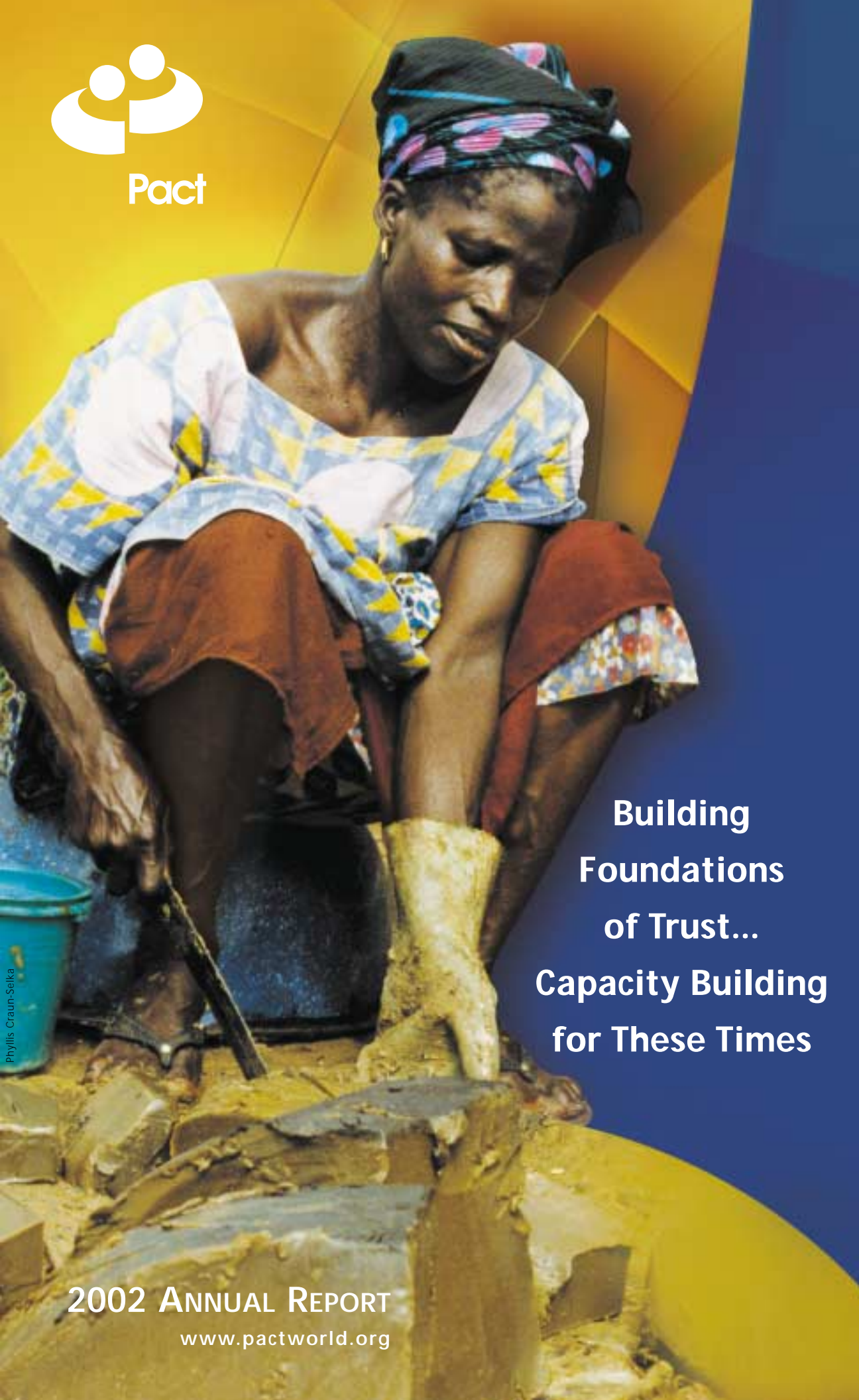




Pact



**Building  
Foundations  
of Trust...  
Capacity Building  
for These Times**

**2002 ANNUAL REPORT**

[www.pactworld.org](http://www.pactworld.org)

Phyllis Craun-Selka

## DEAR FRIENDS OF PACT



Sarah Newhall (top)  
Ruth Schachter Morgenthau

In the midst of a world growing dangerously divided, relentless problems persist: people struggle to escape poverty, feed and educate their children, secure health care, and have a voice in the decisions that affect their lives.

