



**pact**

building  
local  
promise.

FY2020

# Annual Report

celebrating 50 years





**“Underpinning our work is a dedication to improving the lives of people who are affected by poverty and marginalization and doing it in a way that puts local communities first.”**



## **a letter from our leadership**

**T**his past year has been one of the most tumultuous of our lives. We have faced a global pandemic and unrest and insecurity across the globe. Through it all, existing challenges continued—climate change, HIV, poverty and more. Nonetheless, our staff, partners and the communities that we serve have demonstrated incredible fortitude, even as their needs redoubled.

In the pages that follow, you’ll read about the many ways this resilience came to life over the past year.

From adapting HIV programs in the Dominican Republic to expanding trusted peacebuilders’ roles in the Horn of Africa, we found new ways to confront Covid-19. This ability to adapt and demonstrate resilience in the face of shocks remains more important than ever today. You’ll also learn about ways we’re partnering with the private sector and communities across Africa and Southeast Asia to protect our natural resources and build responsible supply chains. You’ll meet the indigenous organizations

in the Amazon who are taking charge of their own development, armed with the knowledge, tools and resources to serve their communities the best way possible. And you’ll meet some of the hundreds of local organizations we supported last year with our proven, evidence-based capacity development methods.

This year was also momentous for Pact as we celebrated 50 years of partnering with communities to tackle poverty and marginalization. What started as a membership organization for U.S. nonprofits working to improve social and economic conditions has evolved into an independent, global organization tackling some of the toughest issues of our time. Underpinning our work is a dedication to improving the lives of people who are affected by poverty and marginalization and doing it in a way that puts local communities first.

We look forward to the next 50 years of data-driven, community-focused progress.

**Mark Fitzgerald**  
BOARD CHAIR

**Caroline Anstey**  
PRESIDENT + CEO



# Adaptability

**2020** will forever be known as the year of the Covid-19 pandemic. **Pact teams have come together to support our colleagues and the communities we serve across the globe who are working through challenges in each of their countries.** The long-term impacts of Covid-19 will reshape the future of development, from how we deliver programs to the number of communities below the poverty line. Adaptability has been paramount and will continue to be. While we have had to continuously adjust as the pandemic unfolded, we have kept delivering on our promises to communities globally. The following are some examples of how we adapted to the changing world around us this year.



## Emergency cash grants provide a lifeline for families in Eswatini

When the government of Eswatini imposed a nationwide lockdown because of the Covid-19 pandemic, many families quickly found themselves facing extreme economic hardship. Businesses closed, breadwinners lost their jobs and incomes plummeted. In response, Pact began providing emergency cash grants to especially vulnerable households that we were already serving through the USAID-funded Insika ya Kusasa project. Eligible households include those headed by children, those with a chronically ill caregiver or those with at least seven dependents, along with families already known to be struggling with malnutrition or where a child had dropped out of school in the past six months for financial reasons. The grants are being distributed by 10 local organizations that partner with Pact.



## HIV programs for orphans and vulnerable children respond to Covid-19



Before the Covid-19 pandemic, with funding from USAID and PEPFAR, Pact was working to improve the lives of orphans and other children vulnerable because of HIV. With our experience and existing relationships and networks of community-based health workers, Pact was well positioned to quickly help those most at risk of Covid-19 protect themselves from the virus and its secondary impacts.

This past year during the pandemic, we have seen an increase in the needs of adolescent girls and young women (AGYW). Accessing services is harder when hospitals are overflowing and health centers don't have supplies. Supply chains have been disrupted and there have been many shortages. While we have had to reduce or postpone group interventions, our community health workers and community volunteers are still visiting homes in cases of emergency. In the Dominican Republic, our community volunteers received emergency responder badges so that even during curfews, they were able to go out and conduct visits.

## Peace champions become health champions in the Horn of Africa

When Covid-19 struck the shared border areas of Ethiopia, Somalia and Kenya in March 2020, local volunteer influencers, or “boundary partners,” quickly transitioned from peace champions to health champions, spearheading social cohesion discussions and educating their communities about how to prevent the spread of Covid. Our Regional Approaches for Sustainable Conflict Management and Integration, or RASMI, project engaged 83 boundary partners in a variety of activities to raise awareness, making sure to collaborate with public health officials from local government-established Covid-19 taskforces. Awareness campaigns included radio, roadshows, billboards and banners that proved especially effective in sharing Covid-19 messages. Call-in radio talk shows reached an estimated 165,000 listeners across the Kenya, Somalia and Ethiopia cross-border areas in one month alone.







