to improve accountability in Afghanistan. From there we consider region-wide solutions in Central Asia where a university fuels jobs growth, and in West Africa where telecommunications extends financing solutions to remote farm families. In all cases our work is driven by inclusivity in which all parts of society—government, private sector and citizens’ actions—make a difference.

The Aga Khan Development Network and our partners measure results holistically, over the long term. A key ingredient in successful long-term development is a vital civil society.

In 2014 the Foundation advanced relationships for civil society to new levels. We helped to grow the Global Alliance for Community Philanthropy, expanded social cohesion and social accountability, and continued to find ways to improve the Foundation’s own capacity to create integrated programs. In forging new relationships, for example in impact investing, we built on the Network’s experience with enterprise-driven development.

In September, President Obama announced a new initiative involving the U.S. Government, the Aga Khan Development Network and the Government of Sweden, to create a partnership that encourages the growth of civil society further (see page 11).

In 2014 the Foundation raised over \$37 million of new funding from dedicated donors and \$12 million from the American public, combined with ongoing contributions from His Highness the Aga Khan. We also expanded our current impact investing portfolio of over \$40 million. Together, we help people in Africa and Central and South Asia achieve their potential and their priorities.

On behalf of all of our partners, we thank you for what we have been able to accomplish. We have much more to do. We are stronger together.



Aziz Valiani
Chairman
National Committee



Dr. Mirza Jahani
Chief Executive Officer

Who We Are

The Aga Khan Foundation (AKF) has been investing in civil society across Africa and Asia for decades, helping communities build better futures. Reaching 3.5 million people in 16 countries, the Foundation is a member of the Aga Khan Development Network, one of the world's leading poverty solutions networks, established by His Highness the Aga Khan. We build quality institutions—clinics, banks and universities—that anchor communities and provide them opportunities to unlock their promise.

Committed to breaking the cycle of poverty, we integrate our efforts from all sectors, making long-term investments, building lasting institutions and cultivating an active civil society. We are committed to innovative programs that improve the quality of life for people in the poorest regions of the world. We work for the common good of all citizens, regardless of gender, origin or religion, inspired by an underlying ethic of compassion for the vulnerable in society.

Harnessing the best from people of all walks of life, we build deep partnerships with nonprofits, businesses, governments and local leaders based on a shared vision of prosperity for all. Working with our partners—ranging from governments, local citizen groups, NGOs, socially responsible corporations and foundations—we make long-term commitments to pioneering programs that improve the quality of life. Our holistic approach covers the range of human development from early childhood education to green space preservation.

AKF serves as a learning institution for program enhancement, policy dialogue and disseminating best practices. From its Washington, DC office, AKF provides technical, financial and capacity-building support to Foundation programs worldwide. Among peers and partners within policy and international development, AKF advocates for holistic solutions to end poverty, promoting awareness of its experiences with integrated approaches that improve the quality of people's lives.

► The Vilwakwe Children's Centre on the outskirts of Mombasa, Kenya started in 2006 with seven children. Now it has more than 300 students, over half of them girls.



