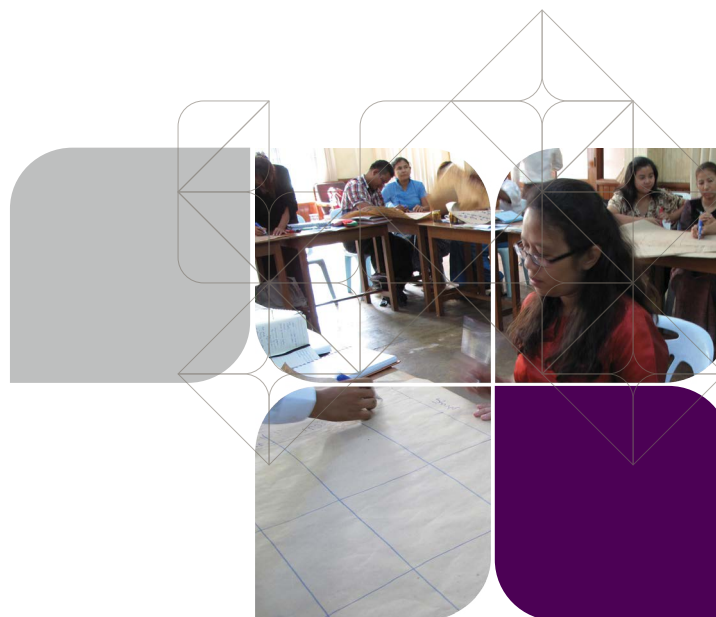




2012 annual report

We develop people's abilities to contribute towards positive social change.

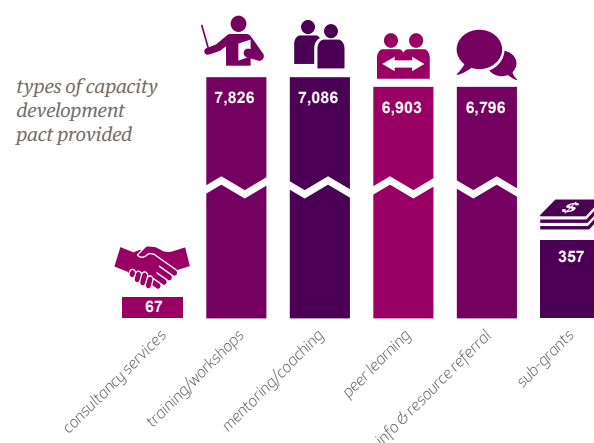


7,802

partners improved their organizational performance, compared to **6,129** in 2011.

Pact believes solutions adapted to local contexts and designed in partnership with the people who carry them out are the most likely to succeed in the long run. Pact's brand of capacity development puts the power of international best

practices in service delivery, financial management, project management, monitoring and evaluation in the hands of people who have a vested interest in the development of their community.



- Pact's pioneering Capacity Development Marketplace – a market-driven approach to matching local organizations with the services they need most -- expanded to Kenya from Ukraine and Belarus, with some national aid agencies' beginning to require such marketplaces in their projects.
- Pact's Organization Performance Index, which measures improvement in local organizations using uniform standards, reaches more than 300 nonprofits in 17 countries and is internationally recognized.

We work to create an effective social and political environment that allows people to grasp opportunities, make decisions for themselves, and thrive.

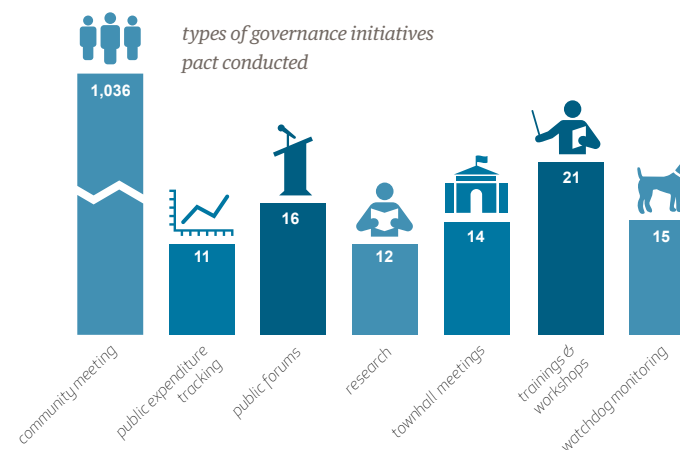


1,256

initiatives supported by Pact that resulted in positive state-society engagement, compared to 505 in 2011.

Pact's work in governance and democracy promotes citizen participation in holding governments accountable and assists governments in developing transparent and accountable practices.

