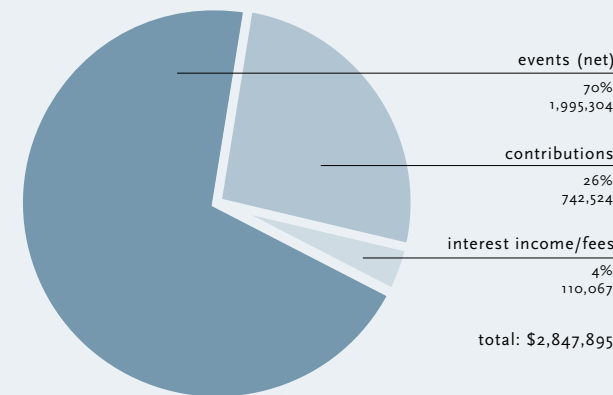
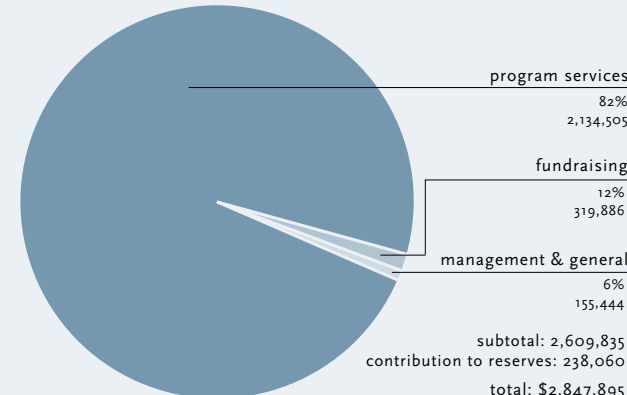


FINANCIALS (for year to date 6/30/06)

revenues



expenses



Note: These financial statements may contain certain estimates and assumptions and are unaudited. Program services include: Grantmaking, Service Corps, Digital Equalizer, League of Artisans, Donor Advised Funds and Donor Education.

Did you know that AIF spends under 10% on overhead?
That means almost all of your financial contributions go to AIF's 3 pillars of development work in India: Education, Livelihood and Public Health.

GRANTS (for quarter ended 6/30/06)

Organization	Amount	Area	Purpose
Education Grants			
Pratham	\$145,000	Allahabad, Uttar Pradesh	One year grant to support community libraries, children's reading programs, and community learning centers.
Vimochana Sangha	\$104,796	Belgaum District, Karnataka	Three year grant to educate children of sex workers. Re-enroll drop outs, especially girls, provide bridge courses, and mainstream these children back into government schools. Will also explore alternative livelihood options for young adult women.
Yusuf Meherally Center	\$86,344	Delhi	One year grant to provide education for street children, including bridge classes for drop-outs, making local schools responsible for the education of local children, including three meals a day and night shelters, health care and vocational training.

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DIGITAL EQUALIZER: BRINGING TECHNOLOGY TO SCHOOLS



Junior school students of the Railway Girls' School, North Lalaguda, in their computer lab. DIGITAL EQUALIZER, Andhra Pradesh. (Photo © Prashant Panjjar)

The AIF editorial team spoke with Mythili Sankaran, West Coast Regional Director and DE Director, on the Digital Equalizer program.

AIF: The Digital Equalizer (DE) program has undergone a major renovation in the last year. Describe DE today.

MS: DE focuses on leveraging technology in educational development to bridge the "digital divide" in India. By providing access to computers, Internet and digital technology, DE provides quality education and economic empowerment to both the

children directly served by the program, as well as the surrounding communities.

AIF: What is the DE's methodology?

We plan to grow 10-fold over the next few years.

MS: The challenge of providing modern technologies to under-served schools is to put significant investment in the different areas of the delivery value chain: strategy, funding, infrastructure, (Continued on Page 3)

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AIDS crisis | pg 4

ONLINE STORE IMPROVES LIVELIHOODS FOR ARTISANS

League of Artisans, a program of AIF, has launched its online store (leagueofartisans.org) featuring handmade products made by under-privileged artisans in India. From lacquer Diwali candles to tassal silk scarves to hand-made greeting cards, the online store offers customers unique and beautiful products that support the economic and social development of Indian artisans. Whether you are looking for a meaningful holiday present or gifts for your corporate workforce, the League of Artisans offers a rich selection of socially-conscious accessories and gift items.

League of Artisans is a unifying platform designed to create sustainable livelihoods for tribal, rural and women artisans in India. By offering business and technical support and helping to develop competitive products, the League aims to give each artisan access to global markets. Our goal is to create business enterprises that are strong and well-established, which will help these communities move toward long-term well-being and self-sufficiency. ■



Women of the Mahamay Spinning Center at work in Kordaha village. PRADAN, Jharkand. (Photo © Prashant Panjjar)

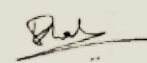
A Word From Lata & Kash...

As we reflect on AIF at age five, it's a time to look back, but also to look forward and set realistic goals for the future. How does an independent foundation like AIF address the seemingly insurmountable problems of poverty, illiteracy and disease in a country as enormous and diverse as India? How do we have impact for Indians at the bottom of the socio-economic pyramid?

