

“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 Afghanistan

Aga Khan Foundation U.S.A.

Aga Khan Fund for Economic Development

Aga Khan Foundation (Afghanistan)

Aga Khan Health Services

University of Central Asia

For further information

Aga Khan Foundation U.S.A.
1825 K Street NW
Suite 901
Washington, DC 20006

Tel: (202) 293-2537
E-mail: info.akfusa@akdn.org
www.akdn.org/akf
www.PartnershipsInAction.org

This document is made possible by the generous support of the American people through the United States Agency for International Development (USAID), Aga Khan Foundation (AKF), Aga Khan Fund for Economic Development (AKFED), and University of Central Asia (UCA). The contents are the responsibility of the authors and do not necessarily reflect the views of USAID or the United States Government and/or AKF USA and AKFED.

The Aga Khan 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.

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?
- How large of a trust fund-type mechanism is required to make a difference?

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 will develop a “resource bank” of materials for use by interested groups and 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.

AN INNOVATIVE APPROACH TO SUSTAINABLE DEVELOPMENT



Global Development Alliance for Multi-Input Area Development in Afghanistan

THE CHALLENGE

The goal of development – improving lives in the poorest communities in a sustainable way – has long remained elusive. In fragile settings like Afghanistan where risks and uncertainty are great, engaging the private sector as an engine for development makes this even more difficult.

Now 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 and the wider Central Asia region. The partnership recognizes that for landlocked countries such as Afghanistan regional connectivity is vital. “Public-private partnerships like this one are the right way to do development,” observed Deputy Secretary of State Thomas Nides. “They can have a huge, sustainable impact and a significant return on investment,” both socially and economically.

This brief is the first in a series that will describe the new development approach and explore how the model unfolds over time to encourage further learning and replication.



Since 2002, the Aga Khan Development Network has built and rehabilitated five bridges over the Pyanj River, connecting Tajikistan and Afghanistan. They are located at Tem near Khorog (pictured right), Darvaz, Langar, Ishkashim and Shorobod.



BACKGROUND ON MIAD

The Aga Khan Development Network (AKDN) has over four decades’ experience in Asia and Africa, creating ventures and long-term development cross-border programs in health, education, market development, infrastructure and energy that link Afghanistan’s development to efforts in neighboring countries. In Afghanistan, AKDN’s strengths range from telecommunications, health care, and financial services to participatory governance, education, and community-based planning.

Through AKDN’s MIAD approach, social and economic interventions occur simultaneously in a targeted geographic area – in this case, northern Afghanistan – to accelerate development over time. MIAD allows social and economic efforts to reach fruition, creates a basis for sustainable growth in remote regions, and builds links with key public and private sector partners. After five to ten years, the economic drivers should generate revenues for use by the social development fund. This model represents a way 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, in the words of USAID’s Alex Thier, “a ground-breaking private sector-led model for development in Afghanistan,” using investments in the Afghan private sector to turn profits into social development programs in health, education, rural development, and governance.

It will apply AKDN’s Multi-Input Area Development, or MIAD, approach (see box to left) in fostering a new model for long-term social and economic development that contributes to a stable and prosperous Afghanistan. The \$61-million MIAD GDA combines two components:

- A set of grant-funded, community-based, socio-economic initiatives
- An investment component that will invest in a variety of large and small enterprises as economic drivers to create jobs and over time provide returns that shall be partially channeled to a special social development fund for remote Badakhshan Province, where poverty poses a special challenge.

The program has two objectives:

- Improve residents’ quality of life including their social, economic, and governance status
- Establish a model for a sustainable, replicable financing mechanism for both regional social and economic development.

