

USAID



U.S. Agency for
International
Development

FISCAL YEAR

2002

Budget Justification to the Congress



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

The Administrator

May 1, 2001

TO THE CONGRESS OF THE UNITED STATES

On behalf of the U.S. Agency for International Development (USAID), I am pleased to transmit to the Congress the Administration's budget justification for authorization and appropriations for fiscal year 2002.

This budget marks the beginning of a new *strategic orientation* and a new way of doing business by USAID to ensure that development and humanitarian assistance programs better respond to U.S. national interests and foreign policy objectives.

The Agency's budget request and its programs, objectives and results are described in detail in the following chapters and accompanying annexes. I request favorable consideration by the Congress of the Administration's economic assistance budget request.

A handwritten signature in black ink that reads "Andrew S. Natsios". The signature is written in a cursive, flowing style.

Andrew S. Natsios

INTRODUCTION

The U.S. Agency for International Development's (USAID) FY 2002 budget justification to the Congress reflects the Administration's program and budget request for bilateral foreign economic assistance appropriations.

The **Main Volume** of the budget justification summarizes the budget request and discusses the programs and activities implemented through USAID's centrally funded programs and through the four geographic regions.

A separate **Summary Tables** volume includes tables that illustrate the foreign assistance budget request for FY 2002 and provide a detailed tabular breakout of the economic assistance budget for FY 1999 (actual), FY 2000 (actual), FY 2001 (estimate), and FY 2002 (request).

Five annexes to the Main Volume discuss USAID programs in the geographic regions and the central programs, including program narratives and activity data sheets:

Annex I details programs and activities for Africa, consisting of sub-Saharan Africa.

Annex II details the programs for Asia and the Near East, consisting of East and South Asia, the Middle East, and North Africa.

Annex III details the programs for Europe and Eurasia, consisting of Europe and the Independent States of the former Soviet Union.

Annex IV details the Latin America and Caribbean programs, consisting of Central and South America and the Caribbean.

Annex V details programs of the Agency's central bureaus, including Global Programs, Field Support and Research; Humanitarian Response; and Policy and Program Coordination.

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 2002 BUDGET JUSTIFICATION**

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INTRODUCTION

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STATEMENT OF THE ADMINISTRATOR

The U.S. foreign assistance program is an important instrument of the President and the Secretary of State for the conduct of foreign policy. USAID programs are actively engaged in the Middle East peace process, the transitions within the former Soviet Bloc, countries facing crisis, transnational threats, disaster assistance as well as more traditional issues associated with the problems of developing countries.

USAID's FY 2002 budget marks the beginning of a new strategic orientation and the incorporation of a new way of doing business to ensure that USAID's long-term development assistance and humanitarian and disaster relief programs better respond to U.S. national interests. In the future, USAID will be more highly focused on post-Cold War issues and the dual imperatives of "globalization" and the "prevention of deadly conflict."

Globalization has removed barriers to exchange of information, technology, finance, goods and services with startling speed over the past decade. Globalization can lead to productivity increases, economic prosperity and secure markets for U.S. goods and services. However, if developing countries do not implement policies and develop institutions to compete in a global economy, their populations will not realize real benefits from the international trading system. In these cases, globalization can exacerbate the gaps between rich and poor. This can undermine support for economic reform and democratic political institutions and can contribute to instability and possibly conflict.

The increasing number of states that are unable to deal with problems that are potential sources of conflict is of grave concern to the United States. Increasing levels of conflict are leading to regional instabilities, complex humanitarian emergencies and, in some cases, chaos and are threatening the achievement of USAID's development objectives and broader U.S. foreign policy goals.

The phenomena of conflict and accelerating global health problems, especially HIV/AIDS, are having catastrophic effects on societies and are reversing recent developmental gains. In some societies, gains have been totally destroyed, and people are much worse off now than they were several decades ago.

While some of USAID's programs already respond to these challenges, the new Administration intends to more highly concentrate Agency resources and capabilities to address globalization and conflict.

