



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

2013 / ANNUAL REPORT





MEANING AND ORIGIN OF THE SYMBOL

The inspiration for the Aga Khan Foundation symbol comes from the right hand, a universal symbol of skill, achievement and caring. In a religious context, the fingers symbolize the five pillars of Islam and the five senses of humankind. The symbol was designed in 1978 by the late Zahour Ul-Akhlaq of Pakistan, whose work blends traditional forms with modernist abstraction.

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In the Kyrgyz Republic, a young girl takes part in the Reading for Children program, which encourages families to read together at home. Research shows that children whose families read to them outperform others in school. Reading for pleasure helps to develop critical thinking, and social and emotional skills.

Welcome

Dear friends of the Aga Khan Foundation U.S.A.,

With your generous support our work paid a massive dividend for poor people in 2013. Thousands in Afghanistan have better health, hundreds of children in Kenya went to school for the first time, and much more. Our work is ever more complex in a sophisticated world. We cannot thank you enough for making it possible.

In the five stories of this report, you will experience the resilience and ingenuity of the communities where we work. You will see how your support helps families tackle the immediate consequences of natural or human-caused crisis and, at the same time, strengthens their capacity to seize opportunities for a better quality of life in the future.

In remote places, ending poverty means offering some assistance to strengthen resilience and to catalyze assets and energies already present. It also means connecting communities to appropriate outside resources for education, markets and financing. For over 30 years, Aga Khan Foundation U.S.A. (AKF USA), fueled by thousands of volunteers who dedicate their time and resources to the cause, has been a catalyst for those kinds of connections and offers integrated solutions to help communities create prosperity despite hardship.

This year, we name the series of stories that exemplifies our efforts, “Rooted in Resilience: From Crisis to Opportunity.”

Public-private partnerships make innovation and impact more possible. In 2013 these included a new Global Development Alliance with the U.S. government for Multi-Input Area Development—a comprehensive, integrated approach that provides programs in health, education, market development and energy in northern Afghanistan. Simultaneously, it mobilizes public and private sector capital to fuel enterprise-driven development. We also participated in forming global coalitions to support community philanthropy and social entrepreneurs. AKF USA’s Impact Investing team cemented new approaches for gaining private-sector investment for social impact.

With these new forms of partnership at the cutting edge of development, the Aga Khan Development Network can truly take impact investment to a higher level, where returns are measured holistically for improving lives qualitatively, not just in quantitative financial terms.

In 2013, AKF USA raised over \$9 million in private and corporate contributions, enabling us to leverage support from other partners for a total program value of \$53 million, alongside an impact investing portfolio of over \$40 million to help people in Africa and Central Asia achieve their potential.

On behalf of everyone we serve, we thank you.



Aziz Valiani
Chairman
National Committee



Dr. Mirza Jahani
Chief Executive Officer

Who We Are

Established in 1981, AKF USA supports work in 12 countries. The Aga Khan Foundation has branches and affiliates in 20 countries with its main office in Geneva, Switzerland. The Foundation is an agency of the Aga Khan Development Network (AKDN), the largest private international network of its kind, founded by His Highness the Aga Khan. The Network brings together an extensive history of experience in social, economic and cultural development. Each Network agency has a mandate and expertise, ranging from environment, health, education to architecture, culture,

access to finance, rural development, disaster reduction, the promotion of private-sector enterprise and the revitalization of historic cities. The Network's agencies work for the common good of all citizens, regardless of their gender, origin or religion, with a focus on society's most vulnerable members.

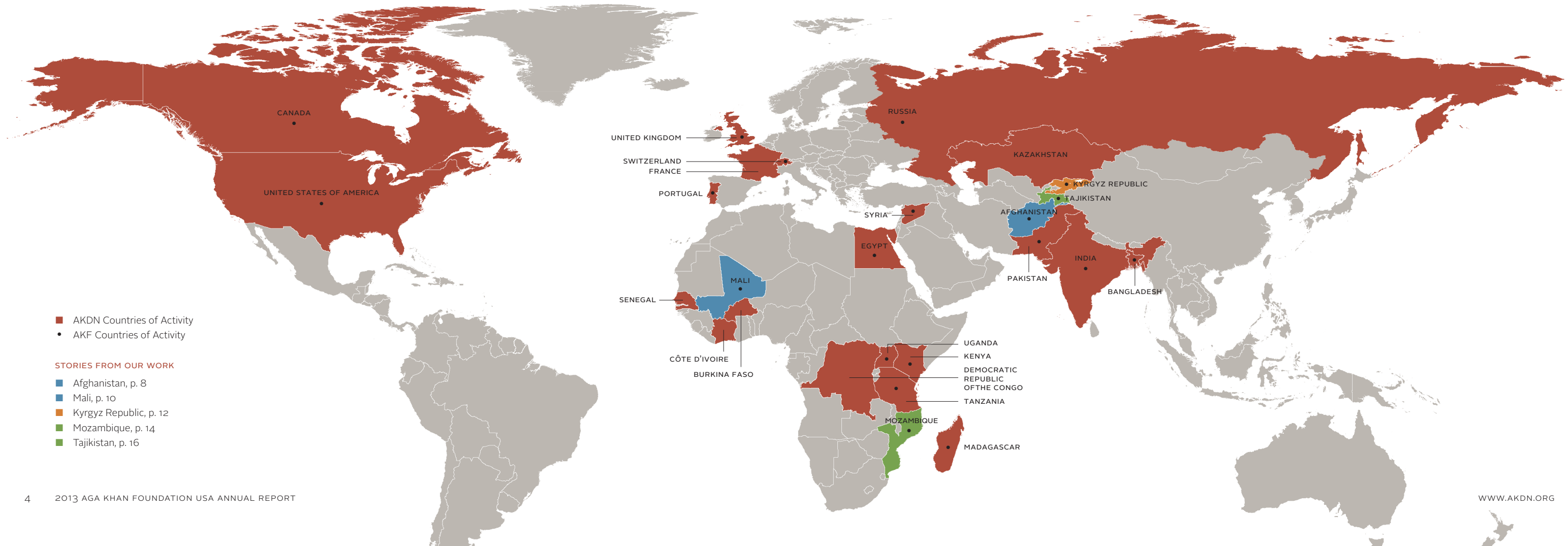
Within the Network, AKF USA mobilizes resources and strategic partnerships with a variety of U.S.-based institutional partners including government agencies, policy institutes, corporations, foundations, NGOs, universities, associations and professional networks.

