

Getting Their Wings: Focus on Education

ANNUAL REPORT 2017
AGA KHAN FOUNDATION USA



AGA KHAN FOUNDATION



A MESSAGE FROM THE CEO

Dear friends,

The Aga Khan Foundation is different. For 50 years, we have been committed to working with communities across Asia and Africa to break the cycle of poverty.

MEET SARA!

Sara represents young people across Africa and Asia whose lives are touched by the Aga Khan Foundation's programs. Follow her journey up the ladder of education throughout this report!

LEARN MORE ABOUT SARA:
www.akfusa.org/our-stories/meet-sara



As a member of the Aga Khan Development Network, the Foundation partners with some of the world's most vulnerable and isolated communities to build better futures together. Each year, the Network helps improve the quality of life for tens of millions of people in over 30 countries.

We help provide more equitable healthcare, create economic opportunities, and support vibrant civil societies—all cornerstones of thriving communities.

Last year, we shared how our work aligns with our partners in helping to achieve the Sustainable Development Goals, a movement to end global poverty by 2030. We remain committed and part of that movement.

In many places where we work, the Foundation invests in institutions for the long term in fragile settings where communities are especially vulnerable. We acknowledge, too, that education must continue even in these conflict environments. For example, in Syria, we focus our efforts on early childhood development, safeguarding families to cope with the crisis and provide nurturing care for their children. In Afghanistan, we work with the Afghan government to deliver quality education and support access to learning opportunities for children across the country, especially girls.

In the past year, we have seen growing awareness globally that investments in

early life bring long-term transformations for communities and societies. With the World Bank and other partners, we highlighted Investing in the Early Years, an initiative that recognizes how helping each child fulfill his or her potential also helps whole societies rise economically. Disadvantaged young children who received high-quality early stimulation as infants and toddlers later earned up to 25 percent higher wages as adults.

The fact is, for over 100 years the Aga Khan Development Network has been investing in education across the entire ladder of learning, starting from supporting a stimulating environment for early child development, followed by each rung up that ladder: from primary and secondary school, to university studies, to continuing education as adults.

So this year we celebrate those milestones in education. Each year, the Network reaches 2 million students. Here, we spotlight a handful of them. Thank you for joining us on this journey that is so important for them and for us all, for building a better future.

Aleem Walji
CEO, AGA KHAN FOUNDATION USA

We are proud to share stories that highlight AKF's contributions to the ladder of education here.



A NURTURING NEST

In 2017, we celebrated with communities in the Kyrgyz Republic as they opened new and renovated kindergartens. In this story, Sagyn, a kindergarten director, illustrates the impact of the early childhood care centers on children there.



STRETCHING THEIR WINGS

In East Africa last year, we supported learners and families through many channels. Viola, a student from a notoriously poor neighborhood in Nairobi, Kenya, shares how she found a passion for reading in the new library provided with local partners.



TAKING FLIGHT

In 2017, we launched the University of Central Asia (UCA) in the Kyrgyz Republic, opening the campus for its very first class of undergraduates. Students like Alyna, featured here, played an important role in shaping the start of a strong student culture, with campus tours and a journalism club.



REACHING NEW HEIGHTS

The UCA's School of Professional and Continuing Education also opened its doors in 2017, providing opportunity for adults of all learning levels—including fashion designer Dilangez from Tajikistan—gain new skills to improve their business.



EARLY CHILDHOOD
page 6



PRIMARY AND SECONDARY
page 10



HIGHER EDUCATION
page 14



CONTINUING EDUCATION
page 18



ABOVE: The playground at the renovated kindergarten in Dyikan, Kyrgyz Republic provides a safe and stimulating environment for children to play and interact. In a village with many needs, community members choose the

kindergarten as where they wanted to use resources from the Social Cohesion through Community-Based Development project. The community recognized that the care of their youngest members is the key to a bright future.

READ MORE ON PAGE 6.



LEFT: Students enjoy a new library at Joy Primary School in Mathare, a notoriously poor neighborhood in Nairobi, Kenya. The Start-A-Library campaign, supported by the Aga Khan Foundation and the Yetu Initiative, has created pleasant spaces where children can not only improve their reading skills, but also expand their horizons.

READ MORE ON PAGE 10.

INTRODUCTION

For more than 100 years, education has been an essential component of the Aga Khan Development Network's work to improve quality of life.

