

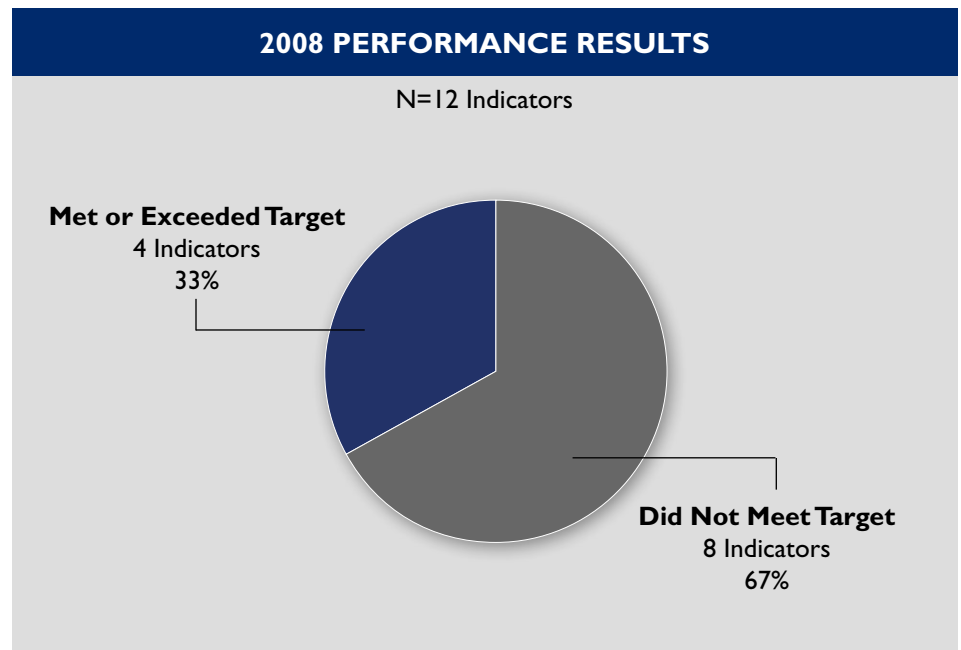
# STRATEGIC GOAL ON PROMOTING ECONOMIC GROWTH AND PROSPERITY

## PUBLIC BENEFIT

USAID promotes economic growth in accordance with the 2006 *National Security Strategy of the United States* and the goal of transformational diplomacy. Economic growth is vital to transforming the developing world and is essential for reducing and eventually eliminating extreme poverty, poor health, and inadequate education. Economic growth is the surest way for countries to generate the resources they need to address illiteracy, poor health, and other development challenges on their own and thus to cease dependence on foreign aid.

Economic growth in developing countries creates benefits for the United States as well. The developing world is emerging as the largest market for U.S. exports. Accelerating growth among developing countries that have already experienced moderate growth and encouraging it in those that have not grown as quickly will increase their contribution to global and U.S. well-being. Economic growth creates the prospect that more developing countries will become effective partners with the United States in working toward a more stable, healthy, and prosperous world.

The U.S. derives enormous benefits from a stable, resilient and growing world economy and continues to play a leadership role to promote economic growth and prosperity. The U.S. Government's assistance to support private sector growth helps build people's capacity to take advantage of expanding economic freedom and promotes effective public-private partnerships. This cutting-edge blend of assistance programs aims for economic transformation that creates more jobs, higher productivity and wages, improved working conditions, more



effective protection of labor rights, and more opportunities for the poor; women, and other disadvantaged groups to participate in expanding local, regional, and global markets.

The eight priority program areas within this strategic goal are: Macroeconomic Foundation for Growth; Trade and Investment; Financial Sector; Infrastructure; Agriculture; Private Sector Competitiveness; Economic Opportunity; and the Environment.

In FY 2008, USAID-managed resources for the Supporting Economic Growth and Prosperity strategic goal totaled over \$2.6 billion, approximately 18.9% of the total Agency budget for the year. Twelve representative indicators illustrate USAID program performance for this goal, of which four met or exceeded the performance targets, and eight did not meet the targets. Some program results, such as those

pertaining to physical infrastructure, are achieved jointly by USAID and the Department of State.

In FY 2008, USAID conducted 117 evaluations, assessments, and special studies in this strategic goal, or 25.9% of the Agency's total. Of these, 40% were used to make programmatic decisions and 53% were used to identify best practices and analyze lessons learned. Thirty percent covered Afghanistan and were used to scale up program work on alternative development and livelihoods, and natural resources and biodiversity.