In representing AKDN interests in the United States, AKF USA works with a large network of volunteers that organize outreach, education and fundraising campaigns about international development issues throughout the United States.

As a private, non-denominational, not-for-profit international organization, AKF USA serves as a learning institution for program enhancement, policy dialogue and disseminating best practices. It provides technical, financial and capacity-building support to AKDN programs worldwide.

Our Mission

The Aga Khan Foundation U.S.A., as part of the Aga Khan Development Network (AKDN), supports holistic solutions to eliminate poverty by: fostering the growth and empowerment of a strong civil society; building partnerships to mobilize resources; influencing development policy; and promoting awareness and understanding of AKDN values, experiences and integrated approaches that enable people to improve the quality of their lives.



Rooted in Resilience

FROM CRISIS TO OPPORTUNITY

*“The voices of Civil Society are voices for change...
They are voices that can help transform
countries of crisis into countries of opportunity.”*

His Highness the Aga Khan, Ottawa, Canada, February 27, 2014

Where people wrestle with extreme poverty, they need great resilience to survive and cope with severe hardship.

We at Aga Khan Foundation U.S.A. have witnessed the resilience of even the poorest communities. Your generosity allows us to provide assistance in ways that strengthen that resilience, so that they may pursue their priorities and improve their lives.

The stories in this report demonstrate the impact of our work in five places where communities have confronted the obstacles of poverty and fragility, and have moved beyond crisis to greater opportunity.

In the wake of crises in Mali and Afghanistan, community partners do not despair, and with our support, act to build skills and strategies for their future development.

In Central Asia, where after the fall of the Soviet Union, social and economic systems failed, people are pooling resources to create solutions to scarcity and inadequacy of services. In the Kyrgyz Republic, AKF's programs enhance existing capacities by helping to create new civil society organizations that will lay the groundwork for more participatory citizenry and a shift from government dependence.

We are able to create environments where enterprises can thrive and people can pursue opportunities, from food security to social entrepreneurship. Civil society groups can more effectively interact with authorities with greater skills and accountability. An innovative system to conserve seed in Mozambique and a new program for stimulating young minds and local cultures in Tajikistan illustrate this.

At every stage of development, your contribution helps to make communities stronger in their resilience and self-direction.

Moving Beyond Crisis

1 AFGHANISTAN

2 MALI



Building Community Trust

3 KYRGYZ REPUBLIC



Creating Long-Term Opportunity

4 MOZAMBIQUE

5 TAJIKISTAN



1 / Moving Beyond Crisis in Afghanistan

When his father died four years ago, 18-year-old Darab suddenly found himself the breadwinner for his family of seven.

Even before that tragedy, he faced huge hurdles to get an education. Darab lives in a village in Afghanistan's remote Wakhan corridor, almost 40 miles through mountain passes and river crossings away from the nearest district center. To feed his family, he would have to give up his hope of school.

In 2011 over 2.6 million people in northern Afghanistan faced severe food insecurity and required outside assistance, according to the World Food Programme. Most households in Wakhan depend on farming and are especially vulnerable during pre-harvest months. That year one out of three families went into debt just to buy food.

In May 2012 the Aga Khan Foundation U.S.A. (AKF USA) launched Emergency Food Aid for Northern Afghanistan (EFANA) with \$1.6 million from the U.S. Agency for International Development (USAID) along with over \$103,000 from AKF USA. When the project reached Darab's community, with the help of Focus

Humanitarian Assistance, an AKDN sister agency, the community identified their priority as a new road. The EFANA project hired local people for the construction, recruiting from vulnerable families. Darab seized the chance for a job that paid in food. He was able to provide for his family and pursue his education at the same time.

