

“I would say that sustainable development that improves the quality of life for the peoples of the developing world will depend in the end on efforts that make sense both socially and financially.”

HIS HIGHNESS THE AGA KHAN
Paris, France, 2012



PROJECT PARTNERS

U.S. Agency for International Development

Government of Tajikistan

Aga Khan Foundation U.S.A.

Aga Khan Fund for Economic Development

Aga Khan Foundation (Tajikistan)

Aga Khan Health Services

University of Central Asia

LEARNING AGENDA

With any innovation comes the need to document experiences and lessons. An important component of the MIAD GDA is a research and learning agenda, which will record the effects of the MIAD model and analyze the structure, program design, implementation and outcomes. The learning agenda will aim to tackle many questions about this integrated approach, including:

- What forms of integrated management of development interventions work best?
- Is impact on livelihoods accelerated with a MIAD approach?
- Will investors support “next generation” social corporate responsibility in which they support social development up front?

One aspect of the learning agenda is a learning network of impact investors, social entrepreneurs, international donors and non-governmental organizations, development finance institutions, and USAID, which is developing a “resource bank” of materials for use by interested groups and to disseminate findings about the MIAD approach.

AKF USA looks forward to broad participation in this learning network, and will plan to keep the development community informed as the MIAD GDA develops. Your comments are welcome.

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As a member of the Aga Khan Development Network, one of the world's leading poverty solutions networks, the Aga Khan Foundation helps communities around the world build better futures together. Harnessing the best from people of all walks of life, we build deep partnerships with local nonprofits, businesses, governments and community leaders based on a shared vision of prosperity for all. Working closely with our partners, we make long-term commitments to innovative programs that improve quality of life, from early childhood education to green space preservation. We invest in high-quality institutions such as clinics, banks and universities that anchor communities and provide opportunities for people to unlock their own promise. The Network's agencies work for the common good of all citizens, regardless of their gender, origin or religion and its underlying impulse is the ethic of compassion for the vulnerable in society.

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AN INNOVATIVE APPROACH TO SUSTAINABLE DEVELOPMENT



Economic and Social Connections: Multi-Input Area Development for Tajikistan

THE CHALLENGE

The goal of development – improving lives in the poorest communities in a sustainable way – has long remained elusive. In fragile settings where risks are great, it becomes even more vital to engage the private sector, known for its ability to manage risks, as an engine for development.

The Aga Khan Foundation U.S.A. (AKF USA) and the United States Agency for International Development (USAID) have launched a new type of partnership that mobilizes public and private sector capital to catalyze enterprise-driven development programs, which harness the combined strengths of the Aga Khan Development Network (AKDN) in Afghanistan in 2013, and now in Tajikistan. The partnership recognizes that for landlocked countries such as Tajikistan regional connectivity is vital. According to U.S. Ambassador to Tajikistan Susan Elliott, “This alliance directly supports the U.S. Government’s New Silk Road Initiative, which enhances links between Central and South Asia through regional energy markets, trade and transport routes, improved customs and borders, and connecting businesses and people.”

This brief is the second in a series that describes a new development approach and explores the Multi-Input Area Development (MIAD) model over time, as learning from successive programs benefits replication.

AGA KHAN DEVELOPMENT NETWORK
www.akdn.org





BACKGROUND ON MULTI-INPUT AREA DEVELOPMENT

The Aga Khan Development Network (AKDN) has a long history of taking an integrated approach to development. We invest in high-quality institutions, creating ventures and long-term, cross-border programs in health, education, market development, infrastructure and energy in Central Asian countries. In Tajikistan, AKDN's strengths range from community-based planning and education to Pamir Energy, a utility that has restored the power infrastructure.

Through AKDN's MIAD approach, social and economic interventions occur simultaneously in a targeted geographic area to accelerate development over time. MIAD allows these efforts to reach fruition, creates a basis for sustainable growth in remote regions, and builds links with key public and private sector partners. Incorporating economic drivers into MIAD is a key part of AKDN's strategy going forward. This will enable AKDN to find stable resources for social and economic development, while linking the private sector more closely to community-driven development.

A NEW PARTNERSHIP

Through a Global Development Alliance (GDA), USAID and AKF USA have created an important private sector-led model and for development in Tajikistan, using investments in that country's private sector to turn a portion of the profits into longer-term social development programs.

The work of Economic and Social Connections: Multi-Input Area Development for Tajikistan (ESCoMIAD) will move on two parallel tracks. On the first, agencies in AKDN will undertake social development activities using a Multi-Input Area Development (MIAD) approach. For that, AKF and its partners – the First Microfinance Bank of Tajikistan (FMFB), the University of Central Asia (UCA), the Aga Khan Health Services (AKHS), and Pamir Energy (PE) – will work across the major sectors that influence quality of life: economic growth, household financial security, governance and civil society, health and education.

In the second track, AKF and another sister agency, the Aga Khan Fund for Economic Development (AKFED), will make investments in private companies in Tajikistan. This will help to create jobs, promote regional trade and stimulate the Tajik economy as a whole. A portion of the returns generated by these investments – including 100 percent of the returns on USAID's contribution – will form the foundation of a trust fund-like mechanism that is dedicated to supporting social development activities along the Tajik-Afghan border for decades to come.