Budget and performance information for this strategic goal is presented below, with key performance measures described in detailed tables linked to the relevant priority program area. These measures illustrate USAID's progress in helping partner nations to achieve economic growth.

## USAID-MANAGED RESOURCES FOR PROMOTING ECONOMIC GROWTH AND PROSPERITY

By Fiscal Year, Program Area, and Representative Performance Measure

	FY 2007 Actual	FY 2008 653(a) Final Base Plus Enacted Supplemental
<b>TOTAL (\$ thousands)</b>	12,712,484 <sup>1,2</sup>	13,965,426 <sup>1</sup>
<b>ECONOMIC GROWTH</b>	2,926,607	2,640,464
<b>Macroeconomic Foundation for Growth</b>	589,466	330,529
<i>Three-Year Average in the Fiscal Deficit as a Percent of Gross Domestic Product</i>		
<b>Trade and Investment</b>	321,795	204,216
<i>Time Necessary to Comply with all Procedures Required to Export/Import Goods</i>		
<b>Financial Sector</b>	176,832	190,834
<i>Credit to Private Sector as a Percent of Gross Domestic Product</i>		
<b>Infrastructure</b>	720,251	870,935
<i>Number of People with Increased Access to Modern Energy Services as a Result of U.S. Government Assistance</i>		
<i>Number of People with Access to Cellular Service as a Result of U.S. Government Assistance</i>		
<i>Number of People with Access to Internet Service as a Result of U.S. Government Assistance</i>		
<i>Number of People Benefiting from U.S. Government-Sponsored Transportation Infrastructure Projects</i>		
<b>Agriculture</b>	432,932	337,723
<i>Number of Rural Households Benefiting Directly from U.S. Government Interventions in Agriculture</i>		
<i>Percent Change in Value of International Exports of Targeted Agricultural Commodities Due to U.S. Government Assistance</i>		
<b>Private Sector Competitiveness</b>	275,537	259,977
<i>Number of Commercial Laws Put into Place with U.S. Government Assistance that Fall in the Eleven Core Legal Categories for a Healthy Business Environment</i>		
<b>Economic Opportunity</b>	120,317	167,867
<i>Percent of U.S. Government-Assisted Microfinance Institutions that Have Reached Operational Sustainability</i>		
<b>Environment</b>	289,477	278,383
<i>Quantity of Greenhouse Gas Emissions Reduced or Sequestered as a Result of U.S. Government Assistance</i>		
<i>Number of Hectares Under Improved Natural Resource or Biodiversity Management as a Result of U.S. Government Assistance</i>		

1. Includes USAID Foreign Service Retirement and Disability Fund but only 60% of the Global HIV/AIDS Initiative account. Does not include Public Law 480 funds.

2. Does not include the Andean Counter-Drug Program funds or \$110 million of Economic Support Fund transferred from the Department of Defense.

**PROGRAM AREA:  
MACROECONOMIC  
FOUNDATION FOR GROWTH**

Macroeconomic stability, especially sound fiscal policy, is essential for sustainable economic growth. The U.S. Government strengthens foundations for growth by establishing a stable and predictable macroeconomic environment that encourages the private sector to make productivity and growth-enhancing investments. A solid macroeconomic foundation for growth consists of stable fiscal and monetary policies and institutions and the ability of the government to use these tools to manage the economy. Countries with open, competitive economies tend on average to grow more rapidly, without necessarily sacrificing poverty reduction or income distribution goals. Those with higher debt are often forced into prioritizing budget expenditures, cutting spending on programs for those members of society whose voice is under-represented, usually the poor.

USAID lends technical assistance to support the design and implementation of macroeconomic reforms in such areas as money and banking policy; fiscal policy; trade/exchange rate policy; and national income accounting, measurement, and analysis. To maintain a healthy macroeconomic environment and foundation for growth, countries must put in place a fiscal policy that balances maintaining stability and growth without sacrificing poverty reduction or income distribution goals. Using a deficit-to-gross domestic product (GDP) ratio is a common way to assess a nation's debt and fiscal policy. To monitor long-term performance in this area, USAID uses an indicator from the World Bank that assesses a country's debt and fiscal policy. The indicator is a three-year average for the fiscal deficit as a percent of GDP for the Bank's Low-Income Countries Group. Given the time needed to collect and compile the ratio, the most recent data available are for the period 2004–2006, when the ratio was 3.2%.