We see resilience and determination in people like Darab and his community. With your support they made it through a harsh winter and gained a road for access, and a young man kept on a path to a better life.

When EFANA finished in 2013, it had helped over 7,200 households through hungry months, while achieving scores of local priorities. These included building 29 roads, 18 irrigation canals, a protective wall and a reservoir. Coordination among AKDN agencies made this range of success possible.

That was just the first step on Darab's road to opportunity. It continues with efforts like the new Multi-Input Area Development (MIAD) project, which brings AKDN resources and a public-private partnership for integrated development in northern Afghanistan (see box). In coming years, the project will continue to work with Darab's community to identify and act upon priorities.



Darab's household faced huge challenges, cut off by mountains and rivers from district services. Over 2.6 million people in northern Afghanistan experienced severe food shortages.



Women in Darab's village of Qazideh received training from the Aga Khan Development Network. Mirnoz (at right) now works with women in four villages to grow vegetables for better nutrition.

Integrated Development and Better Housing

AKF USA launched two long-term ventures in Afghanistan in 2013. The first grew with the First MicroFinance Bank of Afghanistan (FMFB-A), an AKDN partner and the country's largest microfinance institution. With FMFB-A, AKF USA completed the Khana Loan Initiative, a four-year project with funds from the U.S. Agency for International Development (USAID) that addressed a serious shortage of safe housing countrywide. In response, FMFB-A expanded its housing portfolio and developed new financing options suited to Afghan housing needs. It issued nearly 23,000

home improvement loans, valued at \$40.3 million—more than double the amount expected.

Khana Loans focused on reaching marginalized groups. In Afghanistan women's access to finance is a challenge, since only female loan officers can address women clients. After FMFB-A hired and trained 97 women loan officers dedicated to housing loans, women borrowers rose to 19 percent of housing clients. One loan officer, Gul Andam, reported that many women used loans for new wells, replacement pumps and other crucial home improvements.

The Khana Loan Initiative garnered global acclaim and shared lessons internationally, for example in Egypt with the International Finance Corporation (IFC).

"The delightful part of this program comes when we revisit the house and see the positive changes the loan made in the client's home."

Gul Andam, Loan Officer

With Impact Investment (see page 18), FMFB-A will take microfinance even further. Second, in 2013 AKF USA and USAID launched the Multi-Input Area Development (MIAD) project in Afghanistan, a new Global Development Alliance. The \$61-million project mobilizes public and private capital for development driven by enterprise. Over five years, MIAD Afghanistan will foster community efforts for impact.



23,000
HOME IMPROVEMENT
LOANS



\$40.3
MILLION IN LOANS



2x
OVER THE TARGET



1 in 5
CLIENTS ARE WOMEN

2 / Moving Beyond Crisis in Mali



“I always wanted to teach others, so when I was given responsibility to train the group, I really thought I must be dreaming.”

Habi Sekeré, farmer/teacher

ABOVE Women in Mali received emergency help for food security, along with new skills. Habi gained experience as a teacher and skills for growing her livestock business.

For 40 years, Habi Sekeré has eked out a livelihood by raising livestock at the edge of the Sahara Desert.

Like three out of four people in Mali’s central Mopti region, Habi depends on farming. Even in good years, most households endure a hungry season before the harvest. To get by, they face hard choices, go into debt, sell their animals or other valuables, and send children to find work, or rely on money from faraway relatives.

That vulnerability worsened in 2012 with a double blow: civil unrest and disastrously low rainfall. When Aga Khan Foundation surveyed communities around Mopti, they found that all crop harvests had plummeted, providing only a fraction of the needed household nutrition and livestock feed. The entire rice harvest was lost. With funding from the U.S. Agency for International Development (USAID), the Response, Recovery and Resilience in Mali (R3M) project brought emergency help for food security. It also brought new skills that Habi could use long after the crisis.

Most livestock breeders are men but Habi, age 60, is among a minority who are women. Identified as a key influencer, she attended the project’s “Livestock as a Business” classes and received training in new methods for managing her farm and finances. She also learned how to teach others.

“I had never received training before,” she said. “The R3M project provided me with training in how to fatten animals.” She added, “I always wanted to teach others,” she added, “so when I was given responsibility to train the group, I really thought I must be dreaming.” Habi was one of 480 trainers who then taught those skills to their market garden groups, multiplying the impact.

The project has improved access to nutritious foods and markets, and increased household skills for producing drought-resistant crops. Furthermore, by combining training in nutrition and sanitation with improved food production, AKF achieved holistic improvements for a relatively small cost. All the project’s activities—from training, to the introduction of improved seed and feed, to digging wells and nutrition training—helped to grow Malians’ long-term resilience for shocks in the future. All told, the project reached over 73,000 Malians.

“This training helped me to professionalize my business,” Habi said. “Now I think that a 50 percent increase in income is very possible. During the next rainy season I will be able to take a few days away from the livestock and cultivate my field.”