USAID as an institution must recognize its shortfalls and adjust rapidly to improve its effectiveness as a key foreign policy instrument. In this regard, the Administration proposes several important changes. These are:

- Reorientation of USAID programs to focus on four "pillars" supporting achievement of USAID's objectives.
- Introduction of the Global Development Alliance as USAID's new model for doing business. This is USAID's first pillar.
- The simplification, integration, and reorientation of programs and their alignment within three new program pillars.
- Adjusting the Agency's budget priorities to target increased funding for agriculture, HIV/AIDS, basic education, and conflict prevention and resolution.

- Directing senior management attention to the sweeping overhaul of the Agency's management and operating systems.

The Four Pillars

The four pillars represent USAID's new strategic orientation. This orientation involves a new way of doing business, refocusing and strengthening capabilities in many program areas and adding some new areas. The first pillar, the Global Development Alliance, is our business model for the new Administration and applies to the entirety of USAID's programs. In addition, USAID programs and activities will be aggregated into three program pillars. By aggregating current and new programs that are mutually reinforcing into these pillars, USAID will be able to more effectively utilize resources and to describe its programs more clearly. The four pillars are:

- Global Development Alliance;
- Economic growth and agriculture;
- Global health; and
- Conflict prevention and developmental relief.

The Global Development Alliance Pillar

The Global Development Alliance (GDA) is USAID's business model for the 21st Century and is applicable to all USAID programs. The GDA is USAID's commitment to change the way the Agency implements its assistance mandate. USAID proposes to serve as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America, the higher education community and non-governmental organizations in support of shared objectives.

As the first pillar, the Global Development Alliance is based on USAID's recognition of significant changes in the environment of economic development assistance. No longer are governments, international organizations and multilateral development banks the only assistance actors; nor is official development assistance the only source of funding for international economic development. Rather, over the past 20 years, there have been a growing number of new actors on the scene: non-governmental organizations (NGOs), private voluntary organizations (PVOs), the higher education community, foundations, corporations, and even individuals are now providing development assistance. As a result, the U.S. Government is not the only, or perhaps even the largest, source of American funding and human resources being applied to the challenges of development.

USAID, however, is uniquely positioned among this range of actors, as well as within the U.S. Government. USAID plays a critical role within the foreign affairs community, headed by the Secretary of State, and has unparalleled long-term experience with, and access to, host-country governments and their people. These factors, combined with USAID's extensive field presence and technical expertise, represent its comparative advantage to catalyze, integrate, coordinate, and facilitate a public-private alliance among U.S. development assistance actors. For example, a critical element for all development activities is the propitious use of new information technologies. This can only be achieved through collaboration with the private sector, universities and NGOs.

The GDA will be a fundamental reorientation in how USAID sees itself in the context of international development assistance, both in how the Agency relates to its traditional partners, and in how the Agency seeks out and develops alliances with new partners. USAID is already engaged in many successful alliances around the world; for example, the GAVI alliance makes second generation vaccines widely available for immunizations. This is not an entirely new way of doing business for the Agency. What is new is that USAID will pursue a systematic approach

to alliances on a much larger scale and will institutionalize these alliances as a central business model across Agency operations.

USAID will look for opportunities where risk-sharing with others can generate much larger benefits in the achievement of overall objectives. In doing so, USAID will increasingly fill the role of a strategic alliance investor in addressing serious development issues. In many ways, this role would be analogous to a venture capital fund in that it would seek to pool larger sources of funding, would specifically **not** be risk-averse, and would seek to make strategic investments. Unlike such a fund, however, USAID would not seek to establish equity positions, nor would the Agency seek early exits from the activities in which it is investing. USAID will continue to deploy resources where private funding is not available and for activities where the governmental role is clear and pre-eminent.

With the GDA, USAID intends to improve the quality and extent of partnerships with a wide range of non-governmental entities, increase non-governmental financing for development assistance, and enhance policy reform through advocacy.

To launch the GDA, a special unit will be established to expand outreach into the private, for-profit and not-for-profit sectors. This unit will be responsible for describing USAID's new approach, its bona fides and comparative advantages, and for initiating dialogue on the formation of particular alliances. To begin implementation of the Global Development Alliance in its early years, USAID has identified \$160 million in the FY 2002 request to be used to initiate the new business model and to help fund alliances by Washington bureaus and field missions. GDA is not expected to become a separate funding account. The special unit and separately identified funding are expected to be temporary. Their need will be periodically assessed, with a view toward fully integrating GDA into the three program pillars and normal USAID business practices not later than FY 2004.