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<b>Macroeconomic Foundation for Growth</b>	<b>589,466</b>	<b>330,529</b>

**PROGRAM AREA: TRADE AND INVESTMENT**

The U.S. Government promotes increased trade and investment—a powerful engine for growth—both multilaterally and bilaterally. Trade and investment are the principal mechanisms through which the global market forces of competition, human resource development, technology transfer, and technological innovation generate growth in all countries. U.S. Government assistance includes critical support for negotiating and implementing trade agreements and helping citizens of developing countries participate in and benefit fully from expanded bilateral, regional, and global trade and investment opportunities.

The World Bank indicator (p. 42) assesses one measure of how easily a country is able to take advantage of opportunities created by trade. When procedures for exporting and importing goods take less time, businesses become more efficient and consequently increase their integration into the global economy. Developing countries in the 1990s that successfully integrated into the global economy enjoyed per capita income increases; those that limited their participation in the global economy saw their economies decline. Research has shown that countries can boost the ability of companies within their borders to com-

pete effectively in trade if they promote efficient procedures that reduce the cost of doing business.

Thus, decreasing the amount of time needed to export and import goods leads to greater and more efficient participation in the global economy. The data in the chart represent the aggregate average time in days it takes to comply with import and export procedures in seven countries receiving USAID assistance in this area; in FY 2008 USAID missed the target of 33 days by one day. The deteriorating security situation in Afghanistan, one of the target countries, increased its average time to export and import from 69 to 75.5 days, and thus had a disproportionate impact on the seven-country average. Had Afghanistan's score stayed constant, improvements in countries like Morocco, Egypt, and the Philippines would have been sufficient to meet this target.

The methodology for calculating the results for this indicator will be revised in the next planning cycle. Currently, the seven countries in the average are mostly located within Asia. The new methodology, drawing on new data sources to better measure trade competitiveness, will encompass more countries that are geographically more representative.

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<b>Trade and Investment</b>	<b>321,795</b>	<b>204,216</b>

## STRATEGIC GOAL: ECONOMIC GROWTH

### Program Area: Trade and Investment

### Performance Indicator: Time Necessary to Comply with all Procedures Required to Export/Import Goods

FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	FY2008 Rating	FY 2009 Preliminary Target <sup>1</sup>
89.9 days	36.6 days	34 days	33 days	34 days	Did Not Meet Target	28 days

#### Data Verification and Validation

**Data Source:** World Bank, *Doing Business Report* for Afghanistan, Egypt, Georgia, Jordan, Kazakhstan, Morocco, and the Philippines. The value is the average of the time to comply with export procedures (days) and the time to comply with import procedures (days). Global reporting of this data started in FY 2005. Countries selected for this indicator receive over \$1 million in funds and have a specific Trade Facilitation focus.

**Data Quality:** World Development Indicators are one of the World Bank's annual compilations of data about development. Before publication, the data undergo a rigorous review and validation process by World Bank technical staff and country-level committees of statistical agencies. The USAID Economic Analysis and Data Service Project examine the data after public release and notify the World Bank if erroneous data are published.

#### Notes:

1. FY 2009 targets are set at a preliminary level and will be updated when the FY 2009 budget is appropriated.

## PROGRAM AREA: FINANCIAL SECTOR

A sound financial system is critical to economic development: it provides both the resources needed to fund essential government services, such as education and healthcare, and the capital for productive private investment. USAID is committed to improving corporate governance, accounting, and financial transparency and to combating corruption and financial crimes. USAID also seeks to improve financial sector governance, the quality of financial services, and access to financial services for entrepreneurs, enterprises, and consumers.

Research shows not only that credit to the private sector is considered one of the keys to financial growth but that the poor get a bigger income boost from growth where private credit accounts for a larger share of GDP—poor people living in countries with a similar growth rate but where private credit accounts for a smaller share of

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GDP stay poorer. Comparative analysis of average annual growth in poverty, credit to the private sector, and GDP over 20 years shows that countries with higher levels of private credit reduced poverty more rapidly. Private credit raises the amount of money available to all entrepreneurs, which in turn increases economic activity, generating more job opportunities and higher incomes for the poor. By seeking to increase the amount of credit as a percent of GDP, USAID programs are thus spurring overall economic growth in a manner that is more effective in alleviating poverty.

The next indicator (p. 43, top) illustrates the progress in this area of USAID-assisted countries worldwide. The FY 2008 result fell short of its target. The world wide recession may have begun earlier in developing countries, reducing lending to the private sector as the aggregate financial system became more risk-averse and increasing the risk premium for lending to the private sector.