Now Habi sees beyond an immediate crisis and envisions a fruitful future: that’s the essence of resilience.



Integrated Development in a Fragile Time

After a coup d’état in March 2012, rebel and extremist groups seized northern Mali, claiming independence. Over 300,000 people fled persecution and human rights violations. Many took refuge near Mopti, just south of the rebel-controlled area, where the Aga Khan Foundation implements the Mopti Area Coordinated Development program with U.S. Department of Agriculture (USDA) funds. These families had minimal assets and needed basic social services. Many depended on friends and relatives who were also facing hard times. The Foundation supported the displaced families with health and education services, ensuring they had the materials and skills for off-season farming and knowledge of good nutrition.

“In spite of the painful events, Aga Khan Foundation is one of the few non-governmental structures that are working with rural populations on the ground,” noted *Les Echos*, a French-language newspaper published in Bamako, amid the crisis in 2012.

The USDA-funded project started its third phase of integrating training for increasing food production, market access and financing (see table). The Foundation also helped to create jobs in Mopti city. Despite daunting political and security challenges, AKF maintained all its activities in central Mali and even scaled them up to address pressing needs. In 2013, elections restored the country’s democratic system. With stability returning, the Foundation continues to help Malians achieve the ambitious objective of improving their quality of life for the long term. The Foundation will be there to support them on the way.

Sustained Achievement Despite Crisis

ACTIVITY	TOTAL PROGRESS	PERCENT BEYOND TARGET
INCREASE FARMER CAPACITY		
Farmers trained in improved methods for millet or sorghum	20,320	93%
FACILITATE AGRICULTURAL MARKETING		
Women trained in improved techniques for vegetable gardening	2,293	9%
ENHANCE CIVIL SOCIETY		
Community-based organizations that received training	76	380%
PROVIDE MICROFINANCE SERVICES		
Amount disbursed in Ag loans (\$)	\$2.8 million	12%
Percentage of women borrowers	42%	5%

3 / Building Community Trust in the Kyrgyz Republic



“Poorer farmers always pay what they owe. They know the value of their animals for their lives.”

Mukanbet Ibraev, veterinarian

ABOVE As a veterinarian, Mukanbet travels up to four hours to reach his clients. His job has gotten harder, but together he and his colleagues have gained new skills and access to medicines, with Aga Khan Foundation’s support of the veterinarians association.

Mukanbet Ibraev has worked as a veterinarian in rural Naryn province for 32 years.

He serves 400 farmers a month and has cared for 10,000 sheep, over 600 horses, and hundreds of cattle, ducks, goats, yaks, dogs and cats. To reach his most remote patients, he travels four hours by car. Sometimes he works through the night until noon the next day.

Yet like Kyrgyzstan’s other rural veterinarians, Mukanbet has lost the support system he relied on for decades. Since the Soviet Union dissolved and government subsidies ended, farmers must pay for veterinary services and medicines. Many farmers resist this new reality.

Many veterinarians gave up, but Mukanbet has struggled to protect animals from disease and other risks to public health and farm livelihoods. In Soviet times, 180 veterinarians served Naryn; now only 45 remain.

The Aga Khan Foundation and its affiliate, the Mountain Societies Development Support Programme (MSDSP), help Mukanbet and other veterinarians fill the gaps. With funding from AKF USA, the Naryn Veterinarians Association and other civil society organizations received support for the shift to private practice, including new skills and access to crucial medicines.

As an elder of the Naryn Veterinarians Association, Mukanbet learns private-practice skills alongside fellow vets and mentors younger members. He learns how to help farmers improve their operations, including persuading them to pay for vaccinations. “Poorer farmers always pay what they owe,” Mukanbet observes. “They know the value of their animals for their lives.”

Many farmers, attempting to make do with fewer services, compensate by raising more animals—which results in low-quality livestock. So Mukanbet shows farmers that more productive breeds and better feed can improve the quality of their animals, yielding greater value and better health.

Mukanbet’s biggest hurdle remains access to medicines, so AKF USA has helped purchase them. Through the veterinarians association Mukanbet has learned how to perform a Caesarian section birth and how to use in-vitro fertilization to improve local cattle breeds.

With members pooling their experience and skills, the community improves its systems for health and livelihood. Another way that AKF USA supports civil society in Kyrgyzstan and elsewhere is in the practice of pooling local resources, known as *community philanthropy* (see sidebar).



A Global Alliance for Community Philanthropy Emerges

Community philanthropy is another term for local people working together on shared priorities. Since 2011, a collaboration involving the Aga Khan Foundation U.S.A. (AKF USA) and the C.S. Mott Foundation has explored lessons for growing the practice globally. Recently, the Rockefeller Brothers Fund and the U.S. Agency for International Development joined this venture and the *Global Alliance for Community Philanthropy* emerged.

The Alliance supports Community Philanthropy around the world, sharing lessons in how to make local initiatives sustainable. The Global Fund for Community Foundations has joined the Alliance as its secretariat, and will lead its learning and research activities.