These challenges confirm again the soundness of Pact's chosen mission, building strong local organizations and leadership in communities around the globe. It is in association with others that people find common ground and form bonds of trust—the bedrock of thriving communities and democratic institutions.

More bilateral, multilateral and private donors than ever support our mission. This year USAID in Zambia, Tanzania, Pakistan and Madagascar selected us to spearhead programs to increase citizen participation in political processes and to shape a civic education program for in- and out-of-school youth. A fifth USAID grant places Pact at the heart of peace building in Southern Sudan, working with grassroots organizations to design conflict resolution strategies. In addition European bilateral organizations selected Pact to expand its innovative HIV/AIDS home-based care program and post-test clubs in Zimbabwe and to support NGO efforts to bring about parliamentary reform in Zambia.

Support from a diverse set of donors in Asia, including the World Bank and UNDP, allowed Pact to continue to help people help themselves to fight HIV/AIDS in Nepal and Cambodia, expand our microfinance program in Myanmar, and provide technical assistance to a public education awareness campaign in Mongolia.

In China The Ford Foundation selected us to play a key role in designing its ongoing capacity building program. Today a number of local nonprofit organizations have used the first Chinese language organizational capacity assessment tool to identify their strengths and weaknesses.

Pact's board of directors continues to invest in innovation and approve the use of unrestricted funds for scaling up two groundbreaking initiatives in capacity building and women's economic empowerment. At the heart of each is the concept of partnership. The first, the Impact Alliance, is a new global network of capacity building leaders hosted by Pact. Through personal gatherings and bold technologies, the Impact Alliance builds connections among practitioners for sharing ideas and marketing services. The alliance website is fast becoming the web address of choice for the latest on capacity building services and resources.

The second initiative, Pact's economic empowerment program for women—WORTH—garnered two more international awards this year, including a second World Bank Development Marketplace grant. Increasingly, in Nepal, we have evidence that when women participate as members of an empowerment group, manage their own village banks, and increase their incomes, they gain the confidence to tackle serious social problems, including HIV/AIDS, girl trafficking, substance abuse, and domestic violence. Several partnerships with other international NGOs are under discussion to take WORTH to Africa in 2003.

Pact was recognized by *Worth* magazine for the second year in a row as one of America's 100 best charities. Only thirteen relief and development organizations made the list this year.

While the year ahead is full of uncertainty, our course is clear. Each day we are reminded that life goes on and that courageous leaders with great dignity, ingenuity and energy are finding solutions to age-old problems, strengthening bonds of trust, and helping to give people a sense of self-worth and hope. We firmly believe that supporting these local leaders and their organizations is the best pathway to a more just, peaceful and prosperous world.

Sincerely,

Sarah Newhall, President & CEO

Ruth Schachter Morgenthau, Chair

# STRONG ORGANIZATIONS BUILD STRONG COMMUNITIES

Pact has always focused on strengthening the capacity of local organizations and leaders to address critical social and economic needs of vulnerable groups. As instability creates increasing threats to peace and well being, the need for empowered communities is greater than ever. With strong organizations, communities can create jobs, educate children, provide health care, and resolve long-standing problems.

## ORGANIZATIONAL EFFECTIVENESS

Whether building the capacity of NGOs, intermediary support organizations, or local governments, Pact first asks what an organization wants to do and what stands in its way. Our highly participatory organizational capacity assessment (OCA) methodology helps organizations identify their strengths and weaknesses in key performance areas. Based on the findings, Pact designs practical skill-building training programs and technical assistance to help them plan strategically, account for funds, be good service providers, and learn the basics of participation and civic engagement.

## ACCESS TO INFORMATION

The free flow of information is critical in strengthening organizational effectiveness, giving voice to grassroots leaders, empowering local communities and economies, and creating transparency and good governance. Pact helps organizations map information needs and sources, collect and process information, and share information with others. With the growing use

of information technologies, organizations learn to blend community forums, radio and print with Internet- and satellite-based technology for effective problem-solving and advancement.