## STRATEGIC GOAL: ECONOMIC GROWTH

### Program Area: Financial Sector

### Performance Indicator: Credit to Private Sector as a Percent of Gross Domestic Product (GDP)

FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	FY2008 Rating	FY 2009 Preliminary Target <sup>1</sup>
54.9%	54.4%	57.7%	58.5%	55.3%	Did Not Meet Target	59.0%

#### Data Verification and Validation

**Data Source:** World Bank, World Development Indicators. The 2007 World Bank results are based on FY 2006 data. Data refers to the weighted average for the countries defined by the World Bank as low and middle income countries.

**Data Quality:** World Development Indicators are one of the World Bank's annual compilations of data about development. Before publication, the data undergo a rigorous review and validation process by World Bank technical staff and country-level committees of statistical agencies. The USAID Economic Analysis and Data Service Project examines the data after public release and notifies the World Bank if erroneous data are published.

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### PROGRAM AREA: INFRASTRUCTURE

Access to competitively priced and modern energy, communication, and transport services is critical to economic growth. USAID supports the creation, improvement, and sustainability of physical infrastructure and related services, in both urban and rural areas, to enhance the economic environment and improve productivity, especially for women. USAID promotes sustainable improvements in the governance of infrastructure by utilizing opportunities for public-private partnerships, strengthening capacities for oversight and management, expanding markets for tradable infrastructure services, and promoting clean energy. Countries that are rich in energy resources but also have efficient markets are more likely to foster transparency, strengthen the rule of law, and ensure that subsequent benefits are widely enjoyed. Such market conditions help countries avoid the so-called "paradox of plenty," where dependence on natural resource wealth works to

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<b>Infrastructure</b>	<b>720,251</b>	<b>870,935</b>

inhibit a country's political and economic development.

The main infrastructure consists of energy, telecom, and transport, including roads, airports, railways, and ports. Rural telecommunications and Internet services have not penetrated much of the developing world, limiting access to information on markets, costs, and prices; technological innovation and resources; health advice; and political awareness. Thus, access to modern technology and infrastructure services is critical to economic growth, trade, and human development. The indicators (p. 44) illustrate performance in 13 U.S. Government-

assisted countries on access to modern energy, cellular, and Internet services and on transportation infrastructure projects. In FY 2008 USAID did not meet its targets due to delays in program start-ups and significant spikes in the prices of oil and other energy products that put pressure on developing country budgets. The results compound a situation where many developing and transition countries lack basic physical infrastructure for generating and distributing energy, transport, and information and communications technologies.

## STRATEGIC GOAL: ECONOMIC GROWTH

### Program Area: Infrastructure

#### Performance Indicator: Number of People with Increased Access to Modern Energy and Infrastructure Services as a Result of U.S. Government Assistance

Energy and Infrastructure Services	FY 2005-2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	FY2008 Rating	FY 2009 Preliminary Target <sup>2</sup>
Modern Energy Services	N/A <sup>1</sup>	1.87M	436,280	371,409	Did Not Meet Target	450,000
Cellular Service		4.8M	5.7M	1.89M		2.0M
Internet Service		6.55M	6.68M	1.50M		2.0M
Transportation Infrastructure Projects		1.77M	459,467	68,758		100,000

#### Data Verification and Validation

**Data Source:** FY 2008 Performance Reports as captured in the U.S. Government Foreign Assistance Coordination and Tracking System (FACTS): Modern energy services – Armenia; Bangladesh, Brazil; Dominican Republic; Georgia; Liberia; Philippines; South Africa; Sudan, EGAT, and South Asia Regional. Access to cellular service – Africa Regional; EGAT. Access to internet services – Armenia; Philippines; Africa Regional; EGAT. Transportation infrastructure projects – Madagascar; Philippines.

**Data Quality:** Performance data, verified using data quality assessments (DQAs), must meet standards of validity, integrity, precision, reliability, and timeliness. Each operating unit must document the methodology used for conducting the DQAs. (For details, refer to USAID's Automated Directive System [ADS] Chapter 203.3.5, <http://www.usaid.gov/policy/ads/200/203.pdf>, p. 20–23).