For this, AKF USA will share more experiences from local organizations it supports in East Africa and South Asia. In July, the East African Philanthropy Conference in Kenya offered a glimpse of Africa’s growing ability to invest in and direct its own development. The organizers invited AKF USA to give the keynote speech about changes in development, opening the way for community philanthropy. In 2014, the Foundation will finalize partnerships and consolidate momentum for this community-driven approach.



4 / Fostering Opportunity with Replicable Innovation in Mozambique

A big challenge faced by farmers worldwide is uneven seed quality. When many seeds fail to grow, it means poor yields and a potential food gap from one harvest to the next.

Getting quality seed is a serious problem in the Cabo Delgado region of northern Mozambique, where more than half of all households suffer severe food insecurity.

“Lack of food, for us,” said one mother of young children in Pithola, means “no food inside the house, so you go to another village and look for work. Or you even take your clothes and give them to someone in exchange for food.”

Cruelly, in Cabo Delgado the shortages hit worst just before the next harvest. Many people call February, when they go to bed hungry, “the most dangerous month.”

To tackle the problem, the Aga Khan Foundation (AKF) piloted a new way for farmers to select and store seeds. The project helped farmers systematically choose heartier seeds to plant next season, with an inexpensive technique for storing seeds better. For the Seed Systems Actions in Cabo Delgado (SSAC) project, AKF partnered with the Eduardo Mondlane University and the country’s Ministry of Agriculture.

Farmers (almost half of them women) tested the new method and discovered it yielded much higher success rates: over 97 percent germination for maize and beans after eight months of storage, compared to under 80 percent before the pilot.

The method is simple enough for anyone to use. Farmers place seeds in plastic bottles with ash to minimize air contact, and then put the bottles in a cool box made with local materials for temperature control. This protects seeds from insects, rodents, moisture, and high temperatures.

Success spread quickly. The new method became part of the curriculum for farmer field schools in five districts, reaching over 13,000 farmers. Each farmer trained, in turn, trained another four farmers. Women embraced the method and shared it with other women. An ingredient of resilience in this difficult region is openness to innovation.

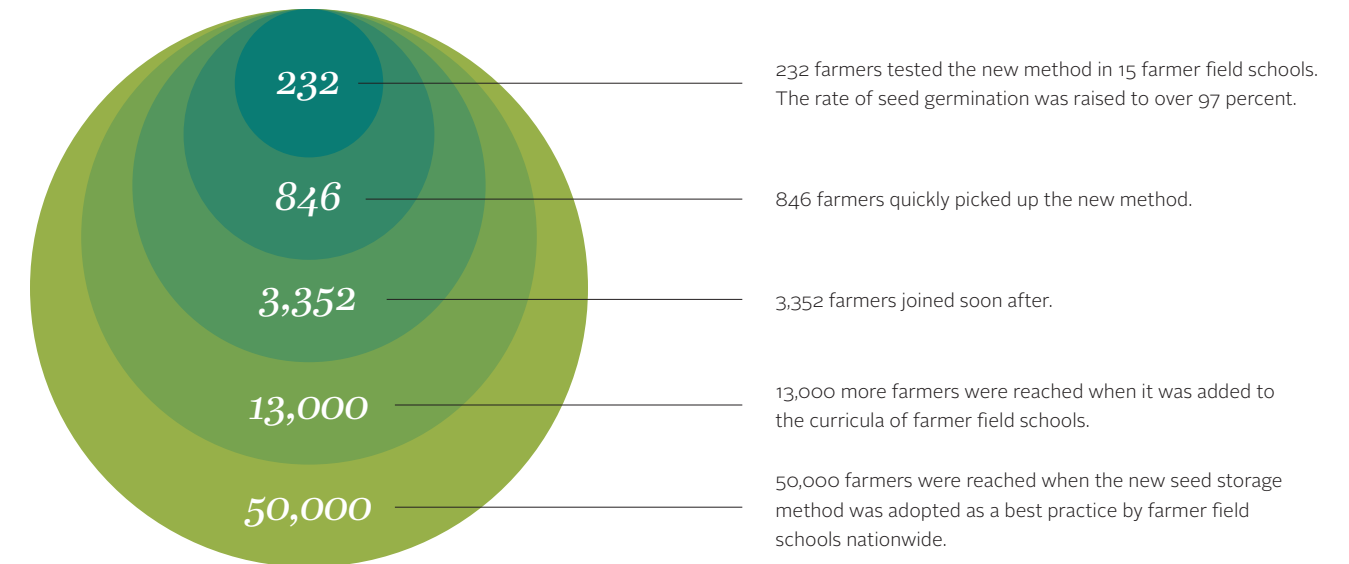
Beyond Cabo Delgado, the pilot spread much farther than anticipated. The Ministry of Agriculture adopted the SSAC method for all of its farmer field schools, reaching 50,000 farmers nationwide. The Food and Agriculture Organization of the United Nations also embraced the method, ensuring that the success that started in a local effort will improve the food self-sufficiency of farmers across Mozambique for many harvests to come.

