



pact

building
local
promise.

2016
ANNUAL
REPORT

**Pact.
Present.
Future.**





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Present.
Future.**

A letter from our leadership

This marks Pact's 45th year, and in those years, we have transformed tens of millions of lives around the world. While there is still much to do and many more to reach, we are no doubt bringing into focus our vision of a world where everyone exercises their voice, builds their own solutions and takes ownership of their future.

Pact has transformed as an organization, too, since 1971. In our early days, we were a membership organization that helped other NGOs be their very best. Today, we serve communities directly, from Tanzania to Myanmar to Colombia.

And Pact continues to evolve. This year, we created a new business unit to foster social enterprises and impact investing.

We are working with a wider array of donors, including more and more corporate partners. As lines separating the public, private and social sectors dissolve, we resolve to explore and engage new ways to serve communities around the world.

This report is about our present. But it is also about where we have been and, more important, where we are going.

In partnership,

A handwritten signature in purple ink, appearing to read 'Nancy Murphy'.

Nancy Murphy
BOARD CHAIR

A handwritten signature in purple ink, appearing to read 'Mark Viso'.

Mark Viso
PRESIDENT + CEO



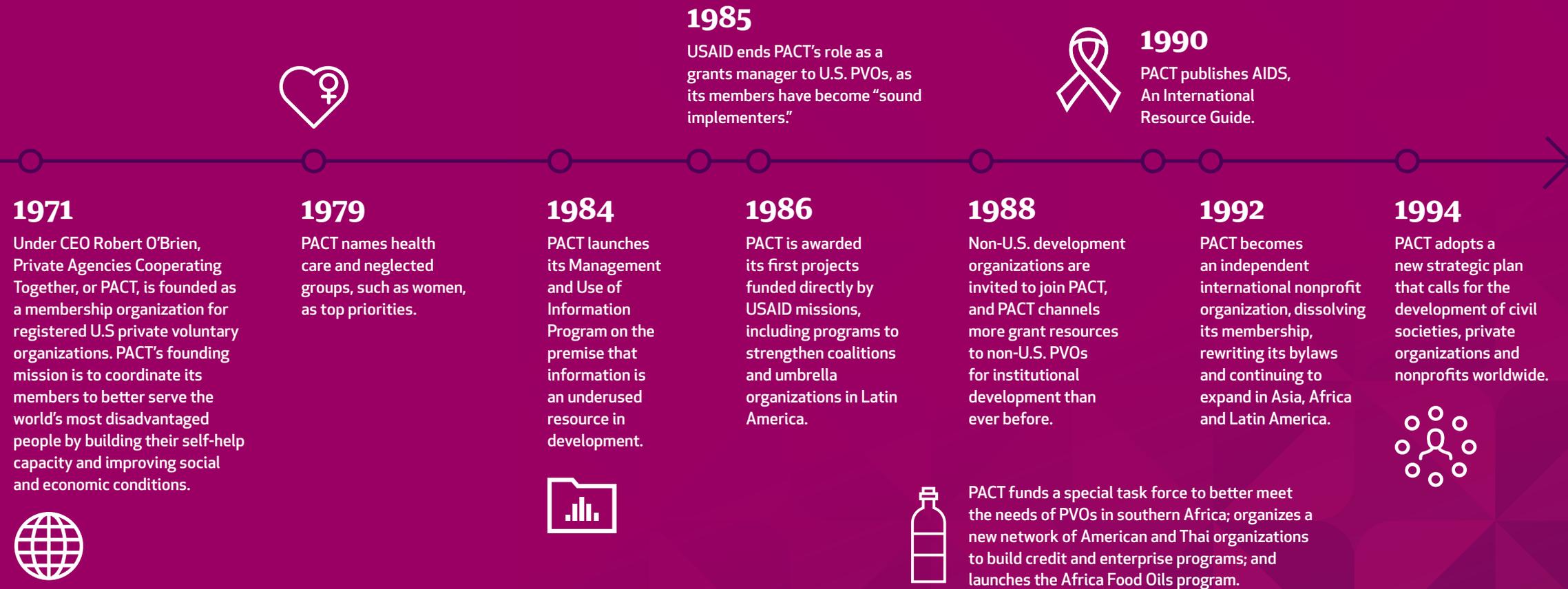
Pact.