**Notes:**

1. FY 2007 was the first reporting cycle under the new Foreign Assistance Framework. A full cycle of performance data for indicators under the framework, including past year results, is therefore available in 2008.
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### PROGRAM AREA: AGRICULTURE

In many developing countries, increased productivity and growth in the agricultural sector is critical to overall economic prosperity and poverty reduction. Agriculture is the science and practice of food, feed, and fiber production (including forestry, wildlife, fisheries, aquaculture, and floraculture) and its relationship to natural resources, processing, marketing, distribution, utilization (including nutrition), and trade. In this sector, USAID promotes expanded agricultural trade and market systems; broadened application of scientific and technological advances, including biotechnology; and sustainable natural resource management. Increased agricultural productivity is an important goal for nearly all the countries in which the U.S. Government provides assistance. The indicator assesses program

performance of agricultural interventions in 30 U.S. Government-assisted countries.

The majority of people living in developing countries rely on agriculture for their livelihood. Rural farmers have opportunities to increase their share of domestic, regional, or international markets through the new opportunities provided by globalization, but to become competitive they need to be integrated into the chain of production, from the farm to the grocer's shelf. To bring about this integration, USAID is working to

develop product standards and quality controls, improve infrastructure, and increase access to market information. This indicator (p. 45, bottom) tracks equitable access to services in such targeted areas. In FY 2008 USAID significantly exceeded its target of 2.15 million rural household benefiting directly from its interventions in agriculture through activities that include promoting best practices and innovation, from cutting-edge biotechnology to technology uptake by farmers. For example, by promoting technology and policy adoption through

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<b>Agriculture</b>	<b>432,932</b>	<b>337,723</b>

## VOICES FROM THE FIELD

### ECONOMIC OPTIONS FOR DISPLACED FAMILIES

Julio Contreras is general manager of *Alimentos Aliprocar*, a successful sausage processing plant in Cartagena, Colombia. He used to be a farmer but illegally armed drug groups forced him to leave his home. Life was bleak until Julio heard about a USAID-funded program that provides social and economic assistance to individuals displaced by drug-fueled violence. After enrolling in the program Julio received psychological counseling and met other individuals confronting similar challenges—both of which helped him come to terms with the changes in his life. Through the program Julio developed a *plan de vida*—a roadmap for his new life. To implement the plan, he and his displaced friends received business skills training and small loans to form a cooperative to make sausages in their community. Contributing to the indicator on the percent of U.S. Government microfinance institutions that have reached operational sustainability, these loans proved successful. The sausage business now generates more than 100 jobs directly and indirectly. “In the cooperative everybody earns a basic wage and we are paying social security for all the employees,” said Julio. He is optimistic that he can help other people who find themselves in the same situation he was in just a few years ago.

fruit and vegetable growers and green-house operators increased their average sales by 10% and reduced post-harvest losses from 15% to 8%.

Nine USAID operating units that were not part of the original FY 2008 target universe submitted FY 2008 results for this indicator, directly benefiting another 105,000 rural households from USAID interventions in agriculture.

Not only does USAID work with farmers individually but USAID agricultural assistance also extends to lowering barriers to trade between countries. The indicator (p. 46) measures a key objective of the program area: linking producers of agricultural commodities to markets. In FY 2008, USAID exceeded its target of increasing the percent change in value of international exports of targeted agricultural commodities by 63.3%, far above the target of 37.8%. Increased agricultural trade is one result of efficient markets and of integration into global markets. By becoming participants in the global economy, farmers in developing countries will be able to raise their incomes and in the long run achieve food security for their families. Measuring the increase in value of exports after receipt of USAID

the John Ogonowski Farmer-to-Farmer Program, the sustainability of Central Asian small and medium-sized agribusinesses

producing dairy, beef, poultry, swine, horticulture, and field crop products was increased. In Kyrgyzstan more than 2,500

## STRATEGIC GOAL: ECONOMIC GROWTH

### Program Area: Agriculture

### Performance Indicator: Number of Rural Households Benefiting Directly from U.S. Government Interventions in Agriculture

FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	FY2008 Rating	FY 2009 Preliminary Target <sup>1</sup>
N/A <sup>1</sup>		1.88M	2.15M	3.42M	Met or Exceeded Target	2.2M

### Data Verification and Validation

**Data Source:** FY 2008 Performance Reports from Bangladesh, Bolivia, Democratic Republic of the Congo, El Salvador, Georgia, Ghana, Guatemala, Guyana, Haiti, Honduras, Kenya, Kyrgyz Republic, Lebanon, Liberia, Madagascar, Malawi, Mali, Morocco, Nepal, Pakistan, Rwanda, Tanzania, Timor-Leste, Turkmenistan, Uganda, Yemen, Zambia, Bureau of Economic Growth, Agriculture, and Trade (EGAT), and West Africa Regional, as reported in the Foreign Assistance Coordination and Tracking System (FACTS).

