



Kurt MacLeod

MISSION Pact's mission is to help build strong communities globally that provide people with an opportunity to earn a dignified living, raise healthy families, and participate in democratic life. Pact achieves this by strengthening the capacity of grassroots organizations, coalitions and networks, and by forging linkages among government, business and the citizen sectors to achieve social, economic and environmental justice.



Traer Sunley

Pact wins coveted UN Dubai Habitat Award

CAPACITY BUILDING UNDERPINS ALL DEVELOPMENT

Many local NGOs begin because a single individual decides something must be done. It could be to start a school, bring potable water to the community, or find ways to care for children orphaned by HIV/AIDS. The individual usually wins support by dint of her vision and leadership. Eventually an organization forms, but it rarely has the experience or know-how for success. Capacity building, most broadly, is about strengthening leaders and organizations managerially and financially so they can fulfill their mission.



RESULTS DEPEND UPON PARTICIPATION

In order to improve, organizations—like people—must want to change. That's why Pact starts with participation. Whether working with a single organization or many, we find out what an organization wants to do and what stands in its way. Pact's highly participatory organizational capacity assessment (OCA) methodology aids organizations in identifying their strengths and weaknesses in key performance areas. Based on the findings Pact designs practical skill-building training programs that help organizations plan strategically, account for funds, be good service providers, and learn the basics of civic engagement.

In 2000 Pact strengthened the capacity of hundreds of NGOs and community-based organizations seeking lasting social change in communities around the globe. Their work reflects the expanding role that NGOs play in promoting growth and stability in countries struggling to reduce poverty and transition to participatory governance. Below are some of the ways citizens and communities are having an impact and gaining influence.

DEEPENING RESPONSES TO AIDS IN AFRICA

- ▶ Communities in Zambia, Zimbabwe, Ethiopia and Madagascar are developing new ways to cope with AIDS that take advantage of community capacities and connect them to local, regional, and national efforts and resources.
- ▼ The UN's NetAid.com selected Pact as one of four organizations featured on its new interactive website. An article on the website in *Time* magazine has brought hundreds of new donors to Pact in support of our HIV/AIDS partners in Zimbabwe.
- ▼ *Survival is the First Freedom*, a tool kit designed by Pact's AIDS Corps, shows citizen's groups and development practitioners how to scale up HIV/AIDS responses that close gaps and create equitable access to prevention and care. The kit guides non-health organizations to link AIDS with such issues as human rights, rule of law, and citizen participation.

ENGENDERING AN ACTIVE CITIZEN'S BASE

- ▶ Zimbabwean NGOs for the first time are engaging in advocacy activities with the newly elected Parliament and have made notable progress analyzing legislative targets and building coalitions for advocacy efforts. Gender has emerged as a critical issue for all.
- ▼ Indonesian citizens, with help from 29 local NGOs trained by Pact, are learning to express opinions, listen to others, and resolve differences through participation in over 2,600 widely publicized community discussions that center on vital local issues and concerns.
- ▼ Thousands of national and local groups around the globe will soon gain an opportunity to become active participants in the emerging democratic life of their countries through training in advocacy, civic education, and organizational development provided by Pact and a consortium of 12 U.S.-based international organizations.

FOUNDING INSTITUTIONS FOR ECONOMIC EMPOWERMENT

- ▶ More than 130,000 women in Nepal have grossed over \$4.8 million in their microenterprises and are becoming positive voices for social change in their communities under Pact's award-winning women's business literacy and savings-led village banking program.
- ▼ Over 29,000 women in Myanmar's Dry Zone townships for the first time are able to access credit through newly formed credit and savings groups. With repayment rates at 99%, these women are demonstrating sound business savvy and already have received \$1.7 million in loan distributions to support new microenterprises.
- ▼ The government of Lao PDR asked Pact to extend its microfinance training services to the country's only credit union, based on the performance of Pact-trained newly certified local microfinance organizations, who have mobilized more than 2,000 clients in the first year of their operation.