- Pact's work to defuse border tensions, facilitate civilian-military dialogue, and train hundreds of peace building facilitators along Kenya's borders with Somalia, South Sudan Ethiopia and Uganda paid off in a peace dividend of 16 projects that included community centers, schools, clinics and markets.
- In Ukraine, Pact and local partners pushed passage of a national Freedom of Information Act and educated the public how to use it.
- In South Sudan, Pact launched a precedent-setting effort to improve access to justice for those living in six rural counties in South Sudan.



We tap into
the power of
markets as
a force for
development.



14 *projects where business and markets
played a positive role, compared to 15 in 2011.*

Pact strengthens local economies by assessing and developing markets for local products, improving production capacity and strengthening supply channels. We transform markets to benefit local communities and encourage the safe and sustainable extraction of natural resources.

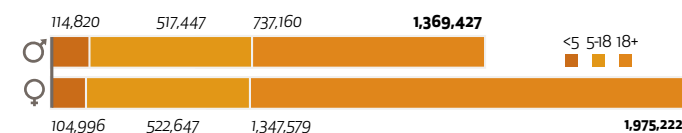
- Artisanal miners in eastern DRC continued to benefit from Pact's efforts to trace minerals from mines to markets to ensure a "conflict-free" supply chain.

Vulnerable
people access
the care
they need
to enjoy a
healthy life.



3,336,520

people with improved access to health services, compared to **4,041,332** in 2011.



Throughout Africa and Asia, Pact continued its work with local partners to stem the spread of HIV and attend to millions of orphans and highly vulnerable children susceptible to the disease.

- Pact served 865,000 orphans and other children in Ethiopia, Lesotho, Malawi, Namibia, Nigeria, South Africa, Swaziland and Tanzania.
- In South Africa alone, Pact helped more than 1 million people access the health products and services wwtthey needed.
- In South Sudan, greater access to water and sanitation facilities benefitted more than 213,000 people and countless others better able to avoid disease.

People
with limited
livelihood
choices gain
the resources
needed to
be income
secure.



333,688

people with increased income, compared to 351,999 in 2011.



Everyone deserves the opportunity to earn a dignified living, and Pact continues to offer the poorest of the poor access to credit and training to improve their income and their family's living standards.

- Through Pact's signature WORTH initiative, tens of thousands of rural women in Myanmar, Tanzania and elsewhere were able to save together and invest in each other's businesses to lift themselves out of poverty.
- Pact's microfinance operations in Myanmar continued to grow, disbursing more than 730,000 loans worth \$141 million, with an astounding repayment rate of 99.8%. Ninety-eight of every 100 borrowers was female.

Resource
dependent
communities
gain lasting
benefit
from the
sustainable
use of the
natural
resources
around them.



Pact's work benefits both nature and those who rely on nature, so that sustainable environments allow those who are poor and marginalized to earn a dignified living and their families to enjoy all the benefits that nature provides.

- Pact and its partners in Cambodia met international standards for a landmark forestry initiative, the first time in Asia that a community-based mosaic REDD+ project – a global climate change mitigation initiative to reduce greenhouse gas emissions from deforestation and forest degradation – has earned the designations.
- A Pact-led effort in the westernmost border regions of Uzbekistan and Kazakhstan worked to preserve the saiga antelope – a species considered to play an important role to the landscape's integrity -- from continued decline.

2,095,446

hectares of ecosystems under community management, compared to 1,768,725 in 2011.

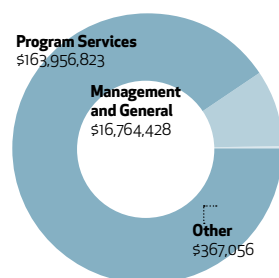
Pact works
with as many
10,000 local
partners who
discover and
build their
own solutions.
Our global
partners
(right) make
local solutions
possible.

AngloGold Ashanti, Ltd	Embassy of Finland	Swedish International
AusAID	Global Fund To Fight AIDS, Tuberculosis and Malaria	Development Cooperation Agency (SIDA)
Bill and Melinda Gates Foundation	Global Fund To Fight AIDS, Tuberculosis and Malaria passed- through VUSTA	Tenke Fungurume Mining (TFM)
British Foreign and Commonwealth Office (FCO)	Government of Southern Sudan (GOSS)	United Nations Children's Fund (UNICEF)
Cambodian Civil Society Partnership (CCSP)	Humanity United International Development Association passed-through The Asia Foundation	United Nations Development Programme (UNDP)
Camfed	International Tin Research Institute (ITRI)	UN Office for the Coordination of Humanitarian Affairs (OCHA)
Channel Research SPRL	National AIDS Management Center (NAMC)	United Nations Office on Drugs and Crime (UNODC)
Chevron Corporation	Nike Foundation	United Nations Office for Project wServices (UNOPS)
Danish International Development Agency (DANIDA)	Oak Foundation	USAID
Danish Ministry of Foreign Affairs (DMFA)	Oyu Tolgoi	US Department of Labor
Department for International Development (DFID)	Rockefeller Foundation	US Department of State
Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ)	Royal Danish Embassy (RDE)	Wal-Mart
The Development Bank of South Africa Limited	Royal Norwegian Ministry of Foreign Affairs	Wellspring Advisors, LLC
The European Commission		The World Bank Group

This list includes partners of Pact, Inc. affiliates. Every attempt has been made to ensure the accuracy of this list.