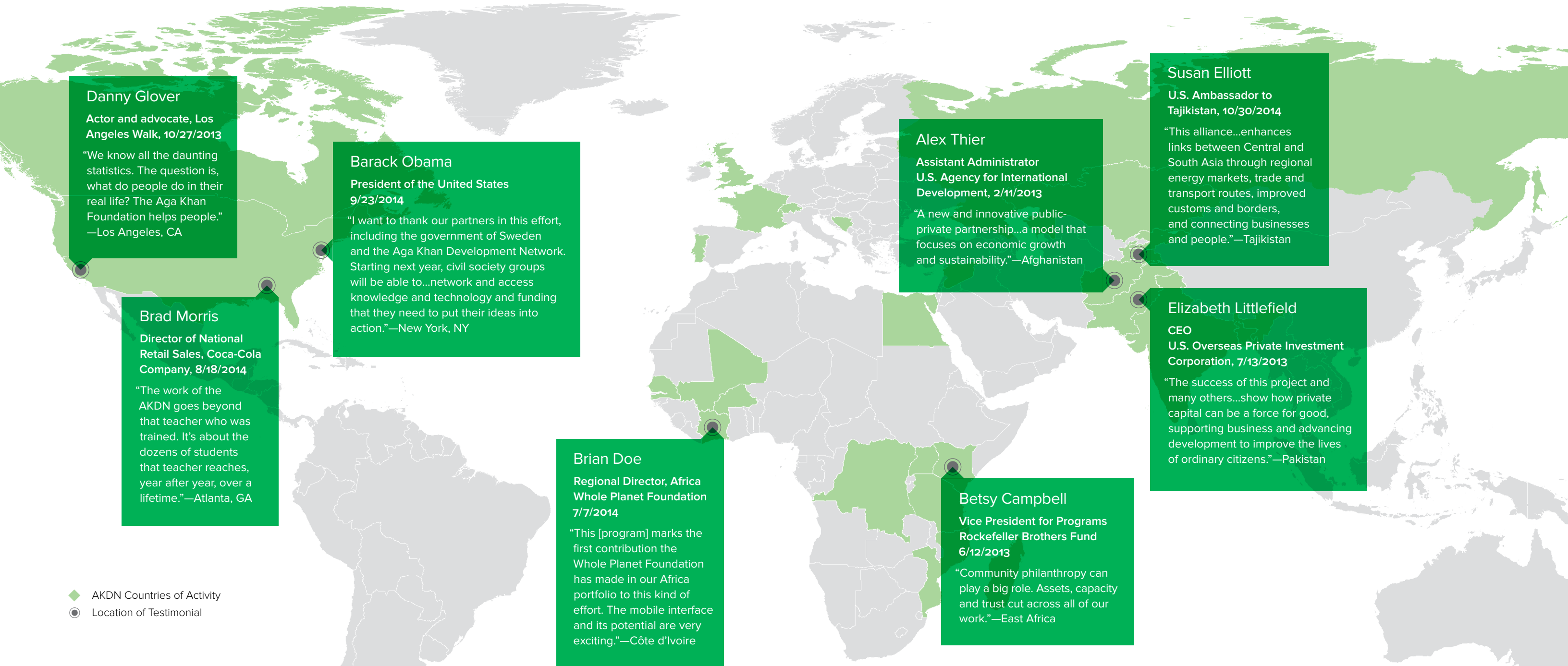
Vision for Change

We are stronger together. Our work is driven by a firm belief in our shared humanity. Prosperity for all comes from harnessing the best from people of all walks of life. Strong partnerships with local organizations, businesses, governments and community leaders—based on a shared vision for the common good—improves the quality of life for people in the poorest regions of Africa and Asia.

Viewpoints from Partners and Peers

“NGOs like...the Aga Khan Development Network are already leading the way by providing the entrepreneurial training that people need to start micro-businesses so that individuals can create their own sustainable jobs and incomes.”

Abdul Rahim Nasry, “Afghanistan—Solving the Unemployment Crisis,” Thomson Reuters Foundation, 2/19/2015



Danny Glover
 Actor and advocate, Los Angeles Walk, 10/27/2013
 “We know all the daunting statistics. The question is, what do people do in their real life? The Aga Khan Foundation helps people.”
 —Los Angeles, CA

Barack Obama
 President of the United States
 9/23/2014
 “I want to thank our partners in this effort, including the government of Sweden and the Aga Khan Development Network. Starting next year, civil society groups will be able to...network and access knowledge and technology and funding that they need to put their ideas into action.”—New York, NY

Brad Morris
 Director of National Retail Sales, Coca-Cola Company, 8/18/2014
 “The work of the AKDN goes beyond that teacher who was trained. It’s about the dozens of students that teacher reaches, year after year, over a lifetime.”—Atlanta, GA

Brian Doe
 Regional Director, Africa
 Whole Planet Foundation
 7/7/2014
 “This [program] marks the first contribution the Whole Planet Foundation has made in our Africa portfolio to this kind of effort. The mobile interface and its potential are very exciting.”—Côte d’Ivoire

Alex Thier
 Assistant Administrator
 U.S. Agency for International Development, 2/11/2013
 “A new and innovative public-private partnership...a model that focuses on economic growth and sustainability.”—Afghanistan

Betsy Campbell
 Vice President for Programs
 Rockefeller Brothers Fund
 6/12/2013
 “Community philanthropy can play a big role. Assets, capacity and trust cut across all of our work.”—East Africa

Susan Elliott
 U.S. Ambassador to Tajikistan, 10/30/2014
 “This alliance...enhances links between Central and South Asia through regional energy markets, trade and transport routes, improved customs and borders, and connecting businesses and people.”—Tajikistan

Elizabeth Littlefield
 CEO
 U.S. Overseas Private Investment Corporation, 7/13/2013
 “The success of this project and many others...show how private capital can be a force for good, supporting business and advancing development to improve the lives of ordinary citizens.”—Pakistan

◆ AKDN Countries of Activity
 ● Location of Testimonial

In Pursuit of Good Governance Together

“Threats to balance have long presented a central governance challenge...these issues are now being addressed with new intensity all across the world.”

His Highness the Aga Khan, Brown University, 2014

Local Engagement

Kenya



Province Level Action

Afghanistan & Tajikistan



Across Borders

Central Asia



Region-wide

West Africa



At the community level, our programs engage families to improve schools even where formal institutions are stretched.

How do communities ensure access to good governance and basic services? Reliable hospitals, schools and community centers. Flourishing economies. These are cornerstones of all healthy communities that allow people to gain the collective power to shape their futures. Without these elements, families remain stuck in a cycle of poverty, dependent on limited government services and short-lived external aid. The Aga Khan Foundation is breaking this cycle.



At the local and provincial levels, we bring governments and constituents together to assess priorities and improve basic services.

Meaningful change takes time, even decades. Equipped with education, health and livelihoods, people realize their potential and drive change in their communities. Civil society can thrive. People establish mutual respect and make decisions together to lift up the community. This is good governance in its larger sense.

At the Aga Khan Foundation, your support allows us to help all people fulfill their promise. These stories offer a snapshot of how we and our partners address that challenge for healthy governance and civil society—within a community, within a region, and across borders.



Across borders, region-wide solutions include a university that fuels growth of job skills.

This work advances through new and existing relationships. With long-time partners we grew the Global Alliance for Community Philanthropy, explored social cohesion and social accountability, and strengthened the Foundation’s own process for integrated programs. We cultivated new relationships in the private sector for impact investing and infrastructure, building on the Network’s experience. President Obama’s announcement of a new initiative involving the U.S. Government, the Aga Khan Development Network and Sweden, marked a new milestone for innovation in civil society (see page 11).



Region-wide, telecommunications extends new financing options to remote rural families.

To reflect this emphasis on deepening relationships over time, our report starts with our U.S.-based efforts, showing how relationships cultivated here support communities where we work in Africa and Asia. Now more than ever, there are reasons to make meaningful change in civil society, and we are humbled to be working toward the goal of a better shared future.