A young woman sifts seeds in northern Mozambique. In harsh climates, seed viability plays a big role in food security.



A small group of farmers successfully tested an improved method for seed storage. The new method spread through northern Mozambique and nationwide as best practice.

Expanding Impact of the Seed Storage Project



5 / Fostering Opportunity with Reading in Tajikistan

“I cannot find words to express my gratitude to the organizers of this mini-library...”

Nazarov, Orzu's Grandfather

Four-year-old Orzu struggles with delayed speech development. He lives with his grandfather while his parents seek work in Russia, since jobs are scarce in Tajikistan's Khatlon region.

Few children here have access to early education, a crucial gap left after the Soviet Union's collapse. Orzu had almost no pre-school options and lacked anything to read in the Tajik language he spoke at home. Few parents had the habit of reading with their children or telling them stories.

Seeing Orzu's struggles, his grandfather Nazarov resolved to help his grandson. They were introduced to the mini-library in the village school. The mini-library is part of the Reading for Children (RFC) program, created by the Aga Khan Foundation in Gorno-Badakhshan and expanded to Khatlon with funding from the U.S. Agency for International Development (USAID).

“I cannot find words to express my gratitude to the organizers of this mini-library,” says Nazarov. “My grandson had pronunciation problems and was always too shy to speak. Since the mini-library opened, we get a variety of high-quality books with pictures and read them together.”

Reading for Children nurtures families and storytelling in a way that improves children's school performance. The success has influenced national education policies (see box). In Tajikistan it has inspired families to read together more. Research shows that children who read with their families and had early childhood education enjoy an advantage later in life.

Orzu and his grandfather often visit the mini-library to pick up books and take them home to read together. Since they started, Orzu is speaking more and more and his confidence has grown. He loves paging through each book, describing its pictures and asking questions. Then he asks his grandfather to read the story.

“I am very happy that my grandson's pronunciation is getting better,” says Nazarov. “I hope that he continues to enjoy reading in the future.” With more exposure to books, reading will help Orzu adapt to school more quickly.

Reading for Children helps over 26,000 children across two provinces. In two years, it is creating 246 mini-libraries and 100 “libraries in a bag” that are distributed to community-based savings groups and women's groups. It is developing 30 new storybooks for young readers in Tajikistan.

Less than two decades after famine and a devastating civil war, Tajikistan has come far toward self-reliance. AKF has been there all along. This program shows another step: how early childhood education can foster a brighter future among such resilient people.



Orzu and his grandfather read together at home. In places where families lacked materials and habits for reading together, the Reading for Children program has spurred children's social and intellectual development.



A mother reads with her daughter in a mini-library. Reading for Children works with local writers and illustrators to produce books that inspire engaged storytelling.

Reading for Children: An Innovation Grows to 10 countries

Reading for Children started in 2007 in the Kyrgyz Republic. Burulai Aitikulova, Education Officer for Aga Khan Foundation (Kyrgyzstan), listened to schoolteachers and principals who said they needed age-appropriate books for young readers, especially in local languages. Working with children's book authors and illustrators, Burulai fostered their skills for producing better storybooks and a process for getting families to read books at home.

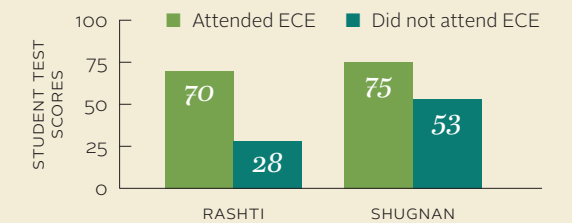
The project created mini-libraries, a space where parents and children could choose books to read at home together.

This reinvigorated reading and storytelling on a surprising scale. By 2012 mini-libraries across two provinces served 24,000 young readers aged 2-12 years (over half of them girls) and their families. A study found that twice the proportion of families in communities with the program had books at home (68 percent, compared with 34 percent of families in non-RfC communities). Three out of four families in the program said they used school libraries, far more than non-program families (see table). The program

and its books, including several that promote pluralism and tolerance, were adopted nationally and influenced education policy.

Reading for Children attracted the interest of experts internationally and AKF expanded the program to 10 countries in Africa and Asia, including India, Kenya, Mali and Uganda. It has even spawned an animated television series promoting reading that has been broadcast internationally.

Impact of Early Childhood Education (ECE)



Early Childhood Education improved school performance of 4- to 5-year-old children in Tajikistan (2 districts), measured by achievement scores. That performance boost improves their lifetime prospects.

Partnering for the Future

Within the United States, AKF USA raises public awareness for the fight against poverty and shares its experiences to help shape new solutions. It also tests innovative forms of public-private collaboration.