In fragile and conflict settings around the world, education—a key component in driving economic growth and promoting stability—continues to be threatened. As the crisis in Syria flares up, for instance, students face overcrowded classrooms, scarce learning materials, and no electricity or running water.

At the Aga Khan Foundation (AKF), we believe that education is a critical investment, especially in crisis environments. For decades, AKF has worked to strengthen education systems to equip girls and boys worldwide with the knowledge, skills, attitudes, and values that will prepare them for success.

As part of the Aga Khan Development Network (AKDN), the Foundation works across all the Network agencies to make long-term investments in education. A learning hub for the entire Network, which employs 80,000 people in over 30 countries, AKF views its work in education as

essential not only for the work of all the Network agencies, but also for the improvement of whole societies. Our integrated approach to development means that we work across all sectors to expand opportunity and improve quality of life for the world's most marginalized communities.

For over 100 years, the AKDN has worked to ensure that students of all ages have access to quality learning at every rung of the educational ladder: from early childhood programs and primary and secondary schools to higher education and continuing professional development.

EARLY CHILDHOOD

A Nurturing Nest

A healthy start opens a world of opportunity.



PROJECT: Social Cohesion through Community-Based Development

PARTNERS: World Bank

LAUNCHED: 2014

COUNTRY: Kyrgyz Republic



Every year, AKDN reaches
1 million children
under 8 years old.





“There’s a Kyrgyz saying,
‘A child is like a bird. What
they see in the nest, they’ll
see in their later life.’”

—Sagyn, Kindergarten Director
KYRGYZ REPUBLIC

One fall afternoon, five women in the playroom of the new kindergarten in the Kyrgyz Republic talked about the changes they saw with the kindergarten and its importance. Several had two children, and one had a grandchild in the kindergarten. Before, when September ended and the kindergarten got too cold to use, it was difficult—the children stayed home and became restless. Since April 2017, the renovation has been a success. Each of the women noted something different as a favorite part: the renovated nap room with new sturdy wood beds, the new windows, the warm floor, the heating system, and the working toilets.

With the working group of the Social Cohesion project, the parents had offered their views in the public hearing. Sagyn Turganova, the kindergarten’s director, has worked there for 9 years. She has sent many applications for support like this before, but this was the first that succeeded.

Of all their pressing needs—including a vital need for secure, clean water—why did they choose a kindergarten as their top priority?

Ms. Turganova answered: “There’s a Kyrgyz saying, ‘A child is like a bird. What they see in the nest, they’ll see in their later life.’” In other words, if you give them a healthy, stimulating space at the start, they’ll grow into many opportunities. “If a child starts in a clean environment, it leads to a bright future.” She added that the kindergarten provides nutritional supplements—a few families have kids there who don’t get much food at home. Here they can have a nutritious juice and a warm meal. On behalf of all the parents, they thanked people like you who support them through AKDN.

PRIMARY AND SECONDARY

Stretching Their Wings

An investment in
school libraries helps
these students fly.



PROJECT: Yetu Initiative

PARTNERS: U.S. Agency for
International Development
(USAID)

LAUNCHED: 2014

COUNTRY: Kenya



AKF improved
6,168 schools
in 2017.



“I come [to the library] at least once a week. The library has helped me improve my reading, language skills, and writing composition.”



—Viola, Grade 9

JOY PRIMARY SCHOOL, NAIROBI, KENYA

In Mathare, a notoriously poor neighborhood in Nairobi, few families have books. Even schools lack suitable reading material. Across Kenya, only 2 percent of public schools have libraries.

Viola is now a Grade 9 student at Joy Primary School in Mathare. Before, she and her friends had very few chances to practice reading. The whole school had just a box of a few textbooks. When Viola first arrived several years ago, she was far behind her peers, with no way to catch up. “I was not good at reading,” she admits.

That changed when Joy School gained a library, thanks to a Kenyan nonprofit that raised funds for libraries with its Start-A-Library campaign, supported by the Aga Khan Foundation and the Yetu Initiative. The new library at Joy brought in 1,000 storybooks, and Viola started devouring them.

“I come [to the library] at least once a week,” Viola says. At home, she made time to read every night. “The library has helped me improve my reading, language skills, and writing composition.”

The Start-A-Library campaign made headlines when it first launched, a shining example of online philanthropy. The nonprofit arm of a Kenyan publisher founded by author Muthoni Garland, has a mission to put a book in the hand of every Kenyan child. Yetu helped grow their campaign strategy.