## ORGANIZATIONAL NETWORKS

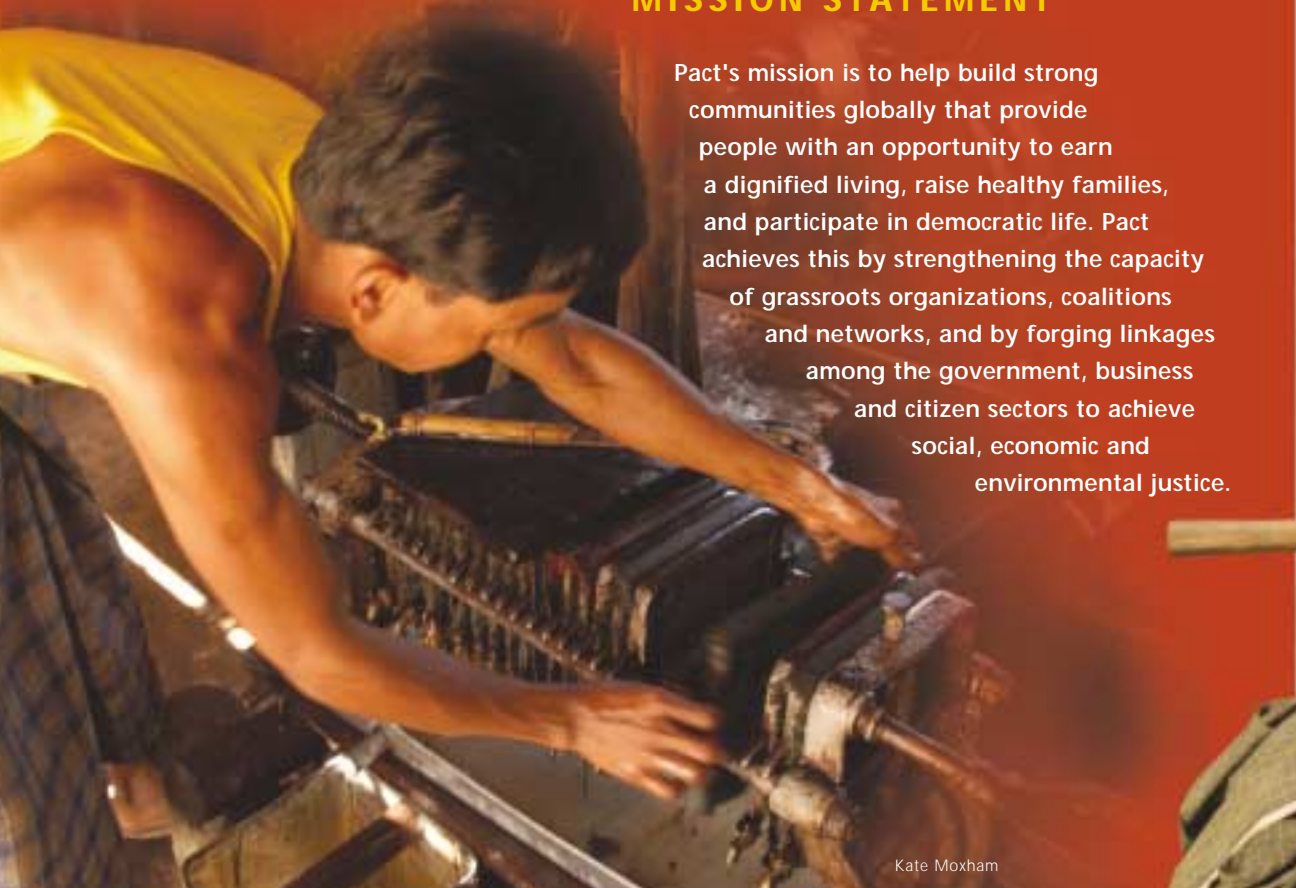
Networks are vital to facilitating cross-organizational learning and collective action. Pact assists communities of organizations to pool their knowledge for more effective service delivery and to augment their voice in public policy making. Increasingly interactive websites serve as platforms for ready access to information, resources and action agendas.

## CROSS-SECTORAL PARTNERSHIPS

As NGOs advance, Pact helps them take their programs to scale by teaming with national and local governments and business. Working together enables them to find common ground and build trust. The more connections they make to one another, the more boundaries recede, and the greater the chance to bring lasting social change.

## MISSION STATEMENT

**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 the government, business and citizen sectors to achieve social, economic and environmental justice.**



# CAPACITY BUILDING IN ACTION

In 2002 Pact worked with hundreds of local organizations providing urgently needed social services in communities around the globe. Their accomplishments reflect the expanding role NGOs play in promoting growth and stability in countries struggling to reduce poverty, combat global health and environmental threats, and transition to participatory governance. Some of the many ways Pact is helping citizens and communities take charge of their futures and create enduring change are described below.