**Data Quality:** Performance data, verified using data quality assessments (DQAs), must meet standards of validity, integrity, precision, reliability, and timeliness. Each operating unit must document the methodology used for conducting the DQAs. (For details, refer to USAID's Automated Directive System [ADS] Chapter 203.3.5, <http://www.usaid.gov/policy/ads/200/203.pdf>, p. 20–23).

#### Notes:

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## STRATEGIC GOAL: ECONOMIC GROWTH

### Program Area: Agriculture

#### Performance Indicator: Percent Change in Value of International Exports of Targeted Agricultural Commodities Due to U.S. Government Assistance

FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	FY2008 Rating	FY 2009 Preliminary Target <sup>1</sup>
N/A <sup>1</sup>		41.1%	37.8%	63.3%	Met or Exceeded Target	42.0%

#### Data Verification and Validation

**Data Source:** FY 2008 Performance Reports from Bolivia, Georgia, Guatemala, Haiti, Rwanda, Senegal, Serbia, Tanzania, Uganda, and Zambia, as reported in the Foreign Assistance Coordination and Tracking System (FACTS).

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assistance provides insight into the impact programs have on connecting agricultural producers and communities to broader markets.

### PROGRAM AREA: PRIVATE SECTOR COMPETITIVENESS

U.S. Government support to the private sector helps build people's capacity to take advantage of expanding economic freedom and promotes effective public-private partnerships. This cutting-edge blend of diplomacy and development aims for economic transformation that creates more jobs, higher productivity and wages, better working conditions, more effective protection of labor rights, and more opportunities for the poor; women, and other disadvantaged groups to participate in expanding local, regional, and global markets. One approach to achieving this goal is to help

countries improve policies, laws, regulations, and administrative practices that affect the private sector's ability to compete nationally and internationally. USAID activities in this area include not only support for adoption and implementation of policies but also their oversight by elected officials, NGOs, and the private sector.

The indicator (p.47) for this area reflects U.S. efforts to help put such laws in place and thus streamline business regulation and implement other steps to improve commercial governance. Programs are established to make the environment more business-enabling by putting into place commercial laws that address any of 11 core legal areas established by USAID as necessary for a healthy business climate. A country's ability to demonstrate improvements in any of them indicates that systemic changes are underway to build up the private sector. The data represent the

number of laws enacted annually within the group of countries receiving U.S. assistance. In FY 2008 USAID did not meet its target for this indicator:

### PROGRAM AREA: ECONOMIC OPPORTUNITY

Economic opportunity includes efforts to help families gain access to financial services, build inclusive financial markets, improve the policy environment for micro and small enterprises, make microfinance institutions (MFIs) more productive, and improve economic law and property rights. USAID targets its activities to helping poor households, especially female-headed households because they are often the most disadvantaged, to access the economic opportunities created by growth. USAID activities include efforts to enhance the current income-generating prospects of poor households and to ensure that these households can accumulate and protect productive assets.

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<b>Private Sector Competitiveness</b>	<b>275,537</b>	<b>259,977</b>



## STRATEGIC GOAL: ECONOMIC GROWTH

### Program Area: Private Sector Competitiveness

#### Performance Indicator: Number of Commercial Laws Put into Place with U.S. Government Assistance that Fall in the Eleven Core Legal Categories for a Healthy Business Environment

FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	FY2008 Rating	FY 2009 Preliminary Target <sup>2</sup>
N/A <sup>1</sup>		41	47	30	Did Not Meet Target	35

#### Data Verification and Validation

**Data Source:** FY 2008 Performance Reports from Armenia, Azerbaijan, Egypt, Georgia, Indonesia, Kosovo, Macedonia, Montenegro, Nicaragua, Pakistan, Senegal, South Africa, and Caribbean Regional as reported in the Foreign Assistance Coordination and Tracking System (FACTS).