At the heart of Pact is the promise of a better tomorrow.

The promise of a healthy life. Of a dignified living. Of sustainable natural resources that benefit communities. In nearly 40 countries around the world, Pact is helping millions of people who are challenged by poverty and marginalization discover and build their own solutions and take ownership of their future. Using an integrated approach to development, we work in partnership with the communities we serve.

Learn more about our promise at pactworld.org.

45 years of building local promise





1996

As Pact marks its 25th anniversary, PBS airs a half-hour program on Pact's literacy work in Nepal on 150 stations across the U.S.

2001

Worth magazine recognizes Pact as one of the 100 American charities "most likely to save the world."



2005

WORTH moves to Africa with eight new projects and opens the WORTH Women's Empowerment and Gender Center in Nairobi.



2010

Pact publishes its first *Measuring Pact's Mission* report, with comprehensive indicators cutting across countries to measure global impact by sector.

2015

Pact publishes the report *Unconflicted: Making Conflict-free Mining a Reality in the DRC, Rwanda and Burundi*.

1995

As expansion continues in Africa and Asia, Pact changes its name to a single word – no longer an acronym

Pact develops its Organizational Capacity Assessment tool.

Pact develops "kids kits" to teach children in Indonesia about HIV and AIDS.

1998

Pact starts its first WORTH groups in Nepal.



1999

Pact launches Pact Institute, a subsidiary that will pursue innovation, new approaches and partnerships, and funding diversification.

2004

Pact regionalizes and appoints directors for Africa, Asia and Latin America.



Pact demonstrates a new competency working with the extractive industry, leading to the eventual establishment of the Mines to Markets signature program.



2008

Pact opens its 24th field office, with programming spanning Asia, Africa, Eurasia, Latin America and the Middle East.

Pact carries out extensive research across Africa to gain insight into artisanal and small-scale mining communities and pilots literacy and financial training for artisanal gold miners.

2013

Pact and the Coca-Cola Foundation begin a partnership to launch new WORTH groups in Myanmar.



Pact creates a new business unit, Pact Ventures, to explore social enterprise investments.

Present.

Now more than ever, Pact is leading the way in international development.

Our integrated approach – one that tackles systemic, root challenges and strategically combines interventions – is the most promising development model in the world today. In 2016, we helped more than 2.5 million people gain improved health and social services; nearly 1.2 million increase their income; and more than 286,000 benefit from improved natural resource management.



2016 highlights



Nine years after it began, our UNITER project in Ukraine came to a close in 2016. With funding from the U.S. Agency for International Development, Pact launched UNITER (Ukraine National Initiative to Enhance Reforms) to strengthen local civil society organizations working for democracy, government accountability, European integration and civic involvement among Ukrainians. The project helped the post-Soviet nation make huge strides, with Pact's local partners playing a critical part in the Euromaidan revolution. Today, those organizations are leading post-revolution reform efforts. As we ended one chapter in Ukraine, though, we began another with the launch of ENGAGE (Enhance Non-Governmental Actors and Grassroots Engagement). Building on UNITER's success, this project is promoting democratic reforms and the inclusion of marginalized groups and increasing citizen engagement and demand for European values.



In Tanzania, we finished our landmark Pamoja Tuwalee project (Let's Bring Children Up Together), which served more than 350,000 orphans and vulnerable children and their caregivers over six years. But the project's completion was not the end of Pact's work on behalf of Tanzania's youth. As Pamoja Tuwalee finished, we began Kizazi Kipya, or New Generation. Under this five-year project, Pact is continuing to make a difference, particularly for families affected by HIV. Kizazi Kipya is helping communities across Tanzania build better financial resources for parents and caregivers of vulnerable children as well as improved access to health and HIV services for children and adolescents, including those who are hardest to reach. Our partners include the Elizabeth Glaser Pediatric AIDS Foundation, the Aga Khan Foundation, Restless Development, Railway Children Africa and the Ifakara Health Institute.