BUILDING LEARNING NETWORKS

- ▶ An association of regional development actors has formed in Mahajanga, Madagascar, to promote information literacy. The association is teaching NGOs how information can be used in decision-making processes shaping local government policies.
- ▼ The Nature Conservancy and the Mexican Nature Conservation Fund, in partnership with Pact, have created a learning network of conservation organizations to enhance performance in protecting the region's biodiversity.
- ▼ Business information in Mongolia's emerging democratic and free market system has dramatically increased with publication of the *Gobi Business News Magazine* (www.gbn.mn), which now has the second largest circulation of any news and information publication in Mongolia. The paper, supported by Pact, has garnered acclaim from Gobi herders and entrepreneurs, Mongolian President Bagabandi, and members of the U.S. Congress.

LEARNING TO BE GOOD STEWARDS OF PUBLIC FUNDS

- ▶ Zimbabwean civil society organizations have received over \$3 million in grants from Pact to further work in support of human rights, independent media, and observance of the rule of law.
- ▼ Regional organizations in the Greater Horn of Africa working to support innovative cross-border food security and conflict mitigation programs and the sharing of lessons learned are receiving grants from Pact ranging from \$10,000 to \$250,000.

LINKING CORPORATIONS AND COMMUNITIES

- ▶ Pact is assisting new corporate clients to make sound investment philanthropy decisions, identify the best local community partners, and engage in community discussions to determine mutual interests. In addition, Pact provides corporations with technical assistance in program design and implementation.
- ▼ After identifying unemployed youth as a major community problem, Pact and its partner, Citibank Hanoi, created *Banking on Youth*, a new young entrepreneur project designed to help youth start small businesses.

WRITING Traer Sunley PHOTOGRAPHY as credited DESIGN www.zincdesign.com PRINTING www.master-print.com ELECTRONIC VERSION ONLINE www.pactworld.org



HISTORY Founded in 1971, Pact's goal from the beginning has been to reduce poverty by strengthening the capacity of local organizations to deliver social services to their communities. We currently have 17 offices located in Asia, Africa and Latin America, where we operate large, multi-year development assistance projects largely supported by public funds. We also provide short-term assistance in organizational change strategies for individual organizations funded by a variety of donors and clients.

FINANCIAL STATEMENT

1 ASSETS					
Cash	\$5,122,930	Other receivables	\$505,071		
Grants receivable	\$16,902,202	Other	\$309,542	TOTAL	\$22,839,745
2 LIABILITIES					
Accounts payable	\$744,034	Refundable advances	\$18,715,393	TOTAL	\$19,459,427
3 NET ASSETS					\$3,380,318

TOTAL 1	\$22,839,745	TOTAL 2 + 3	\$22,839,745
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4 SUPPORT & REVENUE					
Grants & contracts	\$18,588,915	Other	\$1,603,893		
Donations	\$2,275			TOTAL	\$20,195,083

5 EXPENSES					
Program Services	\$16,257,080	Support Services	\$3,333,724	TOTAL	\$19,590,804

NET 4 - 5	\$ 604,279	NET ASSETS, BEGINNING OF FY 2000	\$2,776,039
		NET ASSETS, END OF FY 2000	\$3,380,318

Audit for the year ending September 30, 2000, provided by Gelman, Rosenberg & Freedman, CPAs.

SOCIAL CHANGE ALLIES

- | | |
|--|---|
| American Red Cross | Research Triangle Institute |
| Asia Disaster Preparedness Committee, Cambodia | Samarco Mineracao S.A., Brazil |
| Ausaid, Australia | Swiss Humanitarian Aid |
| Chemionics | The Dutch Embassy Fund, Angola |
| CIGNA | The Ford Foundation |
| Citibank Hanoi | The Nature Conservancy |
| Citigroup Foundation | The U.S. Department of State |
| DC Agenda | University of Rhode Island |
| Education Development Center | UNOPS/UNCDF |
| John Snow, Inc. | USAID |
| Levi Strauss Foundation | Welfare Association Consortium, Palestine |
| Mercy Corps International | World Bank |
| Microsoft Indonesia | World Food Program |
| NetAid.org | World Wildlife Fund |
| The David and Lucile Packard Foundation | |

FROM ISLANDS TO NETWORKED COMMUNITIES

As organizations move to action Pact assists them to team with other organizations—including government and business—to be more strategic in addressing common issues. Organizations learn to map and assess information needs and knowledge resources, and to establish networked communities to support collective action. Today the "island syndrome" which has kept so many organizations isolated and unable to benefit from what other organizations have learned and can offer, is becoming a thing of the past.