# Capacity development

**F**or change to be sustainable, local capacity is critical. **Local organizations must be self-reliant and possess the knowledge and skills they need to achieve their missions.** As our world was shaken by Covid-19 this past year, strong, resilient local organizations and systems became evermore crucial for continuing critical services for communities, especially in rural and harder to reach areas. With a proven, 50-year track record of helping organizations, governments and systems craft development agendas, plan for change and take effective action, Pact’s capacity development support enabled partners to respond to new challenges and continue to deliver results in their communities.

## Innovative approaches to developing local capacity



With a focus on participatory capacity development, we shifted our approaches to leverage virtual platforms in support of local partners strengthening their own organizations. In Indonesia, Pact had been strengthening the capacity of local organizations providing HIV/AIDS services to key populations through the LINKAGES project. During the pandemic, we successfully piloted innovative models of virtual facilitation to remotely implement

a cornerstone feature of capacity development, the Integrated Organizational and Technical Capacity Assessment (ITOCA). To ensure full participation and inclusion, Pact’s Indonesia team tailored several platforms to aid in the facilitation of the ITOCA. For example, WhatsApp groups helped to monitor tasks completed at home, Mentimeter engaged participants during online meetings, and Google forms collected assessment results. Using innovative methods, we were able to continue supporting LINKAGES partners to improve their effectiveness.

## Supporting business continuity for local partners

As we all grappled with the impact of Covid-19, we helped our local partners adapt their operations to the new environment. Developed through the Pact-led, USAID-funded ACHIEVE project, we launched a series of tools for local organizations to use to engage in business continuity planning during Covid-19 and enable them to continue operations and adapt programming through the restrictions and challenges posed by the pandemic. The Covid-19 Business Continuity Planning package included guidance on risk management, change management, and the adaptation of organizational operations, communications trees, planning templates, training presentations on Covid-19 for community-based



workers, and Covid-19 fact sheets. The materials reached local USAID implementing partners around the world and were made public online for anyone to use. For one organization in Nigeria, the materials were hugely impactful, helping them provide accurate Covid-19 prevention messages and social-distance guided services for orphans and vulnerable children and their households.

## Sustaining epidemic control in Eswatini

Ten years ago, few people thought epidemic control in Eswatini was a possibility. With dedicated local organizations, government commitment and international support, that far away dream is becoming reality. But with this comes the incredible responsibility of sustaining epidemic control. A strong civil society ready and well-equipped to be leaders in community HIV service delivery is key to sustaining the important gains made in the country. It is why Pact has been partnering with Young Heroes, a Swazi organization that launched to respond to the country’s HIV and AIDS crisis. Working together, Pact helped Young Heroes explore their strengths and weaknesses using proven assessment tools and approaches. Then we jointly created action plans to strengthen their performance in administration, human resources, finance, program design and delivery and more. Along the way, we provided training and mentorship. In late 2020, Young Heroes was awarded direct funding from USAID in Eswatini, a major milestone in their journey. Today, Young Heroes is ready to take on the responsibility of sustaining progress in their communities.





# Community engagement

**I**n 2020, Pact continued to build on our 50 years of deep history and understanding that community voice, ownership and local knowledge and expertise are necessary. While Pact's history is rooted in development that supports organizations and communities to overcome challenges on their own, this approach has become ever more important in the face of shocks like Covid-19 and the imperative to change the way the international development sector operates. Below are some of the ways we engaged communities to tackle their most pressing development challenges.



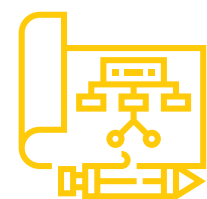
## Citizen feedback informs program activities in Ukraine

Robust civil society and civic engagement are two key elements of effective, accountable governance. Through the USAID-funded ENGAGE project in Ukraine, Pact and our partners are supporting the important trend of improved citizen engagement in public affairs. Through two civic engagement polls conducted in 2020, the data showed higher levels of civic literacy among ENGAGE project participants and more active civic engagement compared to the general Ukrainian population. We used the data to design and evaluate the direction of the project, devising a new infotainment approach to more effectively reach youth.