At Joy School, students performed better, and teachers saw improvements in the learning atmosphere. The school library won the National Library of the Year Award in 2016.

The Joy library also boosted students’ confidence to practice conversing in English outside of class. Seeing this newfound confidence in their students’ English skills, teachers started a debate club to boost their growth even more. Soon Joy School students were competing with other clubs across Nairobi, and winning.

The library, Viola says, “helped me to have the confidence to speak frequently in front of many people.”

These results are a dream come true. Garland says they have soared past their campaign target of launching 100 school libraries across Kenya. Viola shows how that investment gives wings to Kenya’s future.

HIGHER EDUCATION

Taking Flight

The University of Central Asia allows students' minds to soar.



PROJECT: University of Central Asia

PARTNERS: U.S. Overseas Private Investment Corporation (OPIC)

LAUNCHED: 2015

COUNTRY: Tajikistan and Kyrgyz Republic, with a future campus in Kazakhstan



AKDN universities have graduated more than **14,240 alumni** globally.



Alyna is one of the undergraduates who have brought life to the new Naryn campus of the University of Central Asia. (Eventually, the university will span three countries with campuses in the Kyrgyz Republic, Tajikistan, and Kazakhstan.) Like her peers, she got there through a competitive, merit-based, and needs-blind admissions process. All qualified students are accepted; none are denied admission for financial reasons. The students come from cities and communities across the Kyrgyz Republic, Tajikistan, Kazakhstan, Pakistan, Afghanistan, Iran, and Syria. Of the first 71 students, nearly 40% are women. Ultimately, the campus at Naryn, when at capacity, will accommodate 1,200 students.

Alyna is a second-year student from Pakistan, and leads the campus tour for prospective students. She shows visitors the elements of student life from her own perspective, and the spectacular setting that surrounds the campus: the snow-capped mountains rising up outside every window.

The science lab is one of her favorites. She explains how “this lab provided me an opportunity to think critically rather than follow what I was being told.” She shares one of her own recent experiments.

“We had to make a hot-air balloon, which works on the principle that you need to get the temperature of the air inside the balloon hot enough so that the balloon will rise.” The experiments are not always easy. “We all failed doing that,” she adds with a laugh. With other exercises, the teacher provides no specifications. You choose the materials, test your assumptions, and learn.

Along with science, art and music are topics that students are encouraged to explore. Looking at an artwork of a large felt egg in a nest of found wood, Alyna explains the piece evokes an eagle’s nest. In Pamir stories, the eagle is an exemplary parent, nurturing its young to prepare them to take to their wings as soon as they can.

The students are young eagles finding their wings. When they take flight, they will take the values of inquiry and inclusion with them.

“This lab provided me an opportunity to think critically rather than follow what I was being told.”

—Alyna, Student
UNIVERSITY OF CENTRAL ASIA
NARYN, KYRGYZ REPUBLIC



CONTINUING EDUCATION

Reaching New Heights

From part-time seamstress to designer and employer.



PROJECT: University of Central Asia

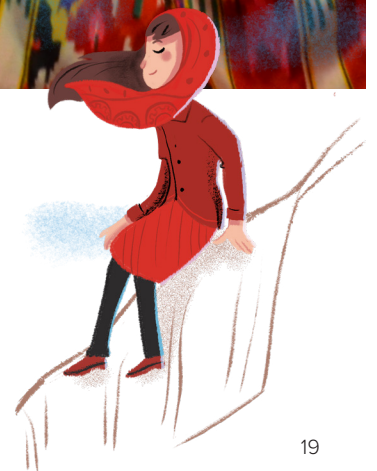
PARTNERS: U.S. Agency for International Development (USAID)

LAUNCHED: 2014

COUNTRY: Tajikistan, Kyrgyz Republic, and Afghanistan, with future campus in Kazakhstan



UCA's Continuing Education programs reached more than **7,096 adult learners** across Central Asia in 2017.





“The course was a turning point for my business. It improved my knowledge and helped me expand and make a successful pitch to receive funding.”

—Dilangez, Fashion Designer
TAJIKISTAN



Dilangez grew up in a family of six in a small village in Tajikistan. From a young age, she was passionate about design. Her mother taught her how to sew at home, and soon she was designing clothes herself. In the 10th grade, she sewed her first dress. Friends and family started putting in requests, asking her to sew clothes for them.