The funds for FY 2002 are proposed from the following accounts: \$110 million in Development Assistance (DA); \$25 million in Child Survival and Diseases Program Fund (CSD); and \$25 million in International Disaster Assistance (IDA). The \$160 million requested will support new alliances related to the three program pillars. Uses will be consistent with the authorities of these accounts.

USAID's Three Program Pillars

The Economic Growth and Agriculture Pillar

The global economy has changed remarkably in the past two decades. With the end of the Cold War, a truly global marketplace for goods, services, technology and ideas has materialized, and the World Trade Organization has begun to establish fair and open markets as a common economic goal requiring international oversight. It is critical, both to the U.S. economy and global stability, that developing and transition countries find a way to participate and benefit from this process and that the benefits of globalization be broadly shared. Yet, more than 1.2 billion people live on less than a dollar a day; more than 800 million people continue to go to bed hungry; and more than 113 million children are not in school.

The assistance provided under this pillar will focus on creating economies that are viable over the long term.

To accomplish this, USAID will pursue the mutually reinforcing goals of promoting economic growth to reduce poverty and increased agricultural production to reduce hunger. The interrelationship and interdependence of economic growth, environmental sustainability and the development of a country's human capital will be highlighted within this pillar. Job creation will be essential to both goals in this pillar, especially through the promotion of microenterprises and agro-enterprises.

While human resource development, particularly basic education, and the environment have an impact on all three pillars, they are included with economic growth. This recognizes their essential link to economic development and USAID's efforts to address poverty and hunger under this pillar. Issues of environmental sustainability will continue to play a central role in the execution of USAID programs.

Special emphasis will be directed at integrating growth, agriculture and environmental objectives and concerns in a manner such that market forces play an increasingly important role in the Agency's strategic approach and in determining a program's long-term viability. Throughout these sectors and activities, the Agency will take advantage of new information technologies to accelerate advances. Activities funded will assist: the productive sectors, especially agriculture; the environment and energy sectors; human capacity development (including basic education); micro-enterprises; and improvement of the business, trade, and investment climate.

Funding will come from both the DA and CSD accounts. Given the importance of agriculture and basic education (especially for girls and women) in most recipient countries, USAID plans to increase its emphasis in these sectors. For example, this budget includes a proposed increase in basic education for children from \$103 million in FY 2001 to a target of \$123 million in FY 2002.

Using the Global Development Alliance model, as well as existing program approaches, the Agency will develop new initiatives, building the capacity of developing countries to meet the science and technology challenges of the 21st Century. A first step would involve expanded efforts in the application of biotechnology for reducing hunger and malnutrition. Complementary actions would involve strengthening of agricultural supplies which underpin production and marketing systems, such as for improved seeds, to ensure that small farmers benefit from the new technologies. Through the GDA, USAID will also consider new approaches to introduce and increase the use of cutting-edge communications technologies to transfer knowledge to poor farmers and emerging agribusinesses, so they can better respond to commercial opportunities presented by regional and global markets.

The Global Health Pillar

USAID groups its maternal and child health, nutrition, family planning, HIV/AIDS and other infectious disease programs, such as malaria and tuberculosis, within this global health pillar. USAID's longstanding investments in these programs have contributed to more children surviving to adulthood, longer life spans, and reduced fertility levels worldwide.

However, many challenges remain. Immunization levels for children in some countries are stagnating or declining, and millions of children continue to suffer from malnutrition. The HIV/AIDS pandemic is devastating Africa, and transmission is escalating in other regions. Many couples still do not have the means to choose the number and spacing of their children, and women continue to die in childbirth from preventable causes. This budget includes major initiatives to combat HIV/AIDS and other infectious disease, maintains funding levels to strengthen support for voluntary family planning, and builds on USAID's successful work in maternal and child health.