## Indigenous organizations in the Amazon take charge of their development

Indigenous communities have been historically challenged by limited access to essential social services. The Strengthening the Capacity of Indigenous Organizations in the Amazon project, or SCIOA, works across Colombia, Peru, Brazil, Suriname and Guyana to ensure local indigenous organizations have the knowledge, skills and resources they need to effectively take ownership of their own development planning and priorities in a

sustainable manner. With training and mentorship, the organizations are now systematically improving their capacity to manage financial resources and take ownership of their own development. Through small grants from Pact and USAID, indigenous organizations have pursued concrete actions to protect indigenous community rights and mitigate the impacts of extractive or infrastructure industries.



## Responding to the needs of women entrepreneurs

Even before the Covid-19 pandemic, many young women entrepreneurs in Cambodia struggled to keep their businesses afloat. Through our Women's Entrepreneurs Act project, or WE Act, we are empowering young women entrepreneurs and youth to access their socio-economic rights and to live the lives they choose. We bolster and strengthen the efforts of organizations and institutions that are already supporting young women entrepreneurs and youth leaders to foster an engaged ecosystem. In 2020, we partnered with 18 organizations and companies to support young women. In the face of Covid-19, partners moved activities online, offering business trainings digitally, creating lessons on risk and cashflow management during downturns, adding online support resources for dealing with stress and connecting with business-owner peers, and offering online coaching and mentoring. This year, more than 600 women entrepreneurs increased their capacity to become more successful business managers.







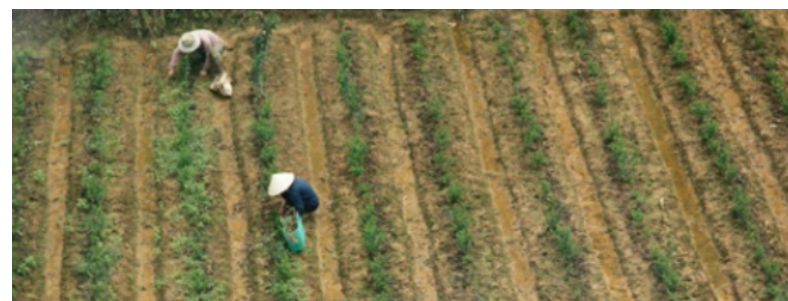
# Sustainability

**T**his past year has further highlighted the interconnectedness of our natural, social and economic systems and exposed deep systemic vulnerabilities across the globe. **It has reminded us of the precarious balance between humanity and the planet’s ecosystems, wildlife populations and their habitats, and that protecting ourselves and protecting the environment are one and the same.** What we’ve learned this past year has provided an opportunity to press the ‘reset’ button, both as a global community and at Pact. In addition to the highlights below, in 2020, we began looking closely at our own environmental footprint with a materiality survey and the ways we should address our operations’ role in climate change. We look forward to publishing more on our environmental footprint in the coming year.

## Connecting investors with sustainable agriculture and forestry in Southeast Asia

Across Southeast Asia, businesses and financiers are demonstrating their climate savvy in partnership with USAID Green Invest Asia, which has mobilized \$42 million to date in private finance into the agriculture and forestry sectors. This is translating to improved business efficiency and agricultural productivity over 116,000 hectares of land and the projected reduction of 8.7 million tons of CO2 emissions over 15 years. In Vietnam, USAID Green Invest Asia recently partnered with Jacobs Douwe Egberts - one of the world’s largest

coffee and tea traders - and its nonprofit partner, IDH, the Sustainable Trade Initiative, to measure the impact of the two organizations’ joint sustainable coffee activities. USAID Green Invest Asia will analyze farmer profitability alongside farm-level carbon emissions to identify the most effective interventions and business models. This partnership is one step toward transforming Vietnam’s coffee sector, one of the world’s top producers of robusta coffee.



## Protecting Madagascar’s biodiversity

In Madagascar, USAID Hay Tao is creating an enabling and empowering environment for effective community-based management and protection of biodiversity and natural resources. The program focuses on reducing vulnerability to climate change, promoting sustainable natural resource management and improving the conservation of the country’s unique biodiversity. USAID Hay Tao is enabling Alliance Voahary Gasy (AVG), the only organization in Madagascar working on environmental justice, to become a more robust network and better serve their network CSOs, improving the impact of their advocacy. With support from USAID Hay Tao, AVG is



training communities and protected area managers how to report on infractions to the Ministry of Environment, police and courts, and investigative journalists and judicial police officers to understand environmental justice. AVG has already worked with 50 journalists who have published more than 200 articles on environmental topics.