2016 highlights



We continued to diversify our funding sources in 2016, particularly with new corporate partners. They included Experian, Shell and Hewlett Packard Enterprise.

Chosen from hundreds of ideas, Pact's proposal to digitize its signature WORTH program won Hewlett Packard Enterprise's Living Progress Challenge. WORTH targets poor and financially excluded women, bringing them together in groups of about 25 to save money, access credit and start small businesses. Groups function as their own micro-banks and receive literacy, numeracy and business skills training. The income, knowledge and confidence that members gain are often life-changing. As a Living Progress Challenge winner, Pact is partnering with Hewlett Packard Enterprise to build a new mobile phone app to digitize WORTH's village bank accounting system. The app, called MyWORTH, will replace paper-based ledgers and savings records, helping WORTH groups around the world to be more effective and efficient.



In 2016, we published the inaugural issue of *All In*, a new e-magazine that's all about the integrated approach to development. Read and subscribe at pactworld.org/e-mag-newsletter.



Pact proudly launched a redesigned website in 2016. The new site features stunning photography, more robust country pages, improved navigation, a new technical resource library with free downloads, and a storytelling hub with videos and feature and photo stories about our work and partners. Check it out at pactworld.org.

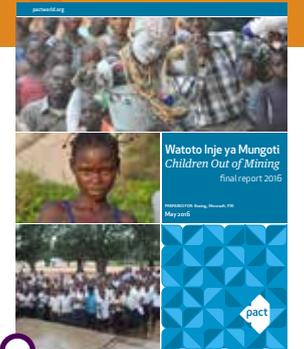


With Chevron, we launched our PROMOT II project, a two-year initiative to prevent mother-to-child HIV transmission in Bayelsa State, Nigeria. Announced during the 21st International AIDS Conference, the project builds on PROMOT, a four-year partnership between Pact and Chevron that stemmed HIV and AIDS in Nigeria.

We launched a new subsidiary in 2016, Pact UK, which became a registered UK charity in February. This unit is working to foster new and stronger partnerships with European donors.



We took several critical steps in 2016 to advance innovative funding mechanisms at Pact. We launched Pact Ventures, a new business unit that is building partnerships with the private sector, including traditional corporations, social enterprises and impact investors, to create both social and financial returns that improve people's lives around the world. A leader in the emerging impact investing space, Pact also co-founded the INGO Impact Investing Network, along with Mercy Corps, GOAL, InsideNGO and the Aspen Network of Development Entrepreneurs. The network is helping organizations collaborate and learn from one another. Among its first milestones was the release of *Amplify Impact Investing: The INGO Value Proposition for Impact Investing*, an in-depth study of the current impact investing landscape in international development.



Our Mines to Markets program, which is improving the lives of artisanal and small-scale miners from Colombia to Zimbabwe, expanded in 2016. Among its milestones was the release of *Children out of Mining*, an in-depth report on the progress of efforts to address child labor in mining in the Democratic Republic of Congo. The report examines successes, including an 89 percent decrease in the number of children working at area mine sites, as well as remaining challenges.

consolidated statement of activities

Statement of Financial Position

as of September 30, 2016

Assets	2016
Cash And Cash Equivalents	\$25,273,931
Investments	\$3,528,091
Federal Grants Receivable	\$6,424,351
Other Grants Receivable	\$2,352,990
Advances And Other Receivables	\$1,659,234
Prepaid Expenses And Deposits	\$2,710,189
Loan Portfolio, Net Of Loan Loss Reserve	\$158,699,734
Property and Equipment, net	\$3,820,622
Total Assets	\$204,469,142

Liabilities and Net Assets

Accounts payable and accrued expenses	\$15,193,726
Beneficiary savings and reserved funds	\$61,574,872
Net returns on loans, reinvested earnings	\$10,302,747
Notes payable	\$2,640,000
Refundable advances – federal	\$2,446,298
Refundable advances – other	\$12,428,787
Client Loan Funds	\$7,745,235
Deferred Rent	\$1,693,009
Total Liabilities	\$114,024,674

Unrestricted – Pact, Inc.	\$4,237,724
Unrestricted – Pact Institute, Inc.	\$4,224,589
Unrestricted – Pact Global Microfinance Fund	\$81,982,155
Total Net Assets	\$90,444,468

Total Liabilities and Net Assets

\$204,469,142

The financial records of Pact, Inc. and affiliates are audited annually by an independent firm of certified public accountants. The financial records for 2016 were audited by RSM US LLP.