Connecting U.S. Civil Society and the World

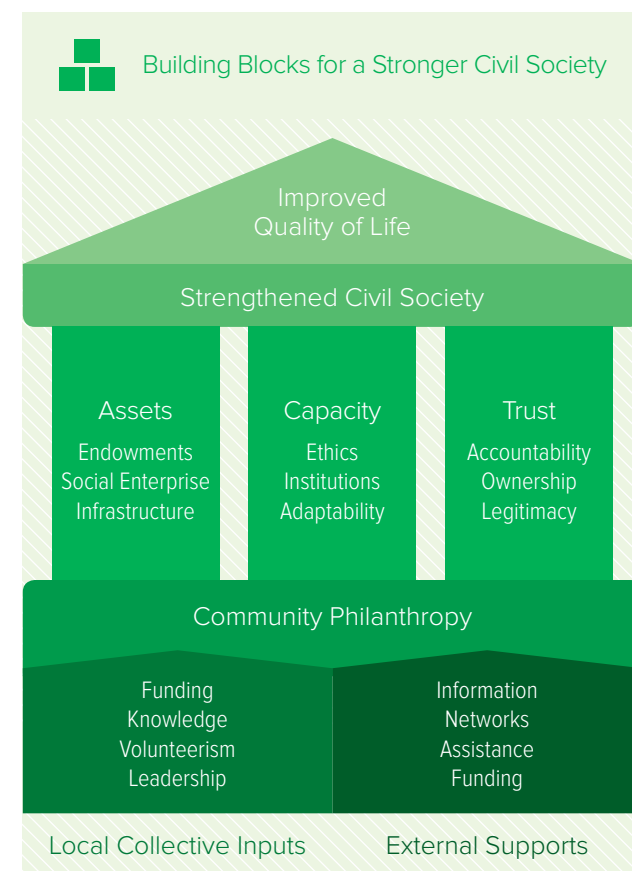


For decades the Aga Khan Foundation has benefited from its global affiliations. For 2014 we begin our report by acknowledging the vibrancy of our partners and peers, whose ideas and resources stimulate innovation and collaboration in some of the world’s most isolated communities. Those connections make evident our shared humanity.

This year you helped us take to a new level three types of relationships that support long-term, community-based growth:

- ◆ **Relationships in the Private Sector.** Through impact investing—the mobilization of investment capital for long-term social impact—the Foundation engaged new supporters. Its ground-breaking agreement with the Overseas Private Investment Corporation (OPIC) is improving access to quality health care in Pakistan and elsewhere.
- ◆ **Partnerships with Development Agencies.** Starting from a first Global Development Alliance with the U.S. Agency for International Development (USAID) for Multi-Input Area Development (MIAD) in Afghanistan, the Foundation has crafted more partnerships for long-term development. New alliances in Tajikistan and Kenya help to create public-private models for sustainable development.
- ◆ **Advances in Shaping Civil Society Globally.** With the World Bank and other partners, the Foundation explores how international organizations can best improve accountability between governments and citizens. In September, President

▲ Young participants in the Orlando Run race to raise funds for Foundation programs.



“A vibrant civil society can give diverse constituencies effective ways to express and preserve their distinct identities, even as they interact with new neighbors.”

His Highness the Aga Khan, New York, May 15, 2006

Obama announced a new initiative for civil society globally involving the U.S. Government, the Aga Khan Development Network (AKDN) and the Swedish Government. AKDN is supporting civil society innovation in Asia and Africa and will share updates on that progress.



Sharing Lessons

Sustainability requires shared learning. Drawing on decades of experience, the Foundation promotes evidence-based solutions that reduce poverty. In 2014 AKF and its partners fueled a lively public dialogue, including a March 10 talk by His Highness the Aga Khan at Brown University, on how sustainable development grows from local initiative. From the collaboration on Community Philanthropy with the Charles S. Mott Foundation and the Rockefeller Brothers Fund, begun in 2011, the Global Alliance for Community Philanthropy has emerged and grown.

With USAID, AKF sponsored the Civil Society Organization Sustainability Index (CSOSI) and a public discussion at the National Press Club in Washington, DC on trends in strengthening CSOs in Central Asia and Africa.

At the Social Capital Markets (SOCAP) conference in San Francisco, AKF shared lessons from its innovative funding models for social impact. In Washington, DC AKDN colleagues from Tajikistan and the Kyrgyz Republic outlined new pathways for equitable housing solutions.

AKF’s work reached the readers of the *New York Times* (“A global boost for local philanthropy,” February 28) and the *Chronicle of Philanthropy* (March 23 issue), which highlighted AKDN’s work in cultural and economic development. A success story of engaging an entire community in its children’s education reached the readers of *Frontlines*, the magazine of the U.S. Agency for International Development. The #GivingTuesday giving campaign spread AKF’s “How I See Change” stories in press releases from our partners at the United Nations Foundation and the Whole Planet Foundation.

In July the public radio series *America Abroad* broadcast a story illustrating how community philanthropy grows solutions



▲ From top: President Barack Obama announces a new partnership with the Aga Khan Development Network in New York; Karen Freeman, Director of USAID in Kenya, and Dr. Mirza Jahani, CEO of AKF USA sign an agreement launching Yetu, meaning “ours” in Kiswahili. Yetu builds local ownership and long-term support for civil society in Kenya; Three young volunteers in Atlanta support the Foundation’s annual Walk.

by building on local assets. Listeners heard a success story from a remote, arid community in Kenya that pulled together to make a sustainable long-term water supply. What is more, that effort created initiatives for education and livelihoods that serve over 70,000 people.

Connecting on Foot and Social Media

In April the Foundation joined the 2014 Boston Marathon as the race's only global charity partner. The AKF Run Team, in its first-ever marathon, raised over \$61,000 for the Foundation's programs. The three volunteer runners were the faces of AKF in the national effort to heal wounds left by the 2013 Boston Marathon tragedy.