## A decade of success in mineral traceability

Pact is proud to be the lead implementer of the ITSCI system, the only internationally accepted, operational due diligence mechanism and mineral traceability system for the 3T minerals - tungsten, tin and tantalum - in the Great Lakes Region of Africa. In 2020, the system celebrated a milestone 10th anniversary. By the end of 2019, ITSCI covered more than 2,000 mines, providing employment to around 80,000 miners and supplying more than 2,000 tons of minerals per month. ITSCI is the only industry initiative with standards 100% aligned with OECD Guidance, offering miners a legitimate

route to market. The ITSCI system is a model that shows mineral traceability can work and benefit stakeholders throughout the supply chain.





# consolidated financial report

## Consolidated Balance Sheets

September 30, 2020

| Assets                                   | 2020                  |
|------------------------------------------|-----------------------|
| Cash and cash equivalents                | \$ 97,782,169         |
| Investments                              | 2,922,328             |
| Federal grants receivable                | 4,301,627             |
| Other grants receivable                  | 1,328,552             |
| Advances and other receivables           | 1,855,486             |
| Prepaid expenses and deposits            | 2,396,918             |
| Notes receivable                         | 156,370               |
| Loan portfolio, net of loan loss reserve | 432,529,321           |
| Property and equipment, net              | 3,437,219             |
| <b>Total Assets</b>                      | <b>\$ 546,709,990</b> |

## Liabilities and Net Assets

|                                                            |                       |
|------------------------------------------------------------|-----------------------|
| Accounts payable and accrued expenses                      | \$ 20,068,932         |
| Beneficiary savings and reserved funds                     | 136,682,320           |
| Net returns on loans, reinvested earnings                  | 6,505,642             |
| Notes payable                                              | 155,645,422           |
| Refundable advances – federal                              | 9,321,351             |
| Refundable advances – other                                | 6,671,560             |
| Deferred rent                                              | 2,038,974             |
| <b>Total Liabilities</b>                                   | <b>\$ 336,934,201</b> |
| Without donor restrictions – Pact, Inc.                    | 12,037,764            |
| Without donor restrictions – Pact, Institute, Inc.         | 4,581,843             |
| Without donor restrictions – Pact UK                       | 230,092               |
| Without donor restrictions – Pact Global Microfinance Fund | 192,926,088           |
| Without donor restrictions – Pact Ventures                 | 2                     |
| <b>Total Net Assets</b>                                    | <b>\$ 209,775,789</b> |
| <b>Total Liabilities and Net Assets</b>                    | <b>\$ 546,709,990</b> |

## Consolidated Statements of Activities

Years Ended September 30, 2020

| Support and revenue              | 2020                  |
|----------------------------------|-----------------------|
| Grants and contracts             | \$ 148,328,745        |
| Contributions                    | 103,086               |
| Microfinance loan activities     | 92,950,704            |
| Fee income on microfinance loans | 9,106,317             |
| Investment income, net           | (812,947)             |
| Other revenue                    | 554,885               |
| Net gain on loans                | 1,648,141             |
| <b>Total Support and Revenue</b> | <b>\$ 251,878,931</b> |

## Expenses

|                                                           |                       |
|-----------------------------------------------------------|-----------------------|
| <b>Total program services</b>                             | <b>\$ 129,895,596</b> |
| Supporting services                                       |                       |
| Management and general                                    | 75,224,414            |
| Fundraising                                               | 27,817                |
| <b>Total supporting services</b>                          | <b>\$ 75,252,231</b>  |
| <b>Total expenses</b>                                     | <b>\$ 205,147,827</b> |
| <b>Change in net assets before other gains and losses</b> | <b>\$ 46,731,104</b>  |
| Other gains and losses:                                   |                       |
| Unrealized foreign exchange gain (loss)                   | 23,379,871            |
| <b>Change in net assets</b>                               | <b>\$ 70,110,975</b>  |
| Net assets (all without donor restrictions):              |                       |
| <b>Beginning</b>                                          | <b>\$ 139,664,814</b> |
| <b>Ending</b>                                             | <b>\$ 209,775,789</b> |

The financial records of Pact, Inc. and affiliates are audited annually by an independent firm of certified public accountants. The financial records for 2020 were audited by Grant Thornton LLP.

Financial reports are available at [pactworld.org](http://pactworld.org).

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