If you find an error or omission, please contact ebayrd@pactworld.org

expenses



The financial records of Pact, Inc. and affiliates are audited annually by an independent firm of certified public accountants. The financial records for 2012 were audited by McGladrey, LLP. These financial statements should be read in conjunction with accompanying footnotes. Audit reports are available at Pact, Inc. at 1828 L Street, NW, Suite 300, Washington DC, 20036.

statement of financial position

as of September 30, 2012

Assets	2012	2011
Cash and cash equivalents	\$ 11,621,625	17,038,893
Investments	2,749,820	2,391,998
Federal grants receivables	3,110,682	6,973,318
Other grants receivables	1,059,302	1,113,962
Advances and other receivables	13,370,842	15,974,037
Due from related party	2,156,509	389,941
Prepaid expenses and deposits	1,422,739	1,154,106
Loan portfolio, net of loan loss reserve	276,274	—
Property and equipment, net	546,251	923,864
	<u>\$36,314,044</u>	<u>\$ 45,960,119</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accruals	\$6,134,251	7,610,089
Beneficiary savings and reserved funds	31,630	—
Refundable advances—federal	17,922,494	20,868,586
Refundable advances—other	8293,589	14,354,448
Client loan funds	320,270	—
	<u>32,702,234</u>	<u>42,833,123</u>
Net assets unrestricted	<u>3,611,810</u>	<u>3,126,996</u>
	<u>3,611,810</u>	<u>3,126,996</u>
	<u>\$36,314,044</u>	<u>45,960,119</u>

statement of activities

as of September 30, 2012

	2012	Unrestricted 2011
Support and Revenue		
Grants and contracts	\$ 180,851,543	\$190,315,755
Contributions	319,213	489,190
Investment (loss) income, net	367,014	(117,111)
Other revenue	35,351	103,140
Total support and revenue	<u>181,573,121</u>	<u>190,790,974</u>
Expenses		
Program services	163,956,823	173,677,316
Total program services	<u>163,956,823</u>	<u>173,677,316</u>
Supporting services		
Management and general	16,764,428	17,019,959
Unrestricted general		
expenses	365,079	305,749
Fundraising	1,977	26,593
Total supporting services	<u>17,131,484</u>	<u>17,352,301</u>
Total expenses	<u>181,088,307</u>	<u>191,029,617</u>
Change in net assets	484,814	(236,643)
Net assets		
Beginning	3,126,996	3,365,639
Ending	<u>\$ 3,611,810</u>	<u>\$ 3,126,996</u>

Board of Directors

James Bernard
Global Director
Partners in Learning, Microsoft
Corporation

Kevin Bonderud
Consultant
Communications

Samantha Carey
Partner and Recruiter
CTPartners

Ana Rita Gonzalez
President and CEO
Policy Wisdom

John Grimes
Vice President for Institutional
Advancement
Cook Inlet Tribal Council

Lyndon Haviland
Consultant
Public Health

John Kohler
Executive Fellow and Director
Social Capital at Santa Clara's Center for
Science, Technology and Society

Bernhard Liese
Chair
Department of International Health
Georgetown University

Delia Marshall
Senior Portfolio Manager
Bank of New York Mellon

Mark Minelli
President and CEO
Minelli, Inc.

Kevin Mitchell
Executive
BreitBurn Energy

Nancy Murphy
Executive Vice President
Metropolitan Group

Stephen Oleskey
Lawyer
WilmerHale

Pamela Roussos
Consultant
Business and Marketing Strategy

Frank Sims
Retired Corporate Vice President
Cargill

David Skaggs
Senior Strategic Advisor
McKenna, Long & Aldridge LLP

Eva Thorne
Principal
Ignite Management Consulting Group

Mark Viso
President & CEO
Pact

David Wilson
Partner, Thompson Hine LLP

Leadership

Mark Viso
President and CEO, Pact

William Warshauer
Chief Operating Officer

Leonard N. Williams
Chief Financial Officer and Executive
Vice President of Finance

Shawn Mood
Sr. Vice President
Global Human Resources

John Whalen
President
Pact Institute

Graham Wood
Vice President
Program Advancement

Jeannie Zielinski
Vice President
Southern Africa and South Sudan

Suzanne Rexing
Vice President
Opportunity Development &
Communications

Katie Schwarm
Vice President
East and West Africa

Kurt MacLeod
Vice President
Asia and Eurasia