Dilangez soon realized she might have a chance at starting her own business. It was a dream of hers for a long time—and maybe an avenue out of poverty for her family. Her grandmother lent her a sewing machine and she took steps to make this a reality: from taking orders at home to doing side-jobs as a seamstress.

With the help of a small grant, Dilangez launched her business with just two employees. Yet Dilangez soon realized that her design expertise, and even her university degree, would only take her so far. She needed entrepreneurial skills to sustain and grow her business.

Dilangez discovered that UCA's School of Professional and Continuing Education offered a business planning course and she enrolled. Within weeks, her business approach transformed.

She explains: “Although I graduated from an economic department at a university, I obtained more useful and practical knowledge of entrepreneurship from the UCA course. The course was a turning point for my business. It improved my knowledge and helped me expand and make a successful pitch to receive funding.”

Today, she employs seven women in her sewing workshop, and with her collection of designer dresses, serves an estimated 200 customers per month. The women employed by Dilangez can now support their families.

Dilangez is determined to develop her capacity further by studying fashion design. She hopes to create more jobs for other women and one day offer her products to the entire country.

For Dilangez and students like her, UCA's SPCE program offers an opportunity to not only take flight and launch a small business, but also to reach new heights as an entrepreneur.

Gala Stories

This work wouldn't be possible without our network of supporters, who we consider our greatest partners.

In 2017, you raised over \$14 million and mobilized over 30,000 participants.

Education was also a theme of our second U.S. fundraising gala, held at the Metropolitan Museum of Art. The gala honored AKF's 50 years of innovative programming that improves the quality of life for millions—and came in the wake of two major awards presented to His Highness the Aga Khan: the United Nations Foundation's Champion for Global Change Award and the Asia Society's Lifetime Achievement Award.

We're incredibly proud of our North-east and Gala teams for raising 2.5 million dollars—surpassing the initial goal by half a million dollars.

At the gala, two young graduates of the Aga Khan Academies shared their stories with the supporters gathered there: Mary Favour, a graduate who credits the Academy for helping her find her voice, and Zarina Mamadbekova, a graduate who says that education at the Academy opened up an opportunity for her to spread her wings and soar to new heights.

HEAR THESE YOUNG WOMEN TELL THEIR STORIES

Mary Favour:

www.akfusa.org/our-stories/maryfavour

Zarina Mamadbekova:

www.akfusa.org/our-stories/zarinasstory

DISCOVER MORE STORIES FROM OUR VOLUNTEERS

www.akfusa.org/ourwork/our-stories

Partners & Leadership

INSTITUTIONAL PARTNERS

We appreciate our great institutional partners. A selection of key institutions who invest in and contribute to the success of our education programs include:

World Bank

Hilton Foundation

USAID

OPIC

For a list of all our valued supporters, visit our website:
www.akfusa.org/about-us/supporters.

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Finances

The Aga Khan Foundation USA's overall FY 2017 financial performance continued to be strong. Operating expenses are funded by grants from His Highness the Aga Khan and sponsorships 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, performed by BDO USA, LLP. AKF USA's complete audited statement is available at our website in the "About Us" section.

Nazlin Pepermintwala
ASSOCIATE DIRECTOR, FINANCE

AKF USA is a non-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Service code. We are proud to have a 4-star rating from Charity Navigator, America's largest independent evaluator of charities.

NOTES

1. Donations made to AKF USA are generally tax-deductable.
2. AKF USA accepts unconditional donations. Decisions about allocation of resources are made by the Foundation's Board of Directors.
3. Operating expenses are funded from grants from the Foundation's affiliates and other sources of income. Donations from individuals and corporations are not used for this purpose.
4. In conformity with accounting principles generally accepted in the United States of America, this report include contributions pledged by individuals and corporations but not yet received.
5. AKF USA's financial statements are audited by BDO USA, LLP, which is available for review at AKF USA's office or AKF website.

AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2016

Dollars in Thousands

ASSETS	2017	2016
Cash and cash equivalents	\$ 77,750	\$ 29,998
Investments	42,872	39,736
Notes Receivable	13,250	14,250
Accounts receivable and other current assets	133	70
Donor agency receivables	1,159	946
Receivables from affiliates	4,164	3,551
Contributions receivable, net	137,253	11,732
FIXED ASSETS		
Property held for charitable purposes	102,820	94,387
Other fixed assets	12	23
Less accumulated depreciation	(21,330)	(20,111)
Fixed assets, net	81,502	74,299
TOTAL ASSETS	\$358,083	\$174,582
LIABILITIES	2017	2016
LIABILITIES		
Accounts payable and accrued liabilities	\$ 388	\$ 1,961
Payable to affiliates	1,116	986
Deferred Rent	100	83
Deferred revenues	2,849	3,496
TOTAL LIABILITIES	4,453	6,526
NET ASSETS	353,630	168,056
TOTAL LIABILITIES AND NET ASSETS	\$358,083	\$174,582

AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2016

Dollars in Thousands

REVENUES

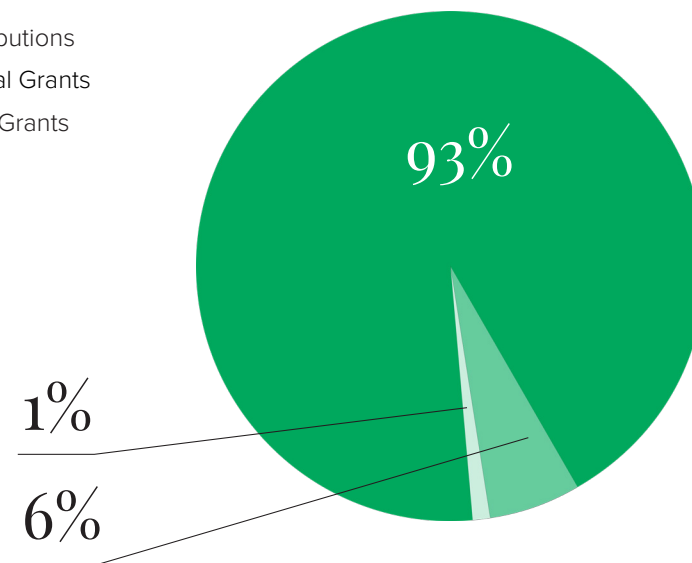
	2017	2016
Contributions	\$ 219,633	\$ 26,793
Federal grants	13,529	13,323
Other grants	1,772	1,314
Investment income	365	409
TOTAL REVENUES	\$235,299	\$41,839

EXPENSES

	2017	2016
Program grants	27,735	28,073
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries	3,038	2,747
Legal, accounting and consulting	156	192
Travel	143	145
Doubtful pledges provision	14,634	(51)
General office	259	222
Taxes & Licenses	358	621
Premises	331	355
Communications	139	150
Total general and administrative expenses	19,058*	4,381
Fundraising	1,703	1,232
Depreciation and amortization	1,229	1,474
TOTAL EXPENSES	49,725	35,160
CHANGE IN NET ASSETS	185,574	6,679
Net assets at beginning of year	168,056	161,377
Net assets at end of year	\$353,630	\$168,056

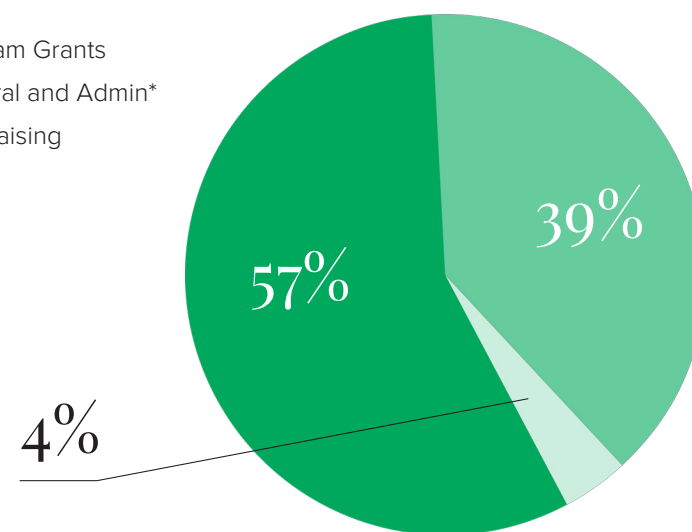
SOURCES OF FUNDS

- Contributions
- Federal Grants
- Other Grants



USES OF FUNDS

- Program Grants
- General and Admin*
- Fundraising



* NOTE: In 2017, AKF USA's general and administrative expenses reflect provision for doubtful pledges for increased contributions.

Learn more about our work in
Africa and Asia by visiting
our website www.akfusa.org



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