To reach new audiences, AKF launched social media campaigns that integrated online community and commitment. The

campaigns created a wider forum for people who care about ending poverty. Campaigns for International Women's Day, Earth Day, World Food Day and #GivingTuesday shared inspiring stories of our community partners with a new online community.

Fellowship Program

For over 20 years AKF has nurtured young professionals in international development. The highly selective AKF Fellows program accepts applicants with degrees in fields related to its programs. The AKF Fellows combine nine months in the Washington, DC office with a year's field placement at a Foundation office abroad for hands-on experience in both a donor country and a developing country. In addition, young professionals from Tajikistan come to Washington for a six-month placement, bringing experience from AKDN agencies to the United States.

Our Volunteers Make the Difference

AKF's volunteers across the country marked 20 years of public events, raising awareness and giving to the Foundation's work. In 2014:

11

major U.S. cities
hosted Walk, Run
and Golf events

23,000+

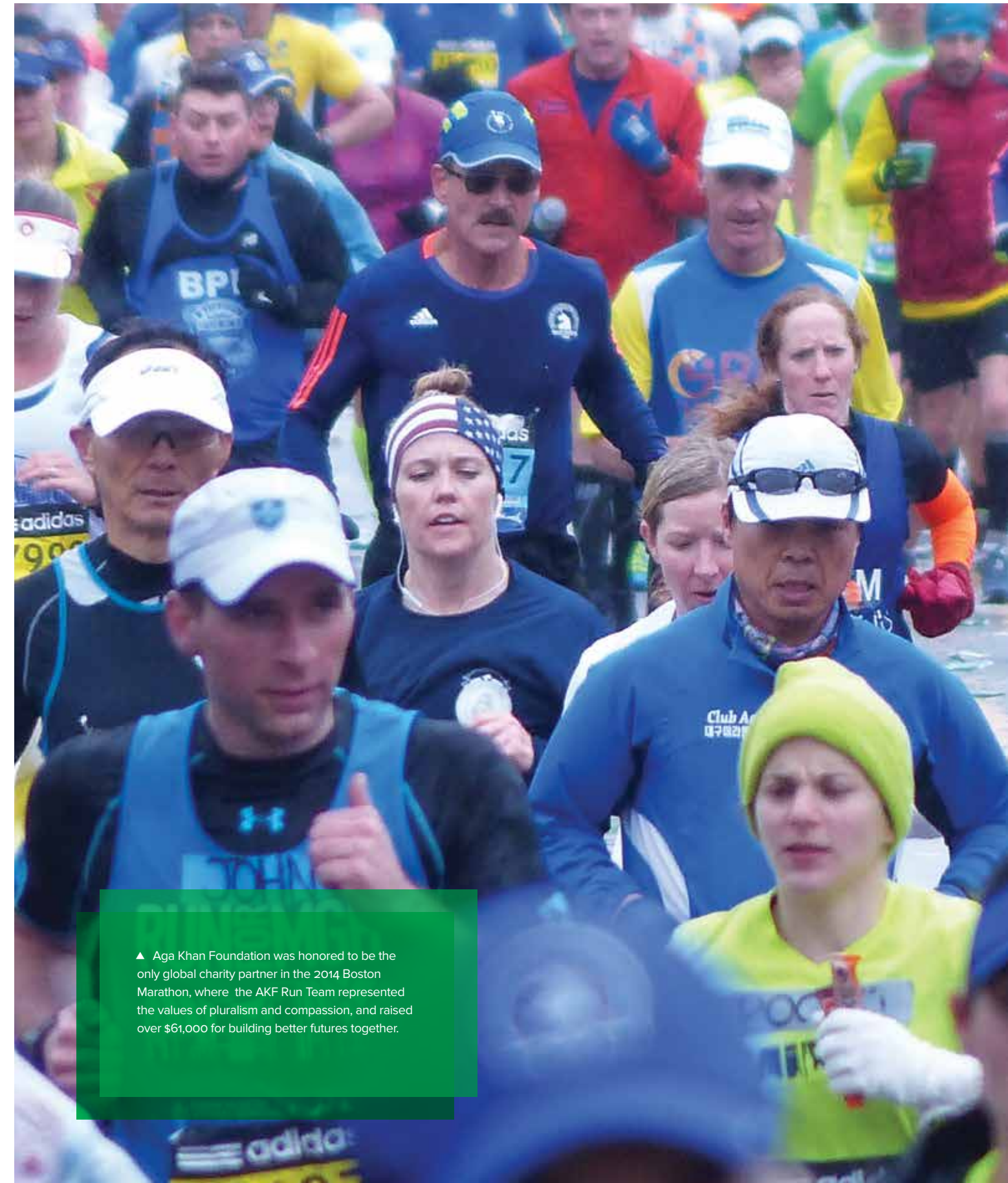
Americans
participated in AKF
public events

\$12 million

raised for AKF programs
that break the cycle of poverty
in Africa and Asia

► An excited young volunteer at Partnership Walk in Los Angeles is among 23,000 participants nationwide.

► The three AKF Run Team members with coach Nargis Solis (left) at the Boston Marathon.



▲ Aga Khan Foundation was honored to be the only global charity partner in the 2014 Boston Marathon, where the AKF Run Team represented the values of pluralism and compassion, and raised over \$61,000 for building better futures together.

Involving Families in Making Schools Better in Kenya



“I saw it as an opportunity to help my learners.”