Through the Global Development Alliance, USAID will aggressively explore new global health partnerships. In addition, USAID will continue other successful alliances such as the Global Alliance for Vaccines and Immunization (GAVI), Polio Partners, the International AIDS Vaccine Initiative (IAVI) and the Micronutrient Enrichment Initiative, garnering support from local governments, private foundations and multilateral donors to combat dangerous diseases and protect health.

The Conflict Prevention and Developmental Relief Pillar

Given the rising number of collapsed states, internal violent conflicts and complex humanitarian emergencies in the post-Cold War period, some of which have become focal points of U.S. foreign policy, USAID will undertake a major new conflict prevention, management, and resolution initiative. This initiative will integrate the existing portfolio of USAID democracy programs with new approaches to anticipating crisis, conflict analysis, and comprehensive vulnerability assessments, and will provide new methodologies to assist conflicting parties to resolve their issues peacefully.

This initiative will also address ongoing efforts to seamlessly bridge and integrate foreign policy and foreign assistance in a way that accommodates both short-term operational and longer-term structural prevention needs. These new approaches will necessarily involve strategic alliances with institutions such as the U.S. Institute for Peace, the U.S. military, indigenous religious institutions dedicated to conflict prevention and resolution, and NGOs. This approach will require even closer collaboration within the U.S. foreign affairs community, especially the Department of State.

USAID continues to stand at the forefront of agencies around the world in its ability to respond to man-made and natural disasters. The request will enable USAID to maintain this capability (unique within the United States) to provide needed help rapidly when international emergencies occur.

Management

USAID, and its ability to perform optimally, has been seriously compromised for a number of years by ineffective management systems, particularly those related to finance, human resources, information management and procurement. Recently, progress has been made toward strengthening these systems despite difficulties caused by heightened security needs overseas, fewer staff and tight operating expense budgets. Nevertheless, significant work remains to be undertaken in carrying out necessary, sweeping reforms.

- USAID needs a financial management system which meets Federal accounting standards and provides the breadth of cost information to enable effective management of USAID's programs worldwide. The Agency has purchased, configured, tested and installed at headquarters a new core accounting system that will replace the Agency's outmoded systems. The system must now be installed in our field missions and linked to other management information systems, including our procurement system.
- USAID needs a secure information and knowledge management capability for its worldwide operations. The Agency is modernizing its information technology and telecommunications. These efforts must be continued on a priority basis with adequate funding so they do not become the limiting factor in the improvement of the Agency's other systems.
- USAID must meet a growing demographics-driven workforce transition. Enhanced workforce planning, recruitment and training efforts are designed to address the decline in the number of personnel with critical expertise to fill overseas posts and to improve the effectiveness of the Agency's staff. However, the Agency faces a massive challenge in this regard over the next several years. If not met, it will undercut all our other efforts at improvement.
- USAID needs to also improve its ability to procure and deliver services worldwide in a more timely manner. New and expanded training programs have been instituted with special focus on contracts and grants management, and requirements for a new, agency-wide procurement system have been prepared. Much, however, remains to be done.

In sum, it is imperative that USAID continue to aggressively confront the range of management issues still facing the Agency, especially those related to its overseas operations.

The importance that Agency senior management places on correcting management deficiencies and implementing further improvements cannot be overstated. Reforms will be undertaken, wherever necessary, to ensure that efficient and effective operating systems are in place and in use as quickly as possible. USAID will strive to ensure that adequate staff and operating expense resources are committed to achieving these reforms.

Regional Highlights

The following section briefly highlights some of USAID's key programs and areas of special concern where the Agency wants to concentrate resources. These are presented from a geographic or regional perspective.

Africa

Free and fair trade, addressing the HIV/AIDS epidemic, and building regional stability by deepening the foundations of democratic governance are at the core of U.S. national interests in Africa. Promoting broad-based economic and social development in Africa goes to the heart of American values concerning afflicted peoples.

A combination of poverty, infectious diseases, conflict, complex emergencies and natural disasters impede achievable prosperity and the promise of progress in sub-Saharan Africa.