<b>Eleven Legal Categories:</b>	4. Mortgage Law	8. Commercial Dispute Resolution
1. Company Law	5. Secured Transactions Law	9. Foreign Direct Investment
2. Contract Law & Enforcement	6. Bankruptcy Law	10. Corporate Governance
3. Real Property	7. Competition Policy	11. International Trade Law

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MFI provide access to financial services to those who would otherwise not have such access. The performance indicator reflects the share of USAID-assisted MFIs whose revenue from clients, including interest payments and fees, exceeds their cash operating costs, which include personnel and other administrative costs, depreciation of fixed assets, and loan losses. Operational sustainability is an important milestone on

the road to financial sustainability, at which point the MFI becomes profitable and can finance its own growth without need for donor funding. The indicator (p. 48, top) captures the average for a mix of MFIs ranging from new to more mature institutions as they progress toward operational sustainability. Operational sustainability occurs within three to four years of initial USAID assistance; financial sustainability

occurs within seven years. For this reason, and because the MFIs reporting change from year to year, the indicator's results are not expected to show a significant upward trend. However, the FY 2008 result—74% of USAID-assisted MFIs reached operational sustainability—exceeded the target of 70%.

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<b>Economic Opportunity</b>	<b>120,317</b>	<b>167,867</b>

## STRATEGIC GOAL: ECONOMIC GROWTH

### Program Area: Economic Opportunity

#### Performance Indicator: Percent of U.S. Government-Assisted Microfinance Institutions that Have Reached Operational Sustainability

FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	FY2008 Rating	FY 2009 Preliminary Target <sup>1</sup>
71%	71%	69%	70%	74%	Met or Exceeded Target	70%

#### Data Verification and Validation

**Data Source:** USAID Microenterprise Results Reporting Annual Report to Congress, FY 2007 and earlier editions. The indicator is the number of MFIs reporting either operational or financial sustainability, divided by the total number of U.S. Government-supported MFIs, expressed in percent. The FY 2007 value represents 143 operationally sustainable MFIs out of a total of 206 U.S. Government-supported MFIs. Of this total, 202 MFIs operated in 46 countries, two on a regional basis in Asia, and two on a worldwide basis

The indicator value shown for FY 2008 is based on the most recent data available, covering MFI operations in FY 2007. The one-year lag in data availability results from the reporting process, which first gathers data from USAID operating units on their funding for each MFI in the last fiscal year, and then gathers results data directly from those MFIs, based on their most recently completed fiscal year.

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Credit: Unknown

### PROGRAM AREA: ENVIRONMENT

Environmental issues like climate change, protection of natural resources and forests, and transboundary pollution will continue to be critical to the U.S. diplomatic and development agendas. USAID is committed to promoting partnerships for economic development that reduce greenhouse gas emissions, improve air quality, and create other benefits by using and building markets to improve energy efficiency, enhance conservation and biodiversity, and expand low-carbon energy sources.

The U.S. Government has funded environmental programs that have reduced growth in greenhouse gas emissions while promoting energy efficiency, forest conservation, biodiversity, and other development goals. This multiple benefits approach to climate change helps developing and transition countries to grow economically without sacrificing environmental protection. The indicator for this area (p. 49, bottom), a standard measure of climate mitigation, helps assess U.S. Government climate change activities in more than 40 developing and transition countries.

**Road rehabilitation in Afghanistan makes goods and services more accessible to families and businesses, and allows local producers to sell to wider markets.**

In FY 2008 USAID actions resulted in significant emissions reductions and sequestration of greenhouse gases, primarily by reducing deforestation and forest degradation. These actions help developing countries fulfill their commitments to help mitigate climate change and build capacity for them to continue doing so. Local communities and biodiversity also benefited from these actions because USAID always seeks development and conservation co-benefits in its climate change actions. The emission reductions are also a result of actions in energy and industrial sectors that make economic operations more efficient as well as reducing other pollutants.

The results for this indicator, as currently calculated, did not meet the target for FY 2008 because data quality and completeness checks are still in process. USAID anticipates that once it has finished its data review, the results for FY 2008 will have met or exceeded the target. Over the next year, USAID will continue to reinforce its ability to accurately estimate its contributions to greenhouse gas reduction by rolling out a suite of web-based carbon calculators for forestry, agriculture, and energy projects.

Ecosystems worldwide are becoming impoverished at an alarming rate,

<b>USAID-MANAGED RESOURCES</b>	<b>FY 2007 Actual</b>	<b>FY 2008 653(a) Final Base Plus Enacted Supplemental</b>
<b>ECONOMIC GROWTH (\$ thousands)</b>	<b>2,926,607</b>	<b>2,640,464</b>
<b>Environment</b>	<b>289,477</b>	<b>278,383</b>

threatening to undermine development by reducing soil productivity, diminishing resilience to climate change, and driving species to extinction. Yet a productive and healthy environment is the foundation of economic growth, especially in developing countries where people's livelihoods are often dependent on rangelands, forests, fisheries, and wildlife. USAID uses a spatial indicator (p. 50) as a measure of the scale of impact of natural resource and biodiversity interventions. The standard of "improved" management is defined by implementation of best practices and approaches and demonstrates progress and results using a potentially wide range of tailored interventions.