Perris Mwapheku, teacher in Kwale County

Now after her innovations, Ms. Perris reported that over 80 percent of her learners can read fluently and with good comprehension—well above the average rate for students there (65 percent for female students, 48 percent for male). At Kenya’s southernmost tip, families in Kwale County live at the margins. Only 1 in 10 households has electricity, less than half have basic sanitation and only 5 percent of the roads are paved. Despite such limitations in their lives, parents engaged with whole school approach to support teachers and students. For a family to get involved in their school is a vote of hope.

Kenya’s education system has absorbed many EMACK elements after officials saw the methods at work. In Mombasa, the county education strategy includes scaling up activities begun under EMACK including in-service teacher training and increased parental involvement. In remote Garissa County, officials saw that pupils in EMACK schools acquired better reading skills than students in non-target schools.

Besides improving student performance, the whole school approach helps communities see a bigger picture. As EMACK activities concluded in 2014, the Kenyan Government adopted the whole school approach for 3,600 primary schools nationwide and committed to supporting children in a comprehensive way.



At a City’s Margins, Creating Structures for Learning

In one informal settlement at Mombasa’s edges, headmistress Ms. Mary Andrew Kopulo started the Vilwakwe Children’s Centre (profiled in AKF’s 2011 annual report) in 2006 with seven children. Vilwakwe provided families with primary education where the nearest public school was two miles away.

Eight years later Vilwakwe has grown to a primary school with 15 teachers and an enrollment of over 300. Over half of them are girls. Vilwakwe has grown in skills as well as numbers, supported by a community with few resources.

The school’s interaction with the community grew as parents got involved in the school’s management committee, discussing with teachers how best to improve school and student performance. In EMACK, 88 percent of school management committees revised plans to make reading a priority.

Vilwakwe passed another milestone too: its first group of eighth-grade students completed the Kenya Certificate of Primary Education examination in 2013, and the second group achieved improved results in 2014.

AKF programs in East Africa address local needs and cultivate a standard of quality education and a culture of best practices. With sustained commitment, AKF and partners like Ms. Kopulo create an atmosphere where all students learn with quality.

1 Aga Khan Foundation’s long-term approach to school improvement engages an entire community in assessing their schools and creating workable solutions. The process—called whole school approach—combines the energies of parents, educators and the wider community, as well as teachers and pupils.

With a focus on education for groups often overlooked, the Education for Marginalized Children in Kenya (EMACK) program, funded by the U.S. Agency for International Development, has extended AKF’s experience in East Africa and deepened its commitment to children’s early years of learning. Begun in 2006, the program evolved along with Kenya’s education environment to address problems of overcrowded schools, strategies for whole-school improvement and improved learning outcomes. In eight years, EMACK extended and improved school opportunities for

over 500,000 children in 935 pre-primary and primary schools across three regions (Coastal Province, Northeast Province and Nairobi). Nearly half were girls.

Many teachers work in remote districts and squatter settlements with few formal structures (see box) and without regular professional development opportunities. EMACK worked with local governments to train and provide in-school mentoring for over 3,450 teachers, exceeding its goals. To create supportive teaching networks, cluster meetings provided opportunities for teachers from 3-5 neighboring schools to meet regularly for shared learning. These cluster meetings took place monthly across the three regions. That support gave teachers like Ms. Perris Mwapheku confidence for trying a new, evidence-based method for teaching reading.

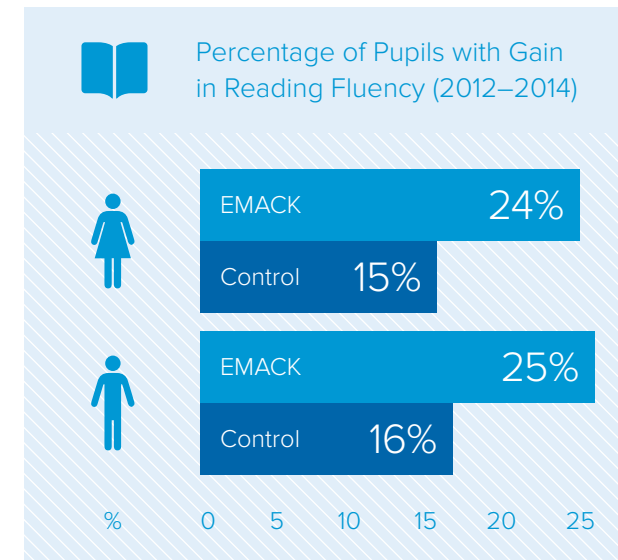
“I am open to new challenges,” said Ms. Perris Mwapheku, a grade-three teacher in Kwale County. Despite nearing retirement after 25 years of teaching, she embraced the new methods and materials. “I saw it as an opportunity to help my students.”

Ms. Perris engaged her students with reading in new ways, creating charts and posters that made her classroom walls speak to the students. She also started a mini-library in the classroom with EMACK support.



▲ Even when communities have few resources, the whole school approach supports teachers and improves family engagement for better schools.

◀ Girls Forum groups build the skills and confidence of female students.



Growing Accountability and Pluralism in Afghanistan and Tajikistan



“We encourage woman to apply for positions we announce. At the village level we will try to ensure community-based institutions provide equal opportunities for men, women and youth to participate in decision making on development issues.”

Participants voiced the hope that such town hall meetings would help align communities and government more closely. One elder observed this was the first time he had ever been given the chance to discuss with officials issues that affected his community. He expressed his appreciation.

District officials said they valued the chance to hear firsthand feedback from their constituents. AKF staff met with officials to assess the results and actions to resolve issues in the delivery of public services. The district government expressed a commitment to strengthening the system established for continuing the assessment process.