Presently, 300 million Africans live on 65 cents a day or less. The HIV/AIDS epidemic, which claimed the lives of 3.8 million Africans last year, threatens to compromise economic, social and democratic gains. In addition, approximately one-half of sub-Saharan Africa is at serious risk of violent conflict and instability. Finally, with 200 million hungry people, Africa has a staggering need for agricultural development and, at times, food aid. USAID faces these development challenges, recognizing the reality of heightened security concerns and needs, fewer staff and limited program resources.

The FY 2002 program for sub-Saharan Africa will be anchored in HIV/AIDS and health, agriculture, strengthening institutional and human capacity, and the prevention of violent conflict. Stronger public-private sector partnerships in the United States and Africa will be used to promote economic growth, address the HIV/AIDS pandemic, and support the expansion of democratic governance.

Asia and the Near East

The Asia and the Near East (ANE) region is essential to U.S. national security and economic interests. More than half of the world's population live in ANE countries. The United States trades more with ANE countries than with any other developing region. This region is the second most important market, after Europe, for U.S. goods and services. The region contains 68% of the world's extreme poor, 54% of the world's child deaths (under age 5), and almost 50% of the world's illiterates. As a result, the region is the source of difficult and complex issues that, if not managed peacefully, could adversely affect the interests of the United States and its regional allies. These issues include peace and stability in the Middle East, proliferation of weapons of mass destruction, the spread of HIV/AIDS, economic crises, and increased terrorism.

USAID's priorities in the ANE region support economic reform and transparency in East Asia, promote more equitable economic growth and reduced poverty in South Asia, and seek to improve the supply and efficient allocation of water resources and employment opportunities in the Middle East. USAID will continue to support programs that promote family health and allow couples to achieve their desired family size, especially in the Middle East and South Asia.

USAID programs will also respond to humanitarian crises in the ANE region, support democratic transition and increased citizen participation, combat the spread of HIV/AIDS, facilitate access to clean energy resources, and protect vulnerable members of society.

Europe and Eurasia

In Europe and Eurasia, the United States retains its commitment to support peace and stability and help these countries develop closer ties with the West. USAID promotes partnerships between institutions in the United States and their counterparts, which brings additional resources and know-how to the region, reinforces the values and processes of market democracies, and helps to sustain progress after official assistance ends.

In the Balkans, USAID assistance last year provided crucial support to democratic elections in Croatia and Serbia, helping to bring a decade of political misrule and Serbian expansionism to an end. In Southeast Europe, USAID will continue to focus on reducing ethnic tension, promoting democratic processes and economic reforms, and speeding integration into Europe proper.

The northern tier countries of Europe have graduated from bilateral assistance and are on the path to achieving membership in the European Union. An innovative post-presence program supports a small number of wrap-up activities that complete work already underway as well as legacy activities, such as endowments, that support transition without relying on a local USAID mission.

In the countries of Eurasia, programs with non-governmental organizations, regional and local institutions, and small and medium enterprises broaden the benefits of transition and stimulate the demand for policy change at the national level. Anti-corruption efforts are integrated in all sectors of the program. There is greater attention to social impacts, especially to reforming institutions that deliver social benefits and services, expanding primary health programs, and introducing initiatives to control the spread of infectious diseases such as HIV/AIDS and tuberculosis. USAID energy reform programs enhance opportunities to secure U.S. commercial access and viable outlets for oil and gas resources. The major U.S. initiative, begun in 2000, to reduce the risk of proliferation of technology and weapons of mass destruction will receive continued funding. The new Administration is undertaking a series of foreign policy reviews, of which Russia will be the first. This review may result in changes to the U.S. assistance program over the near future.

Latin America and the Caribbean

The countries assisted by USAID in Latin America and the Caribbean (LAC) are the United States' nearest neighbors, and their economic, social, and political development have an extremely important impact on America's well-being. Americans benefit directly when the economies of developing LAC countries expand and their markets open. Since 1990, the number of U.S. jobs supported by U.S. exports to the region has increased by over 2.3 million. Illegal immigration to the United States, which is triggered by political instability and failing economies, is of concern to the United States because of the added pressure placed on domestic U.S. social services and the labor market. Over three-quarters of the illegal immigrants in the United States come from Latin America. Most illegal narcotics consumed in the United States come from the LAC region, with Bolivia, Colombia and Peru being major producers. An additional concern is the cross-border spread of communicable diseases such as tuberculosis and HIV/AIDS.