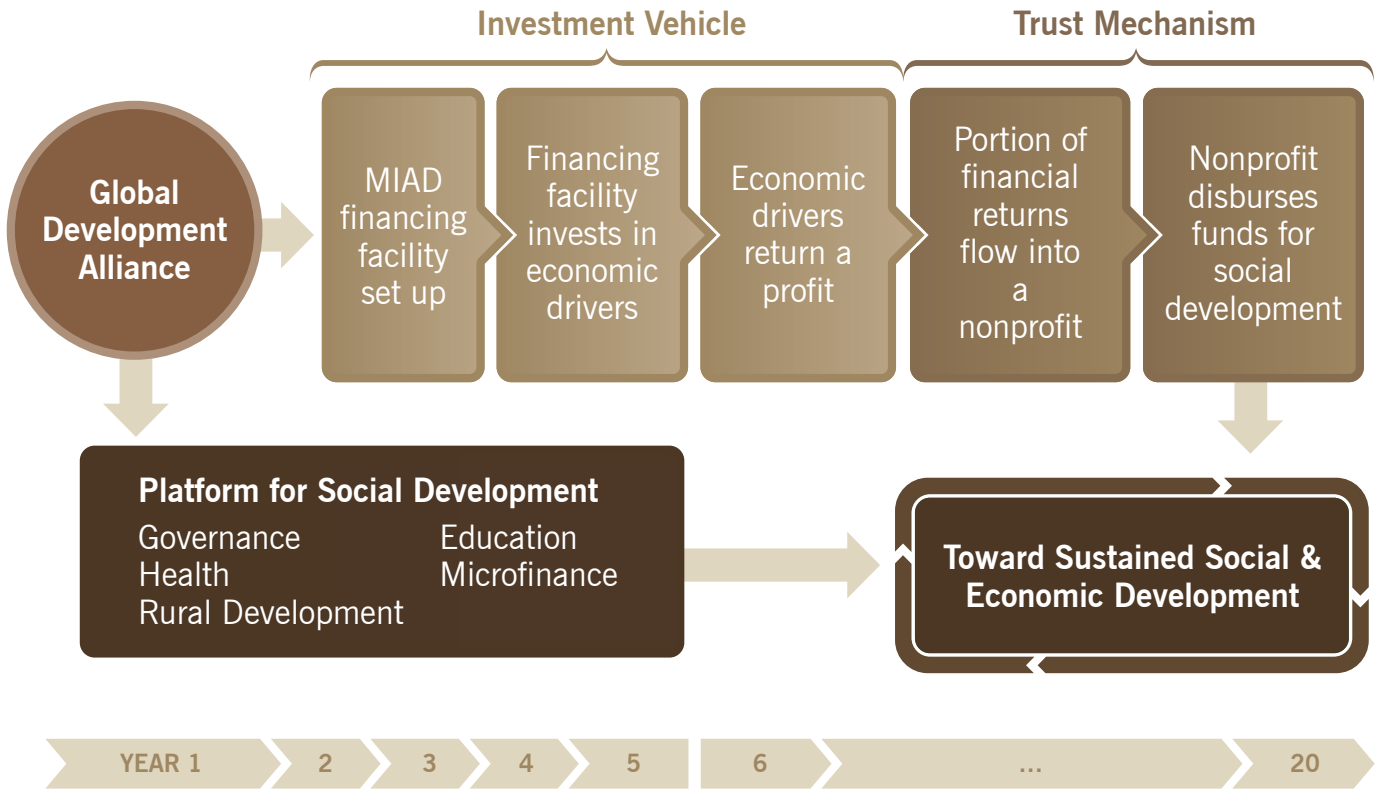
SOCIAL DEVELOPMENT ACTIVITIES

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

Over the next five years, AKF and its sister agencies within AKDN will undertake social development activities that will include: **intensified capacity building** for community-elected representatives; **increased agricultural production and food security** with improved seed, rehabilitation of natural resources, and improved access to markets and information; **education initiatives** focused on teacher training and promoting girls’ education; and **health interventions** for safe drinking water, improved sanitation and health through community-led initiatives.

ENGINE OF GROWTH FOR DEVELOPMENT

Central to the partnership is the investment in enterprises in a manner that not only creates jobs, but generates funds to support future social services. The diagram below shows the interconnection of social and economic development in the MIAD model. The GDA will support two parts of the engine: the economic strand in the top row of boxes, which fosters perpetual support to social development, and the bottom row, representing more conventional socio-economic development, with a view to build a platform on which social development can be sustained.



INVESTMENT VEHICLE

Simultaneous with the social development programs, investments will be made in economic driver projects in Afghanistan and the region, in collaboration with partners, in sectors ranging from energy, telecommunications and infrastructure to agro-processing, manufacturing and other sectors. Financing will be sourced from a variety of partners, appropriate to each investment.

TRUST MECHANISM

Returns stemming from GDA contributions to investments will flow into a social development fund, housed within AKF and benefiting from a governance mechanism that includes a steering committee consisting of members from within and outside AKDN, until conditions warrant an independent structure. This upfront commitment by the private sector to support development is new. It demonstrates a “second generation” component of social responsibility committed over the long term.