## SERVING ON THE HEALTH FRONTLINES

Through the USAID-funded global Community REACH program, Pact has awarded over \$4.5 million in grants to 15 international and local NGOs playing critical roles in the fight against HIV/AIDS. The program is an important part of a large-scale effort to accelerate the flow of funds to organizations capable of increasing community responses to the pandemic.

In Zimbabwe Pact is supporting community-managed HIV post-test clubs, which are teaching high-risk sexually active persons new behaviors to mitigate the spread of HIV/AIDS. The clubs are open to people of all ages infected or affected by the disease as well as community volunteers.

In Cambodia, with funding from Pfizer, Pact is providing technical assistance to NGOs mapping the "positive deviance" of people who have been HIV+ for more than four years without taking antiretroviral drugs. The information will be used to design educational materials to reach HIV+ persons.

In Myanmar Pact is helping 298 village health committees, with funding from UNDP, manage health funds to bridge gaps in the primary health care system. For a modest fee villagers can become members and take out loans to meet emergency health needs. The program also includes a microenterprise loan line to establish village-run pharmacies.

## EXTENDING EDUCATIONAL OPPORTUNITIES

In Ethiopia, with funding from USAID, Pact supports thirteen NGOs that have created 164 alternative education centers reaching over 25,000 rural out-of-school children. Upon completion of the three-year curriculum, the children are eligible to enter 5th grade in the formal school system.

In Indonesia more than 700 disabled children, child laborers, and street children have become computer literate under a Microsoft-funded project that trains local NGOs to run computer training centers. Many children now earn incomes from desktop publishing and word processing services, and the NGOs are being asked to set up new centers.

In Madagascar Pact is assisting NGOs and schools in developing a highly interactive civic education curriculum to teach critical thinking skills and community problem-solving to in- and out-of-school youth. The education ministry is using the experience to guide Madagascar's approach to civic education.

## GIVING CITIZENS A VOICE

In Zimbabwe, despite political and social turmoil, NGOs for the first time testified before Parliamentary committees on such social policies as birth registration for AIDS orphans, services for handicapped children, and low-cost public housing.

In Mongolia Pact and its local partners carried out a multi-media public education campaign to increase



citizen awareness about the state court system, including TV and radio public service announcements, talk shows, and an "in-house" newspaper and newsletter.

In Tanzania, with funding from USAID, Pact helped NGOs wage the largest-ever lobbying campaign to alter a Parliamentary bill to monitor and control NGO activities. Although the bill that passed still had restrictions, NGO efforts received extensive press coverage.

In Zambia NGOs, as part of a larger advocacy campaign, staged the first-ever public debates on anti-corruption, which were broadcast on national TV.

### PROTECTING THE ENVIRONMENT

In Mexico, to counter threats to biodiversity, Pact, in partnership with The Nature Conservancy, is helping diverse conservation networks representing more than 500 member organizations working in marine mammal protection, wetland conservation, and sustainable eco-enterprise, to build skills in leadership, organizational learning, and online collaboration in monitoring and evaluation.

In Kenya community conservation lands have increased by 16% through Pact's support of community-based organizations, who are learning to do resource mapping, land set asides, ecosystem planning, initial environmental evaluations, fence maintenance, wildlife counts, and commodity support.

### GENERATING ECONOMIC GROWTH

In Mongolia Pact is helping an all-Mongolian staff produce the largest circulating newspaper in Mongolia, *Rural Business News* (RBN), which along with accompanying radio programs, provides herders and entrepreneurs with up-to-date market information and advice for improving their businesses.

In Kenya 25 community-based conservation enterprises, partnering with private-sector investors, have launched new enterprises and created over 180 jobs. Five enterprises have generated \$130,000 in dividends for community shareholders, which were disbursed to community projects.

In Myanmar 55,500 villagers, 98% of whom are women, have taken out microfinance loans totaling over \$2 million. Nearly all have been trained in nonformal business education, and 8,000 community-based client organization executives have received training in organizational and financial management and leadership.

### BUILDING PEACE

In Kenya Pact works with NGOs who have reinstated the *Borana* (pastoralist) consultative system, which has brought about more harmonious relations among border communities long in contention.

