

## Impact Investment Initiatives and the Aga Khan Development Network

The Aga Khan Development Network (AKDN) has a long history of working for universal access to education, health and other basic services. That experience includes creating large infrastructure programs that complement government services in the countries where AKDN works. As an agency in the Network, the Aga Khan Foundation U.S.A. (AKF USA) uses impact investing as a tool to advance social development in poor or marginalized communities, working with other AKDN agencies, governments, as well as international and local partners. AKF USA is establishing an impact investment portfolio aligned with its social development mandate. All of AKF USA's investments feature strong partnerships with external investors and local institutions for long-term social impact.

Pictured at right is the Aga Khan Academy, Mombasa, which is part of an integrated network of K-12 leadership academies with 18 planned and two operational across 14 countries. The Aga Khan Academies exemplify high-impact, investable social enterprises within the AKDN.



### MICROFINANCE IN CENTRAL AND SOUTH ASIA

First MicroFinance Bank of Afghanistan (FMFB-A), established by the Aga Khan Development Network, operates successfully in one of the world's most fragile states. As the largest microfinance institution in Afghanistan, it made over 59,000 loans in 2012, totaling over \$116 million. The bank provides needed capital to the country's vulnerable urban and rural populations, and develops new financial products such as Small and Medium Enterprise (SME) and housing improvement loans. In December 2012 AKF USA invested in FMFB-A, becoming a shareholder alongside the German bank, KfW, the International Finance Corporation, and the Aga Khan Agency for Microfinance. Capital provided by AKF USA and other investors allows the bank to expand its important programs, such as SME lending.



### HEALTH CARE IN PAKISTAN

Access to healthcare is a major challenge in Pakistan where only one percent of GDP goes to health and fewer than two out of three pregnant women see a doctor even once before giving birth. The Aga Khan University Hospital (AKUH), established in 1983, provides world-class treatment with health centers in 82 cities across Pakistan. AKUH's private wing cross-subsidizes a patient welfare program assisting 70,000 patients annually. Private revenue also funds 75 percent of tuition for the School of Nursing, four maternal & child hospitals, and hundreds of rural clinics. In 2013 the U.S. Overseas Private Investment Corporation (OPIC) provided a \$30-million loan facility, alongside \$7.5 million in debt from AKF USA and an expected \$16 million from the French Agency for Development (AFD), to the Karachi-based AKUH. These funds will enable the construction of an expanded private wing, new neonatal, medical and pediatric intensive care units, and a center for innovation in medical education. The deal promises long-term social impact through increased access to high-quality health care, improved capacity for health professionals, and \$888 million in incremental economic impact through jobs, construction and services.

"I believe that impact investment is one of the most important concepts that I can recollect in the last 50 years. And the reason is that it harnesses social ethic to economic purpose...enabling you to do things which you could never do."

—HIS HIGHNESS THE AGA KHAN, OCTOBER 22, 2012



## URBAN REJUVENATION IN KENYA

The Aga Khan Trust for Culture (AKTC) has established a strong track record for revitalizing urban parks across Africa and Asia with award-winning results. It is now planning to restore the Nairobi City Park. Envisioned by His Highness the Aga Khan with the Government of Kenya in November 2012, the plan revitalizes 150 acres of forest cover in the city that has fallen into disrepair. This public-private partnership would preserve the site's unique ecological integrity (including much of the area's last indigenous forest) while developing public amenities. Primary revenue generators include subletting these facilities to local entrepreneurs, managing parking, and charging a small entrance fee to most visitors in order to provide a safe and sustainable city resource. Planned improvements include installing a water treatment system for a polluted stream flowing through the park and into a poor neighborhood with over 170,000 residents. Donors, such as The Tiffany & Co. Foundation, and impact investors are ready to support the project to realize the vision of a revitalized park.



## MULTI-INPUT AREA DEVELOPMENT

One of the largest Global Development Alliances ever made by the U.S. Agency for International Development (USAID) for enterprise development, the Multi-Input Area Development (MIAD) partnership in Afghanistan takes innovative public-private arrangements with the U.S. government to a new scale. USAID has shown a strong commitment in structuring this first-of-its-kind \$61-million alliance. In this partnership, social development shifts from dependence on grant financing to benefiting from investments. These regional investments will provide financial returns to local communities to catalyze sustained economic and social change. USAID and AKDN have committed over \$30 million each in a unique combination of grants and investments, including a \$10-million investment through AKF USA. This will accomplish critical health, education, rural development and infrastructure work in Afghanistan while simultaneously providing financing for viable social enterprises across South and Central Asia.

The initiatives described here are examples of partnerships. The information does not constitute advice or an offer to invest and is subject to correction, completion and amendment without notice. The Impact Investing portfolio at AKF USA partners with the U.S. government, foundations, corporations, and individuals. Please send suggestions, ideas and questions to: [impactinvesting.akfusa@akdn.org](mailto:impactinvesting.akfusa@akdn.org).

Across the programs and investment portfolios of AKF USA, donors and co-investors include the Bill & Melinda Gates Foundation, The Coca-Cola Foundation, Flora Family Foundation, The Ford Foundation, The William and Flora Hewlett Foundation, Johnson & Johnson, Microsoft Corporation, Overseas Private Investment Corporation, Rockefeller Foundation, Synergos, TechnoServe, The Tiffany & Co. Foundation, United States Agency for International Development, United States Department of Agriculture, United States Department of State, and Whole Planet Foundation.

Aga Khan Foundation U.S.A., established in 1981, is a private, non-denominational, non-profit international organization committed to the struggle against poverty, hunger, illiteracy and poor health, primarily in Africa and Asia. The Foundation works to address the root causes of poverty by supporting and sharing innovative solutions in the areas of health, education, rural development, civil society and the environment.

The Foundation is an agency of the Aga Khan Development Network (AKDN), a group of private development agencies founded by His Highness the Aga Khan, with mandates ranging from health and education to architecture, culture, microfinance, 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 and its underlying impulse is the ethic of compassion for the vulnerable in society. [www.akdn.org](http://www.akdn.org)