With these advances, AKF and the U.S. State Department in 2014 launched Strengthening Afghan Governance and Livelihoods (SAGAL), a three-year program to improve livelihoods for vulnerable populations in 16 provinces across Afghanistan. Partners include Mercy Corps International, ACTED and the First MicroFinance Bank of Afghanistan, an Aga Khan Development Network affiliate. Building on the increased capacity for governance dialogue, SAGAL takes a similar approach to improve incomes and employment in vulnerable communities. The new project works with people throughout value chains in agriculture to improve farmers’ ability to profit from alternative crops and livelihood activities.



Community Engagement Brings Water in Tajikistan

Across the border, the Foundation has nurtured local government capacity to solicit community feedback and respond. AKF implements the Local Governance Project in Tajikistan with partners Deloitte Consulting LLP and AKDN sister agency Mountain Societies Development Support Programme, with funding from the U.S. Agency for International Development (USAID). This project connects local government officials with communities through training and town hall gatherings. Together they determine local priorities, manage budgets, and make plans for acting on shared priorities, like creating local water supply systems.

These are big steps. Through the project over 150 community groups (mahalla committees) have organized and registered with the government. They have built cornerstones of a working civil society while attending to urgent needs.

For some villages the process yielded the life-giving benefit of water. After AKDN training in four communities, two—Ghalchagi and Shohon—submitted proposals for a drinking water supply to a competition sponsored by USAID. Those proposals received USAID grants, and over 170 households now have drinking water.

In Ghalchagi, that brought a new 5.2-mile water pipeline distribution facility and spigots. In September U.S. Ambassador Susan Elliott joined Abdulkhamid Sangov, Head of Ghalachi Mahalla Committee, to inaugurate the new drinking water system.

“The project has made significant strides to uniting our village,” said Sangov, adding that the project has spurred construction and home renovation. He hopes the water system will keep young families engaged in their community.



2 Like many in Afghanistan, the people of Takhar province have had few opportunities to speak with local government officials on issues that affect their lives. Historically channels for accountability ran in one direction: from local to central government.

To create a space for public accountability, the Aga Khan Foundation’s Sub-National Governance Program, with funding from the U.S. Department of State, launched the Downward Accountability Initiative in 2012. It trained district government officials on public accountability in governance through a series of “good governance” workshops.

Officials in those workshops expressed interest in holding public audit meetings in their districts to hear from community members. This marked an historic first: over the course of a four-hour face-to-face discussion, community members were

able to grade their local government and comment on its performance delivering basic services like water and education. AKF supported and facilitated the series of public meetings with the idea they would lead to others.

These included meetings in three districts in Takhar province. The town-hall-style meeting in Rustaq district drew around 150 people from the community to the District Governor’s office, to discuss issues that affected their lives. Invitations were delivered to community members of the District Development Assembly and Community Development Council along with select youth, teachers, mullahs and community elders.

On the morning of the meeting, scores of residents made their way to the Governor’s office. They raised questions about basic services and debated the impact of local development projects on their lives. Some unexpected questions included:

- ◆ **“Bribery has taken place in one of the district government offices. What is the government’s plan to prevent this?”**
The District Governor’s office replied, “We are committed to fighting corruption and bribery in any form. Any community member who faces a case of bribery should document it and the District Governor’s office will fully support them to solve the case through the judiciary departments.”
- ◆ **“What is the government’s plan to engage youth and women in rural community development?”**
The District Governor’s office responded, “We support women and youth...two important sectors of the community.”



▲ A resident of Rustaq voices concerns at a town hall meeting where 150 community members expressed local priorities.

◀ An attendee at one of the meetings where local services were discussed.

▶ Opposite: U.S. Ambassador to Tajikistan Susan Elliott tests a new drinking water system in Ghalchagi, created through a public audit process.

Weaving Relationships Across Borders in Central Asia



3

Communities at national borders

often share similar challenges such as access to jobs and job skills training. Remote mountain communities on either side of the Panj River that separates Afghanistan and Tajikistan also share many cultural values. Working across borders, Aga Khan Development Network builds on these commonalities and fosters growth that forms vital regional ties. This is a founding principle of the University of Central Asia, which is building campuses in Tajikistan, Kyrgyz Republic, and Kazakhstan and has programs in Afghanistan.

Sasan Qarbanali is an Afghan graduate of the Cross-Border Vocational Education Programme (CVEB), started in 2009 by the University to foster cooperation on both sides of the Afghan-Tajik border, improve livelihoods, and boost the vocational education opportunities in the region. With a strategy of investing broadly in education, the program targeted instructors of English, accounting and information technology (IT). With funding from the U.S. Agency for International Development, it

“The CVEB program taught me the strategies and skills of teaching in a modern way.”

Sasan Qarbanali, instructor at Badakhshan University

has distributed 201 scholarships to Afghan learners including Sasan, and 33 scholarships to Tajik learners.

One striking result of the program is how Sasan and other Afghan graduates have taken their new skills back to improve their country’s educational system. After graduating, Sasan became an English language instructor at the Continuing Education Unit, part of Badakhshan University in Faizabad.

“The CVEB program helped me to improve my English skills and taught me the strategies and skills of teaching in a modern way,” he explains. Now he’s extending those skills on to hundreds more Afghan men and women.

The Continuing Education Unit in Faizabad where Sasan teaches is one of four learning centers established or supported by UCA under the Multi-Input Area Development (MIAD) Global Development Alliance in Badakhshan. The other three learning centers are hosted by Teacher Training Colleges in Shugnan, Ishakshim, and Darwaz districts of Afghan Badakhshan, for building the capacity of instructors in Afghanistan’s secondary schools. So far over 1,600 unique learners have taken applied English and IT courses at these four learning centers. More than a third of them are women.