In southern Sudan Pact is working with ethnically balanced teams to map conflicts at the regional, local and community level, and increase the role of grassroots organizations in peace building. One strategy that has evolved promotes dialog among the Ngok and the Dinka-Misseryia on development of water resources, safe passage from the north, support of animal health, and creation of "peace markets."

In Indonesia, under Pact's DISCUSS program, communities held over 1000 "town hall" meetings with some 50,000 participants to address local concerns and issues. Discussions were posted on the Internet and led to the resolution of hundreds of local conflicts through consensus building and active engagement with government. Twenty-three new NGOs have been formed to continue the discussions and community organizing.

***"For the first time civic education is in the structure of the school system. This is basic to any reform process in Madagascar."***

Maurice Charles Andriamampianina  
Director General  
Ministry of Secondary and Basic Education



# FINANCIAL STATEMENT

## 1 Assets

|                   |              |                   |             |              |              |
|-------------------|--------------|-------------------|-------------|--------------|--------------|
| Cash              | \$3,066,829  | Other receivables | \$2,313,481 |              |              |
| Investment        | \$2,564,669  | Other             | \$232,643   |              |              |
| Grants receivable | \$37,417,337 |                   |             | <b>TOTAL</b> | \$45,594,959 |

## 2 Liabilities

|                  |             |                     |              |              |              |
|------------------|-------------|---------------------|--------------|--------------|--------------|
| Accounts payable | \$1,053,804 | Refundable advances | \$41,561,064 | <b>TOTAL</b> | \$42,614,868 |
|------------------|-------------|---------------------|--------------|--------------|--------------|

## 3 Net Assets

**TOTAL** \$2,980,091

|                |              |                    |  |  |              |
|----------------|--------------|--------------------|--|--|--------------|
| <b>TOTAL 1</b> | \$45,594,959 | <b>TOTAL 2 + 3</b> |  |  | \$45,594,959 |
|----------------|--------------|--------------------|--|--|--------------|

## 4 Support & Revenue

|                    |              |       |             |              |              |
|--------------------|--------------|-------|-------------|--------------|--------------|
| Grants & contracts | \$20,126,292 | Other | \$1,088,322 |              |              |
| Donations          | \$55,103     |       |             | <b>TOTAL</b> | \$21,269,717 |

## 5 Expenses

|                  |              |                  |             |              |              |
|------------------|--------------|------------------|-------------|--------------|--------------|
| Program services | \$18,337,485 | Support services | \$3,325,224 | <b>TOTAL</b> | \$21,662,709 |
|------------------|--------------|------------------|-------------|--------------|--------------|

|                  |             |                                     |  |  |             |
|------------------|-------------|-------------------------------------|--|--|-------------|
| <b>NET 4 - 5</b> | (\$392,992) | <b>NET ASSETS BEGINNING FY 2002</b> |  |  | \$3,373,083 |
|                  |             | <b>NET ASSETS ENDING FY 2002</b>    |  |  | \$2,980,091 |

AUDIT FOR THE YEAR ENDING SEPTEMBER 30, 2002, PROVIDED BY GELMAN, ROSENBERG & FREEDMAN, CPAs.

## SOCIAL CHANGE ALLIES

American Red Cross  
 American Refugee Committee  
 Asemhaki, Indonesia  
 Australian Agency for International Development (AusAID)  
 British Petroleum, Angola  
 CARE  
 Chemonics  
 Department for International Development (DfID)  
 Echo, Madagascar  
 Education Development Center  
 Fannie Mae Foundation  
 GOAL, Angola  
 Embassy of Switzerland, Madagascar  
 Hauser Center for Nonprofit Organizations, Harvard University  
 International HIV/AIDS Alliance  
 John Snow, Inc.  
 Lutheran World Relief  
 Mercy Corps International  
 Microsoft  
 NetAid.org  
 Norwegian Agency for Development Cooperation (NORAD)  
 Nur University, Bolivia  
 Overbrook Foundation  
 Overseas Development Institute, Cambodia  
 Planned Parenthood

Pfizer  
 Population Services International  
 R. J. Myers Publishing and Consulting Company  
 Samarco Mineração, S.A. Brazil  
 Swedish International Development Agency (SIDA)  
 The David and Lucile Packard Foundation  
 The Ford Foundation  
 The Legacy Foundation  
 The Nature Conservancy  
 United Nations Development Programme (UNDP)  
 United Nations OCHA  
 United States Agency for International Development  
 United States Japan Initiative  
 U.S. Department of State  
 University of Rhode Island  
 World Bank



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