Financial reports are available at pactworld.org.

Statement of Activities

for the year ending September 30, 2016

Support and Revenue	2016
Grants and contracts	\$131,786,881
Contributions	\$154,098
Microfinance loan activities	\$36,896,226
Fee income on microfinance loans	\$672,065
Investment income, net	291,188
Other revenue	\$7,783
Net Loss on Loans	(\$5,473,782)
Total Support and Revenue	\$164,334,459

Expenses

Program services	\$110,769,194
Total program services	\$110,769,194
Supporting Services	
Management and general	\$18,529,161
Unrestricted general expenses	\$20,827,350
Fundraising	\$25,651
Total supporting services	\$39,382,162
Total Expenses	\$150,151,356
Change in net assets before non-operating activity	\$14,183,103

Non-operating activity:	
Unrealized foreign exchange loss	\$4,139,269

Change in net assets

\$18,322,372

Net assets:	
Beginning	\$72,122,096
Ending	\$90,444,468

supporters

ABB	KPMG
American Cancer Society	Microsoft
Australian Agency for International Development	Ministry of Energy and Minerals, Tanzania
Bill & Melinda Gates Foundation	Monkey Forest Consulting Ltd.
British Foreign & Commonwealth Office	Namibian National Association of the Deaf
Chevron Corporation	Ooredoo Myanmar Ltd.
Coca-Cola Foundation	Population Services International
Danish International Development Agency	PricewaterhouseCoopers
Danish Ministry of Foreign Affairs	QIT Madagascar Minerals
Democratic Republic of Congo Ministry of Mines Development	Shell Myanmar Energy Society for Family Health
Alternatives Inc.	Stockholm Environment Institute
Dutch Ministry of Foreign Affairs	Swedish International Development Cooperation Agency
Education Above All Foundation	UK Department for International Development
Embassy of Finland	UNICEF
Ethiopia Ministry of Mines	United Nations Office for Project Services
European Commission	U.S. Agency for International Development
European Union	U.S. Department of Health and Human Services
Experian	U.S. Department of Labor
Geological Institute of America	U.S. Department of State
The Global Fund to Fight AIDS, Tuberculosis, and Malaria	Visa
Hilton Foundation	The World Bank
International Center for Living Aquatic Resources	
ITRI	
Kris Energy	

leadership

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President & CEO

Dorothy Scheffel
Chief Global Programs Officer

Christian Loucq
Chief Strategy & Global Engagement Officer

Alik Hinckson
Chief Financial Officer

Shari Stier
Vice President, Global Human Resources

Natasha Sakolsky
President, Pact Institute

Graham Wood
Senior Vice President, Program Advancement

Kurt MacLeod
Vice President, Asia and Eurasia

Todd Malone
Vice President, Africa, Latin America & Global Projects

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Santa Clara Center for Science, Technology and Society

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Cargill

David Wilson
Thompson Hine LLP

Leadership and board information is accurate for FY16. For the most current information, visit pactworld.org/people.



Future.

At Pact, we are more hopeful than ever for a world where everyone owns their future.

We see it in healthy children being raised in Africa by caregivers who are income-secure. We see it in local nonprofits in Asia that are better equipped to meet their missions. We see it in Eastern European nations making democratic gains. We see it in growing social-sector engagement among corporations, and in new funding models for aid and development. We know we can do more, if we have the courage to transform.

As the challenges of our world continue to evolve, so too does Pact.



→
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pactworld.org