Ten instructors recruited for the new teaching centers are CVEB alumni. Through the learning centers, UCA improves Afghans’ access to high-quality continuing education. An accounting program is slated to start at the Continuing Education Unit in Faizabad in 2015. These programs address labor market needs identified by various assessments, including UCA’s own labor market survey.

“The cross-border program has been very helpful in preparing qualified Afghan instructors.”

Laila Zulkaphil, Development and Donor Relations Officer at University of Central Asia

With these centers in remote rural districts, UCA provides rare opportunities for disadvantaged populations who cannot afford to travel to the city. These centers also bring skills-building opportunities to rural women who have difficulty traveling to cities on their own and accessing training programs. Ultimately the learning centers in Badakhshan expect to reach over 4,000 learners during the MIAD program.

Sasan, who grew up in a small village, is part of the economic growth. He supports his family in the village with his teacher’s pay.

“The cross-border program has been very helpful in preparing qualified Afghan instructors” for the MIAD learning centers, explains UCA’s Laila Zulkaphil. “CVEB and MIAD contribute to a long-term vision to strengthen instructor preparedness and build employment skills on both sides of the border,” she adds, “and to improve cross-border cooperation between Afghanistan and Tajikistan.”



University of Central Asia Program Strengthens Teaching Centers

234 Cross-Border Vocational scholarship recipients

10 Graduates returned to Afghanistan as learning center instructors

1,600 Learners have been trained in English, Accounting, and Information Technology

◀ Opposite: The University of Central Asia has programs in Faizabad, Afghanistan.

▼ Below: Sasan Qarbanali, an Afghan graduate of the University of Central Asia, returned to Faizabad where he teaches others in a learning center supported by UCA.



REGION-WIDE

Creating More Inclusive Financial Systems in West Africa

by Simplice Amani, Operations Manager, First Microfinance Agency (PAMF) Côte d'Ivoire, an affiliate of the Aga Khan Agency for Microfinance (AKAM)



4

Our work provides farming families with access to finance they have never had before, and is changing people's lives in communities in northern Côte d'Ivoire. There, our average new client requests a loan of about \$323. Over half of them are women, applying for loans to help their families get through hard seasons, cultivate small farms, and get a fair price for their crops. Most are repaid in nine months.

Our microfinance institution was established to help improve the living conditions of the most vulnerable rural populations who are beyond the reach of conventional banks. Through a partnership between Aga Khan Development Network and Whole Planet Foundation, we are expanding these families' access to banking services so they can grow their livelihoods. Soon they will be able to access account funds using their mobile phone.

I joined the First Microfinance Agency (PAMF) in May 2010 but I have known AKDN in Côte d'Ivoire for many years through its for-profit enterprises that produce sisal and synthetic rope, polypropylene bags, and packaging for cocoa, coffee and cashew nuts. Another AKDN enterprise, Azito Energies, has provided electric power for over a decade.

The partnership between PAMF and Whole Planet Foundation began in 2013 with funds to grow the PAMF loan portfolio in Korhogo and Boundiali. In 2014 Whole Planet put in an additional \$150,000—complemented by \$30,000 from Aga Khan Foundation USA (AKF USA)—to take microfinance services closer to communities in northern Côte d'Ivoire through mobile finance.

As I see it, the program will:

- ◆ Provide even remote communities with access to basic financial services
- ◆ Improve the quality of our customers' lives
- ◆ Contribute a key piece of infrastructure for microfinance: the mobile-based system for banking



Within three years, we aim to bring access to credit to 1,220 more clients, and increase access to savings for over 6,300 rural families who live beyond the reach of conventional banks.

“These loans make a huge difference for families that face a cash crunch every year. AKDN is working to make it possible for them to use mobile phones to ease that crunch...”

Simplice Amani

For this, we are partnering with major mobile network providers to create a system that will let clients use their phones to access their bank accounts. This establishes the foundation of a mobile network that PAMF can expand to offer more savings and credit services. The \$30,000 from AKF USA supports market research to ensure the new mobile system meets the long-term needs of rural clients – an often marginalized group that has rarely been asked about those needs before.

Beyond Côte d'Ivoire, this grant helps communities across West Africa, by enabling PAMF to develop and offer similar products in Burkina Faso and Mali.

“This marks the first contribution the Whole Planet Foundation has made in our Africa portfolio to this kind of effort,” says Brian Doe, Whole Planet Foundation’s Regional Director for Africa/Middle East. “The mobile interface and its potential are very exciting.”

The many inspiring people in this program include loan officers like Coulibaly Seydou, who was honored as “truly exemplary” in Whole Planet’s Africa/MENA Field Officer Appreciation Award. Coulibaly goes above and beyond in his role as Loan Officer. He had over 500 clients in 2013 before he moved to start a new office in Tongon, where he has gone further to reach families who never before had access to credit. Within a few months he extended the benefits of microfinance to more than 20 villages.

These loans make a huge difference for families that face a cash crunch every year. AKDN is working to make it possible for them to use mobile phones to ease that crunch without having to travel many miles to the nearest bank.

◀ Opposite, top: A loan officer with the First Microfinance Agency extends the reach of financing options to rural families in northern Côte d'Ivoire.

◀ A PAMF loan officer confers with a client.



▲ Women account for a high proportion of loan borrowers with PAMF in Côte d'Ivoire.