INNOVATIVE PARTNERSHIPS

Impact Investing is the practice of mobilizing investment capital with long-term social impact. AKF USA's Impact Investing program has matured with three deals in 2013:

- First Mission-Related Investment with the First MicroFinance Bank of Afghanistan

- Grant from The Tiffany & Co. Foundation to revitalize Nairobi City Park
- Ground-breaking deal with the Overseas Private Investment Corporation (OPIC) to invest in health care in Pakistan with Aga Khan University Hospital

Along with a new partnership with U.S. Agency for International Development for Multi-Input Area Development, or MIAD (see box on page 8), these deals help to create new public-private financing models for social development that have potential for long-term sustainability.

SHARING LESSONS IN DEVELOPMENT

The Foundation is committed to learning from evidence-based solutions that reduce poverty. It draws on long experience and expertise in the Aga Khan Development Network to inform public dialogue and policy on new initiatives and key topics in international development.

AKF USA is pleased to be part of a lively public dialogue on how sustainable development grows from local energies and priorities. A collaboration with the Charles S. Mott Foundation, begun in 2011 with a series of roundtable discussions and a report on Community Philanthropy and its lessons, matured into a Global Alliance for Community Philanthropy (see page 12). In 2013 the Alliance published *The Case for Community Philanthropy* and established a secretariat with the Global Fund for Community Foundations. In June, Aga Khan Foundation Canada hosted a panel discussion on community philanthropy in Ottawa, which was followed by a related event organized by AKF USA in Washington, DC.

With USAID, we sponsored the 2013 Civil Society Organization Sustainability Index (CSOSI), which prompted a public discussion broadcast at the National Press Club in Washington, DC on the environment for strengthening CSOs in Central Asia and Africa. The 2013 CSOSI featured gauges for 23 African countries, and a first-ever index for Afghanistan and Pakistan.

AKF USA co-chaired the popular InterAction Forum attended by over 1,000 development professionals, contributed panels to the Social Capital Markets (SOCAP) conference in San Francisco, presented AKDN education successes at USAID's Education Summit, and in November spoke at the SEEP Conference in Arlington, Virginia about AKDN's work with innovative funding through impact investing. AKDN experts from Tajikistan and Kenya shared lessons from their experience with the Whole School Approach to education in presentations hosted by the Society for International Development, in Washington, DC and at the conference of the Comparative International Education Society, held in New Orleans.

AKF USA's work received favorable press attention ranging from the *Huffington Post* and the *Washington Post* to a feature in *Frontlines*, the magazine of the U.S. Agency for International Development. The #GivingTuesday national



FROM TOP TO BOTTOM AKF USA fellows talk with participants at an international jobs conference. Visiting performers play a concert in Washington, DC, sponsored by the Aga Khan Music Initiative. AKF USA participated in events such as this discussion at the InterAction Forum 2013 in Arlington, Virginia.

PartnershipsInAction

is AKF USA's grassroots awareness and fundraising initiative, mobilized by its vital network of volunteers across the U.S., resulting in →





*“A quality civil society has three critical underpinnings:
a commitment to pluralism, an open door to meritocracy, and
a full embrace of what I describe as a cosmopolitan ethic.”*

His Highness the Aga Khan, Providence, Rhode Island, March 10, 2014

charitable-giving campaign featured a blog about the Foundation in the *Huffington Post*, and AKF USA staff contributed posts to a wide range of blogs, including that of the Whole Planet Foundation, SocialFinance.ca, NextBillion and InterAction.

CAMPAIGNS

To share the Network’s energy and innovations broadly, AKF USA launched several social media campaigns that integrate online community and conversation. The campaigns create an ever-expanding forum for people who care about ending poverty. Campaigns linked to International Women’s Day, Earth Day, World Food Day and #GivingTuesday brought stories of AKF community partners to the U.S. public.

In November AKF USA was thrilled to be named the only global charity partner for the 2014 Boston Marathon. Three runners are raising funds for the Foundation’s programs and representing AKF USA in helping to heal wounds from the 2013 marathon tragedy.

FELLOWSHIP PROGRAM

For over 20 years AKF USA has nurtured the capacity of young professionals in international development. The highly selective Fellowship Program takes applicants with degrees in fields related to its programs. In 2013 we enhanced the program: it combines nine months in the Washington, DC office with a field placement at Aga Khan Foundation offices in Central Asia. The Fellowship Program offers three fellows a rewarding opportunity to gain hands-on experience, both in a donor country setting and in a developing country.

Continuing another tradition, four young professionals from Tajikistan came to Washington for a six-month placement with AKF USA, bringing experience from AKDN agencies there.



TOP Middle-school students in AKF USA Youth Ambassadors help plant a school garden with native species at Barron Elementary School in Plano, Texas. **ABOVE** Visiting experts from Kenya and Tajikistan present education experience from the Aga Khan Development Network at an event in Washington, DC. **OPPOSITE** Young runners in the Chicago Walk/Run, one of Partnership Walk events in 10 cities, raise funds for the Foundation’s projects overseas.

Statement of Financial Position

The Aga Khan Foundation U.S.A.'s overall FY2013 financial performance was stable and strong. This allowed us to increase our investments in our programs in Africa, Central and South Asia. Operating expenses are funded by a grant from His Highness the Aga Khan. Therefore, no donations from individuals, foundations and corporations are used for operating expenses.