William Salmond

CONTINUOUS FIELD LEARNING

Through action research we continuously seek to better our performance as capacity builders. Our work with an ever-widening group of organizations—grassroots associations, learning networks, government entities, and corporations—provides a way to review organizational effectiveness over time and gives us a better understanding of what leads to organizational breakthroughs. Recent findings suggest that when organizations improve in certain performance areas—organizational learning and communications—they tend to improve in all areas.

PEER PARTNERS GUARANTEE ENDURING PRESENCE

The local organizations we help to take our place are fast becoming our peer partners in capacity building. These relationships, based on shared vision and values, as well as complementary skills, enable us to continue to deepen our work and involvement on the ground in the countries where we have worked.



Dan Craun-Selka

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Capacity building expands people's sense of potential; it shows them what it is they have inside themselves and how to use it.
SABINA PANTH, WOMEN'S EMPOWERMENT COORDINATOR, NEPAL



Andra Freeman



CAPACITY BUILDING RUNS DEEP

2000 ANNUAL REPORT
Visit us at www.pactworld.org

DEAR FRIENDS OF PACT:



Sarah Newhall (top)
Ruth Schachter Morgenthau

In December two hundred thousand people crowded the convention hall in Addis Ababa to view the development accomplishments of non-governmental organizations (NGOs). Six short years ago, when Pact arrived in Ethiopia, such a demonstration would have been inconceivable. While a few notable national NGOs existed, NGOs, as a whole, were weak and looked upon guardedly by the new government as well as the public.

This newly-won recognition attests to Pact's efforts to build the capacity of many fragile, newborn organizations and leaders. Today these organizations are bringing education to children living in rural areas where no schools exist, building granaries to stave off the ruinous effects of drought, promoting citizen participation in local elections, and conducting myriad other activities that improve people's lives. This is how Pact's capacity building manifests itself—in long-term, quiet nurturing of local leaders and organizations that ultimately become the forces for bridging the economic, digital and cultural divides that daily threaten life in our global community.

Pact's capacity building strategies cut across all development sectors, sparking "bridges of connectivity" between them. During 2000 Pact's staff, with hundreds of local partners, demonstrated the links between civic participation and HIV/AIDS prevention, between women's empowerment and business success, between community-based natural resource management and economic growth. Our work in different sectors also deepened and gained recognition. The Pact women's business literacy and savings-led village banking model in Nepal won the coveted UN Dubai Habitat award and a World Bank Development Marketplace grant. This groundbreaking model is being adapted by Pact's AIDS Corps to respond to the economic issues facing communities living with HIV/AIDS.

"Endurability" continues to be our signature strategy. We measure our success in terms of what we leave behind at the end of a project cycle. This year we can point to two more newly registered, independently governed and managed local organizations: Pact Peru and PACTO in Angola. It is our hope that by this time next year both will be offering capacity building in their communities and networking with Pact in initiatives locally and regionally.

As corporations play a larger role in social development, Pact will continue to build new models for corporate-community action through research, tool design, and partnership formation. We acknowledge the complexity in blending community and corporate values and will strive to establish working relationships that are genuinely joint ventures for mutual benefit and the common good.

NGOs continue to demand access to basic information and desire ways to share their knowledge and experience with others. Community dialog, learning networks, and exciting new training formats to help organizations map information needs and flow will feature prominently in our strategies to give local citizens a clear and strong voice.

While each day we wonder what new global changes will arrive at our doorstep, we are more certain than ever that capacity building is the most effective, human-scale approach to achieving long-term development results. We invite you to join us as we continue to support dynamic local leaders, accountable organizations, and harmonious communities that form the social fabric of peaceful nations.

Our commitment to capacity building runs deep.

Sarah Newhall

Sarah Newhall, President & CEO

Ruth S. Morgenthau

Ruth Schachter Morgenthau, Chair