PAMF Microfinance Loans

6,300 Active borrowers

23% Over target

52% Female borrowers

\$323 Average new loan amount

99% Loan repayment rate

↑ 20% Increase in women's farm yields when they have the same resources as men

Statement of Financial Position

The Aga Khan Foundation U.S.A.'s overall FY 2014 financial performance continues to be strong. Support and revenue grew by 13 percent in 2014. This allowed us to increase our investments in programs in Africa and Asia. An increase in administration cost was due to accrual of valorem property tax; excluding that cost would show administration costs as 10 percent of the total. Operating expenses are funded by grants from His Highness the Aga Khan apart from those recovered indirectly from federal grants. No donations from individuals, foundations or corporations are used for operating expenses.

The financial results depicted here are derived from the AKF USA audited consolidated financial statements, dated May 13, 2015, performed by BDO USA, LLP. AKF USA's complete audited statement is available at our website in the "About AKF USA" section.

AKF USA is a non-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Service code.

Noordin Moloo

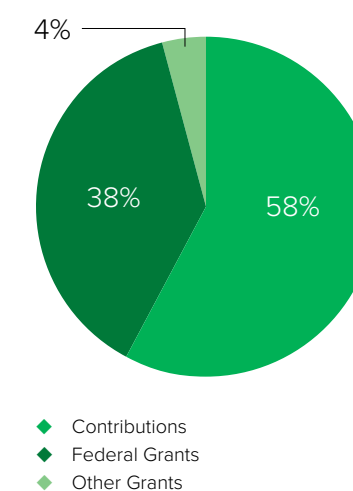
Noordin Moloo
Chief Financial Officer

	As of December 31, 2014 and December 31, 2013	
	2014	2013
Assets		
Cash and cash equivalents	\$ 34,829	\$ 34,839
Investments	32,286	30,302
Notes receivable	3,750	0
Accounts receivable and other current assets	84	92
Donor agency receivables	3,993	3,927
Receivables from affiliates	2,518	1,869
Contributions receivable, net	13,630	13,575
Fixed assets		
Property held for charitable purposes	93,711	90,816
Other fixed assets	334	334
Less accumulated depreciation	(17,463)	(16,077)
Fixed assets, net	76,583	75,074
Total Assets	\$167,673	\$159,676
Liabilities and net assets		
Liabilities		
Accounts payable and accrued liabilities	2,736	420
Payable to affiliates	4,118	2,499
Deferred rent	0	50
Deferred revenues	2,571	841
Total Liabilities	9,425	3,810
Net Assets	158,248	155,867
Total Liabilities and Net Assets	\$167,673	\$159,676

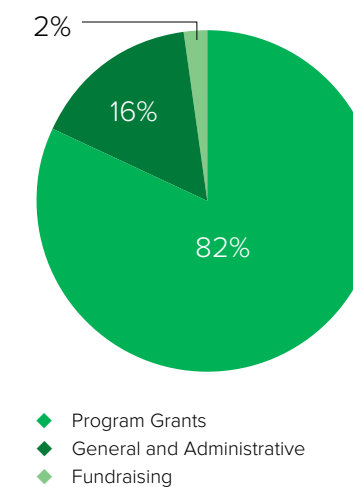
Statement of Financial Activity

	As of December 31, 2014 and December 31, 2013	
	2014	2013
Revenues		
Contributions	\$ 25,576	\$ 20,153
Federal grants	16,547	14,538
Other grants	1,627	3,853
Investment income	(445)	(298)
Total Revenues	43,306	38,246
Expenses		
Program grants	32,276	27,916
General and Administrative Expenses		
Salaries	2,780	2,656
Legal, accounting and consulting	94	64
Travel	167	216
Doubtful pledges provision	160	535
General office	252	274
Taxes and licenses	2,522	122
Premises	335	310
Communications	120	78
Total general and administrative expenses	6,431	4,255
Fundraising	831	966
Depreciation and amortization	1,386	1,322
Total Expenses	40,924	34,460
Change In Net Assets	2,381	3,786
Net assets at beginning of year	155,867	152,080
Net assets at end of year	\$158,248	\$155,867

2014 Source of Funds



2014 Use of Funds



Institutional Partners

The Foundation works with many institutional partners around the world. It also works closely with national, provincial and district governments in the countries where it operates. The Foundation's efforts would not be possible without their unwavering support. Our 2014 partners include:

ACDI/VOCA
Aspen Institute
Cargill Inc.
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The Coca-Cola Foundation
Counterpart International
Deloitte Consulting LLP
Flora Family Foundation
The Ford Foundation
Bill & Melinda Gates Foundation
Global Centre for Pluralism
Habitat for Humanity
Conrad N. Hilton Foundation
The Hudson Institute
Intel

International Center for
Not-for-Profit Law
Johnson & Johnson
Lions Clubs International
Management Systems International
Microsoft Corporation
Charles Stewart Mott Foundation
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Corporation
Pakistan Centre for Philanthropy
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The Rockefeller Foundation
Stockholm International Peace
Research Institute
Synergos
TechSoup Global
TechnoServe
Texas A&M University
United States Agency for International
Development
United States Department
of Agriculture
United States Department of State
University of California at Berkeley
Whole Planet Foundation
The World Bank Group

The Aga Khan Development
Network has agreements and
protocols with the following countries
and organizations: Afghanistan,
Asian Development Bank, Bangladesh,
Canada, Egypt, the European
Commission, France, Germany, India,
Ivory Coast, Kazakhstan, Kenya,
Kyrgyz Republic, Mali, Mozambique,
Norway, Pakistan, Portugal, Russia,
Syria, Tajikistan, Tanzania, Uganda,
United Kingdom, and the United
Nations (United Nations Development
Programme and World Health
Organization).

For a full list of partners and supporters
visit www.akfusa.org/our-supporters

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See website for full staff list:
www.akfusa.org/staff

You will find a list of donors on the
website. Thank you.