The financial results depicted here are derived from the AKF USA audited consolidated financial statements, dated May 2, 2014, performed by BDO USA, LLP. AKF USA's complete, audited statement is available at our website in the "About AKF USA" section.

Noordin Molloo

Noordin Molloo
Chief Financial Officer

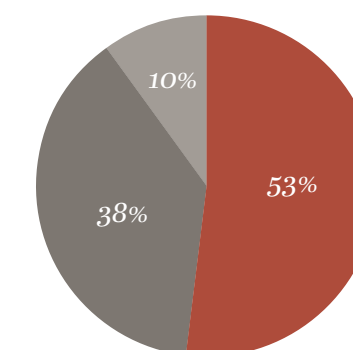
AKF USA is a non-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Service code.

AS OF DECEMBER 31, 2013 AND DECEMBER 31, 2012		Dollars in Thousands	
	2013	2012	
Assets			
Cash and cash equivalents	\$ 39,924	\$ 43,251	
Investments	25,216	18,570	
Accounts receivable and other current assets	92	116	
Donor agency receivables	3,927	1,142	
Receivables from affiliates	1,869	1,564	
Contributions receivable, net	13,575	14,508	
FIXED ASSETS			
Property held for charitable purposes	90,816	89,224	
Other fixed assets	334	323	
Less accumulated depreciation	(16,077)	(14,754)	
Fixed assets, net	75,074	74,793	
TOTAL ASSETS	\$159,676	\$153,943	
Liabilities and net assets			
LIABILITIES			
Accounts payable and accrued liabilities	420	424	
Payable to affiliates	2,499	1,138	
Deferred rent	50	109	
Deferred revenues	841	191	
TOTAL LIABILITIES	3,810	1,863	
Net Assets	155,867	152,080	
TOTAL LIABILITIES AND NET ASSETS	\$159,676	\$153,943	

Statement of Financial Activities

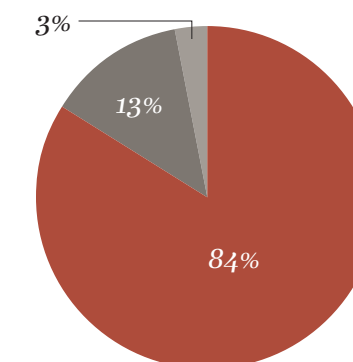
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012		Dollars in Thousands	
	2013	2012	
Revenues			
Contributions	\$ 20,153	\$ 27,034	
Federal grants	14,538	10,784	
Other grants	3,853	1,267	
Investment income	(298)	(622)	
TOTAL REVENUES	38,246	38,463	
Expenses			
Program grants	27,916	34,154	
GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries	2,656	2,635	
Legal, accounting and consulting	64	137	
Travel	216	162	
Doubtful pledges provision	535	659	
General office	274	257	
Taxes and licenses	122	161	
Premises	310	305	
Communications	78	98	
Total general and administrative expenses	4,255	4,414	
Fundraising	966	1,022	
Depreciation and amortization	1,322	1,306	
TOTAL EXPENSES	34,460	40,896	
CHANGE IN NET ASSETS	3,786	(2,433)	
Net assets at beginning of year	152,080	154,514	
Net assets at end of year	\$155,867	\$152,080	

2013 Source of Funds



■ Contributions
■ Federal Grants
■ Other Grants

2013 Use of Funds



■ Program Grants
■ General and Administrative
■ Fundraising

Institutional Partners

The Aga Khan 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 to alleviate poverty, hunger, illiteracy and poor health would not be possible without its partners' unwavering support. Our 2013 partners include:

ACDI/VOCA
Aspen Institute
Cargill Inc.
The Coca-Cola Foundation
Counterpart International
Deloitte
Flora Family Foundation
The Ford Foundation
Bill & Melinda Gates Foundation
Global Center 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
Opportunity International
Overseas Private Investment
Corporation
Pakistan Centre for Philanthropy
Pfizer Inc.
Red River College (Canada)
Rockefeller Brothers Fund
Rockefeller Foundation
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Development
United States Department of
Agriculture
United States Department of State
University of California at Berkeley
Whole Planet Foundation
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).

PHOTO CREDITS FOCUS Afghanistan, Schafer Bomstein, Innocent Manishimwe, Lucas Cuervo Moura, Marilyn Polena, Jean-Luc Ray, Natalie Ross, Sulaiman Roy, Nigina Sadonshoeva, Martha Sipple, Sharmeen Somani, David Taylor

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

We welcome your feedback and reactions to this report. Please send them by email to info.akfusa@akdn.org.

COVER IMAGE In northern Mozambique, rural communities face extreme poverty and isolation. The Aga Khan Foundation has partnered with communities there to improve livelihoods, mainly through agricultural training and food security. The program works in five districts and supports more than 25,000 households to improve their quality of life. Many local groups identified finding markets for their crops as a priority. The Foundation has integrated marketing into its rural development program, fostering farmers' cooperatives and linking maize, sesame and rice growers with agri-businesses.



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