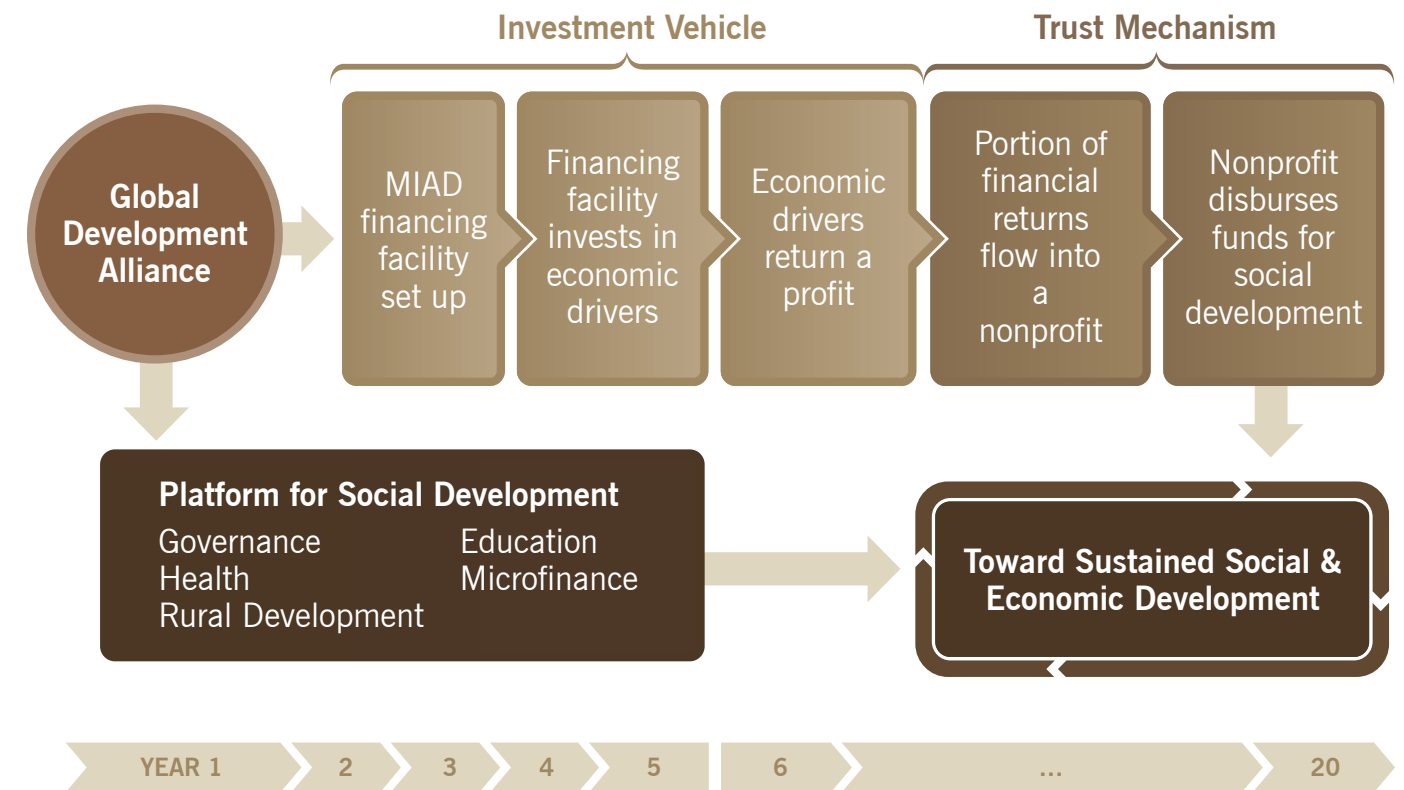
SOCIAL DEVELOPMENT ACTIVITIES

Strands of social development are inter-related: Educated mothers give better care for children; more productive agriculture advances nutrition as well as incomes, which support better health; that in turn improves learning in the classroom. These integrated features are generally accepted, but systematic documentation and analysis on-the-ground remains scarce.

Over five years, AKF and its sister agencies within AKDN will undertake social development activities that will include: **capacity building** for community-elected representatives; **improved access to affordable, sustainable finance** for individuals and businesses; **small and medium enterprise development** through common interest groups and lead firms; **education initiatives** focused on teacher training; and **health interventions** providing access to quality advanced medical care for Afghans and Tajiks living along their shared border.

ENGINE OF GROWTH FOR DEVELOPMENT

The diagram shows the interconnection of social and economic development in the MIAD Financing Facility model. The GDA will support two parts of the engine: the economic strand in the top row of boxes fosters perpetual financial support to social development, turning current aid dollars into future resources while meeting present economic development needs; the bottom row shows more conventional socio-economic development that builds an infrastructural platform that needs ongoing support for sustaining social development.



PRIVATE-SECTOR INVESTMENTS

Simultaneous with the social development programs, investments will be made in economic driver projects in Tajikistan and the region, in collaboration with partners, in sectors ranging from banking, energy, and telecommunications to agro-processing among others. Financing will be sourced from a variety of partners, appropriate to each investment. Working closely with our partners, we make long-term commitments to innovative programs that improve quality of life.



PROJECT SPOTLIGHT: PAMIR ENERGY

The Aga Khan Fund for Economic Development, in partnership with the International Finance Corporation, formed Pamir Energy in 2002. The company invested around \$37 million to repair infrastructure and expand hydroelectric capacity, resulting in electricity access for over 86 percent of Gorno-Badakhshan's inhabitants. Tariff subsidies ensure that even poor households can access power. In 2012 USAID and Aga Khan Foundation U.S.A. started the Cross-Border Energy project to expand Pamir Energy's distribution across the border to Afghanistan. This has helped to multiply electricity use and establish infrastructure for Central Asia's regional growth.