In FY 2008 126 million hectares were under improved natural resource or biodiversity management as a result of USAID assistance, exceeding the target of 113 million. Among the reasons for exceeding the

target are improved enabling environments and increased concern for habitat protection. For example, the USAID Regional Development Mission in Asia significantly exceeded its target primarily due to greater than expected participation of timber concessions in response to a better enabling environment and supportive international policy changes. Indonesia's Environmental Services Program exceeded its target due to increased concern in government agencies, NGOs, community groups, and the private sector for better natural resources management, especially through critical land rehabilitation.

Five operating units that were not part of the original FY 2008 target universe submitted FY 2008 results for this indicator, increasing the overall achievement by another 500,000 hectares.

<b>STRATEGIC GOAL: ECONOMIC GROWTH</b>						
<b>Program Area: Environment</b>						
<b>Performance Indicator: Quantity of Greenhouse Gas Emissions Reduced or Sequestered as a Result of U.S. Government Assistance</b>						
<b>FY 2005 Results</b>	<b>FY 2006 Results</b>	<b>FY 2007 Results</b>	<b>FY 2008 Target</b>	<b>FY 2008 Results</b>	<b>FY2008 Rating</b>	<b>FY 2009 Preliminary Target<sup>1</sup></b>
117M metric tons	129M metric tons	180M metric tons	149M metric tons	142M metric tons (estimate)	Did Not Meet Target	159M metric tons
<b>Data Verification and Validation</b>						
<b>Data Source:</b> USAID Office of Global Climate Change (GCC). Data are collected through USAID's annual Online GCC reporting process and represent a best estimate of greenhouse gas emissions. As of this writing, the collection and quality control process was not complete, resulting in under-reporting of results in FY 2008. Over the next year USAID is rolling out web-based calculators that will improve the accuracy, completeness, and comparability of the estimated value of this indicator.						
<b>Data Quality:</b> Greenhouse gas emissions reduced or sequestered as measured in carbon dioxide (CO <sub>2</sub> ) equivalent is the standard measure of climate mitigation used throughout the world. It is a common metric that allows comparison between many different types of activities and sectors, and can be added up to show program-wide impacts. This indicator combines the CO <sub>2</sub> equivalent for energy/industry/transport sector with the land use/agriculture/ forestry/conservation sector. More disaggregated estimation tools will be available in FY 2008.						
Notes: 1. FY 2009 targets are set at a preliminary level and will be updated when the FY 2009 budget is appropriated.						

## STRATEGIC GOAL: ECONOMIC GROWTH

### Program Area: Environment

#### Performance Indicator: Number of Hectares Under Improved Natural Resource or Biodiversity Management as a Result of U.S. Government Assistance

FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	FY2008 Rating	FY 2009 Preliminary Target <sup>2</sup>
N/A <sup>1</sup>		121.6M hectares	113M hectares	126M hectares	Met or Exceeded Target	150M hectares

#### Data Verification and Validation

**Data Source:** FY 2008 Performance Reports from Bangladesh, Bolivia, Brazil, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Indonesia, Jamaica, Kenya, Liberia, Madagascar, Malawi, Mexico, Namibia, Nicaragua, Panama, Paraguay, Peru, Philippines, Senegal, Tanzania, Uganda, Africa Regional, Caribbean Regional, Central Africa Regional, Central America Regional, Bureau of Economic Growth, Agriculture, and Trade (EGAT), Latin America and Caribbean Regional, Regional Development Mission – Asia, and West Africa Regional, as reported in the Foreign Assistance Coordination and Tracking System (FACTS).

**Data Quality:** Performance data, verified using Data Quality Assessments (DQAs), must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Each operating unit must document the methodology used for conducting the DQAs. (For details, refer to USAID's Automated Directive System [ADS] Chapter 203.3.5, <http://www.usaid.gov/policy/ads/200/203.pdf>, p. 20–23).

**Notes:**

1. FY 2007 was the first reporting cycle under the new Foreign Assistance Framework. A full cycle of performance data for indicators under the framework, including past year results, is therefore available in 2008.
2. FY 2009 targets are set at a preliminary level and will be updated when the FY 2009 budget is appropriated.