The answers may not be simple, but the chances of success improve dramatically if members of the Diaspora work collaboratively. AIF has a five-year history of concerted, collaborative action that has yielded sustainable results. For instance, AIF's work on primary education for seasonal migrant children is being used by state and central governments to bring large numbers of children into the education system. Our challenge for the next five years is to become the foremost platform for philanthropic giving to India.

We encourage you to remain engaged and share your ideas with us.

In gratitude,



Lata Krishnan
President



Pradeep Kashyap
Executive Director

DIARY OF A SERVICE CORPS FELLOW

Ben Lenzner is a Service Corps Fellow. He is currently working in a variety of areas at his placement, Rural Litigation & Entitlement Kendra (RLEK) in Uttaranchal.

I am the only teacher staying at the small primary school that my NGO built almost four years ago. The resident teacher is away at her brother's wedding and I have been dropped off to fend for myself. I must teach, cook and clean for the next week or so, until the teacher returns.

I was tired from the night before due to a vicious mountain storm that bore down on the Jaunpur block, Tehri District, Garhwal side of the Uttaranchal Himalayas around nine in the evening. The rain came down in sheets. Thunder and lightning bore down on the valley. Hail, the size of ladoos from Kumar Sweets, drilled the aluminum roof like a jackhammer.

I sit drinking a small cup of chai and watch the kids make their way down from the village. The NGO provides uniforms to the students when they

register. Their clothes reflect the wear and tear of daily life. What the kids lack in clothes, they make up for in enthusiasm.

Today I have brought a clean, white sheet of drawing paper for each student. Each desk will share a packet of crayons with ten colors. We draw our favorite animals. I start off the session by showing the students a beautiful photography book of African animals contributed by

former AIF grantee Room to Read.

The students are ecstatic. They are enchanted by the baboons and mesmerized by the giraffes. Soon they are hard at work. White canvases begin to depict visions of lions, tigers, cobras and elephants. A student comes to the front of the room with a question. "Sir, what color should my lion be? Yellow?" he asks in Hindi.

"That's a really good question," I reply. "Your lion may be any color you wish – yellow, blue, green or purple. It's up to you!"

The class soon comes to an end. The afternoon will certainly be filled with chores to do, dishes to clean, rooms to sweep, water to fetch and buffaloes to milk. A lot of the students will head up the surrounding mountains to follow their cows and goats down the steep hills and back home.

A young girl, Lalita, pokes her head around the corner of the school. "Sir, can I have the key for the swing?" she asks.

I nod and walk over to the swing set. I can see that the frame of the swing set is already beginning to rust. A group of kids is racing down the hill, a cloud of dust chasing them from behind. They have discovered that the swing is unlocked.

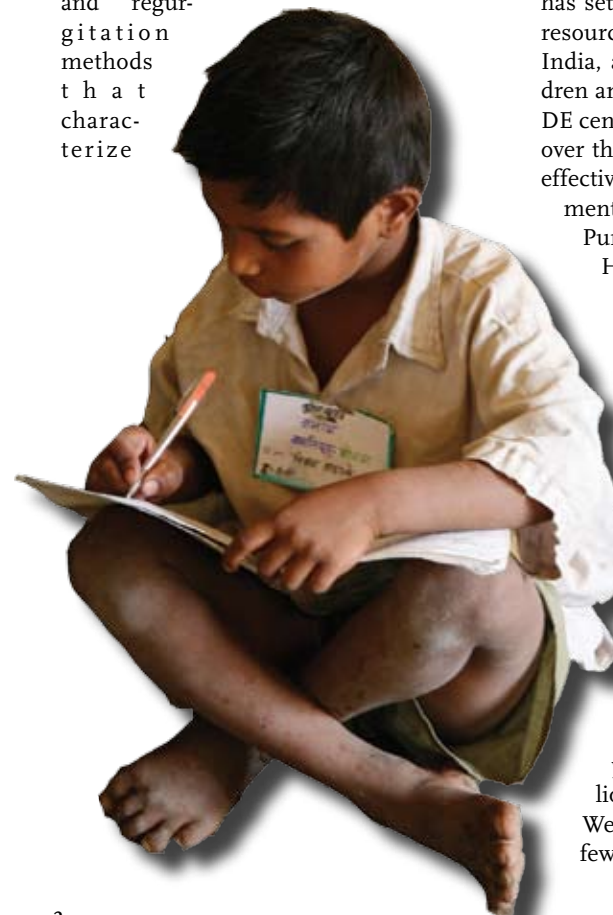
You can check out more of Ben's adventures at <http://benslenz.blogspot.com>. ■



Ben Lenzner with students in Uttaranchal.

DE Continued...

(Continued from Page 1)
content, training & support, deployment, defining appropriate success metrics, monitoring and assessment etc. DE's methodology encompasses all these areas. We target children in grades 6 through 10 (ages 10-14). Students and teachers learn how technology can supplement learning and enliven the rote and regurgitation methods that characterize



much of Indian primary schooling. In addition, the program is tightly integrated with the school curriculum to ensure compatibility and longevity.

AIF: How has the DE program evolved since its creation?

MS: Since launching DE in 2001, AIF has set up DE centers in over 170 under-resourced schools across 12 states in India, affecting more than 100,000 children and 8,500 teachers. The "full-service DE centers," which typically cost \$20,000 over three years, have become a model of effective programming to state governments and the local community. Today, Punjab, Kerala, Rajasthan, Orissa, Haryana, and other state governments have agreed to provide the start-up and recurring costs of DE centers, resulting in a 90% decrease in AIF's contribution. AIF then provides the remaining elements: quality monitoring, assessment and training.

We are in an exciting, yet challenging phase for the DE program. DE is experiencing phenomenal growth, propelled by requests from numerous governments who want to leverage DE's benefits to improve the quality of education in their respective states. This year alone AIF committed \$1.3 million to implement 400 new centers. We plan to grow 10-fold over the next few years. ■

AIF COMING YOUR WAY

**AIF Fall Benefit Gala
"Bow Ties & Bangles"**
San Francisco | St. Francis Westin Hotel
September 23rd

**League of Artisans Summit & Showcase
"Artisans in India: Creating a Global Market Culture"**
New York | Asia Society
October 11th

**AIF Los Angeles Gala
"Black Tie & Diamonds"**
Los Angeles | Anaheim Marriott Hotel
October 28th

AIF NY Summit
New York | (Location TBD)
November (Date TBD)

AIF Bay Area Summit
Bay Area | (Location TBD)
November (Date TBD)



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cause

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DR. LINCOLN CHEN ON AIF

Dr. Lincoln Chen was formerly the India Country Representative of the Ford Foundation and the Executive Vice President for Strategy of the Rockefeller Foundation. He is now the Director of the Global Equity Center at Harvard's Kennedy School of Government. He also chairs the Board of Care International.

Lately, it has become fashionable to compare India and China. In some spheres India is ahead and in some China. But Indians are surely

leading the way in Diaspora philanthropy. The manner in which the Indian Diaspora has chosen to collectively and successfully work together under a credible organization like AIF is nothing short of remarkable. The challenge, really, is how to get to so-called "lone rangers" – successful Diaspora members who would rather work by themselves, relying only on themselves – into a collaborative platform. AIF's success in securing the support and respect of all parties is worthy of emulation by other Diasporas! ■

COMING
SEPTEMBER 2006

NEW AIF
WEBSITE:
aifoundation.org

INDIA: 5.7 MILLION AIDS CASES



Shobha at the Center for Livelihood Development for HIV-Positive Women. FREEDOM FOUNDATION, Karnataka. (Photo © Prashant Panjar)

The AIF editorial team spoke with Rema Nanda, Director of the HIV/AIDS Program, on the AIDS epidemic in India.

AIF: A new United Nations study reports that India's estimated total of 5.7 million infected people now exceeds South Africa's estimated 5.5 million, making India the country with the largest number of people infected with HIV. What are the implications for India?

RN: First and foremost, it means this deadly disease is spreading and India's public health response is inadequate. It's critical to understand that AIDS is not just a public health concern; as a disease it has the potential to weaken and undermine India's economic growth and expansion. According to a recent Wall Street Journal article, increasing HIV-infections could trim an average 0.86 of a percentage point off annual economic growth over the next decade. Productivity is bound to drop as more workers are forced to drop out of or be excluded from the labor force because of sickness or the need to care for family members who fall ill. Clearly India needs a massive scale up in prevention education, treatment, and care, and we must strengthen and expand medical capacity to address ground realities. Africa will soon have 12 million AIDS orphans, children who will have to grow up with no parents and no real family structure. This will happen in

AIDS has the potential to weaken and undermine India's economic growth and expansion.

India if we don't act now.

AIF: What can India learn from the African AIDS crisis?

RN: The lessons of Africa tell us that an aggressive response is vital to fighting the disease on all fronts early on is vital. As the numbers increase, the epidemic becomes harder to manage. Fighting AIDS must become everyone's business. From corporate boardrooms to schoolrooms every Indian must know what they can do to protect themselves. Implementing programs with civil society is as critical as setting national policy. Otherwise we risk taking too narrow an approach to a broad and diverse epidemic. Also we could learn and apply a lot from Brazil and Thailand, who have dealt more successfully with the AIDS crisis.

AIF: What can and should be done to prevent the spread of HIV?

RN: It's critical to expand prevention education so every Indian knows the basic facts about HIV/AIDS. Most people don't have a clue. It is perceived as a disease of the "other." Expanding access to treatment and care services is also critical. According to UNAIDS in India, only 7% of people needing antiretroviral treatment for AIDS are receiving it, and just 1.6% of HIV-infected pregnant women get treatment to reduce mother-to-child transmission.

We need practical programs that provide access to services. We urge the Indian Diaspora to support AIF's grant making in India. If we take action on these critical issues today, we will be investing in the future. ■



Ben Lenzner assisting in a bee-keeping livelihood project.