Protection of the hemisphere's natural resource base enhances the quality of life in the United States. Environmental degradation can be a major cause of regional instability and migration, as well as contributing to the growing intensity, frequency, and toll on life and property of massive natural disasters in the region.

USAID programs in LAC will continue to advance U.S. interests while helping to achieve greater prosperity throughout the Western Hemisphere. While trade has shown positive trends, gross domestic product (GDP) growth for LAC during the 1990s was not enough to reduce the absolute number of poor people or the inequity in income distribution. USAID activities in basic education, agriculture, environment, microcredit and policy reform contribute to economic growth. Significant progress has been made in the health and family planning area, although the accelerating transmission of HIV within LAC is particularly disturbing. Activities in family planning, health, HIV/AIDS, and child survival contribute to global health.

The United States is supporting democratically elected governments throughout the region, consolidating peace in Central America, encouraging emerging democracies such as Haiti, strengthening democracies that are threatened from within, such as Colombia and Ecuador, and supporting activities that enhance the likelihood of a peaceful democratic transition in Cuba.

USAID will continue to play a pivotal role in support of the U.S. efforts to reduce the entry of illegal drugs into the United States. USAID will help governments of key drug source countries improve the administration of justice to deal with traffickers, educate citizens about the dangers of drugs, and provide environmentally and economically sustainable alternatives to farmers.

Central Programs and Technical Centers of Excellence

USAID's central programs support all regions and advance all four pillars through activities that expand USAID's role as a leader, facilitator, and integrator of development assistance worldwide. In fact, in FY 2001 about 80% of the Global Bureau's core funds appropriated from DA and CSD can be directly attributed to programs operating in the four regional bureaus. The remaining 20% supports research on specific issues such as malaria control, HIV/AIDS or more general research and the development of best practices.

Many central programs serve as models, demonstrating how to more effectively engage the not-for-profit private corporate sector, NGOs, and the higher education community overseas. Central programs also sponsor much of the Agency's applied research and undertake major new initiatives and innovations. For example:

- In the area of global health, USAID took a leadership role in establishing mechanisms that reduced the incidence and spread of childhood diseases, such as polio and neonatal tetanus.
- USAID investments in agricultural research are supporting efforts to build increased levels of micronutrients (iron, Vitamin A) into staple crops consumed by the poor. While biofortified varieties will not be found in farmers' fields for four years or more, these first steps are path-breaking applications of new science (biotechnology) in agriculture.
- Regarding the role of women in development, USAID has promoted women's rights and increased public exposure to the issues of trafficking in women and children.
- In democracy and governance, USAID set up mechanisms that permit quick response for rule of law activities and elections following conflict.

USAID has a leadership role, in all regions, in responding to international disasters and providing developmental and transitional relief after a crisis. In FY 2000, USAID responded to 66 declared disasters in 63 countries. This included 46 natural disasters, 16 complex emergencies and 4 human-caused emergencies. Natural disasters affected approximately 154 million people and their livelihoods, and killed more than 45,000 people. From complex emergencies over the last two decades, more than 50 million people remain displaced and these emergencies have cumulatively claimed more than 4.8 million lives in countries including Angola, Burundi, Rwanda, Sierra Leone, Somalia and Sudan. Drought effected approximately 121 million people worldwide including India, Afghanistan and the Horn of Africa.

Complex emergencies continue to require the lion's share, over 70%, of International Disaster Assistance funds. In FY 2000, USAID provided 947,900 million metric tons of Title II emergency food aid to 32 countries. Over 30 million people were helped with these programs implemented by U.S. PVOs and the World Food Program's emergency operations. USAID, working in close collaboration with PVOs and NGOs, has a well-recognized ability to respond quickly and effectively to emergencies. USAID continues to strengthen follow-up capabilities after the initial relief effort, particularly related to responding to the political dimensions of crisis and transitions to democratic governance, including use of Transition Initiatives resources.

SUMMARY OF USAID FISCAL YEAR 2002 BUDGET

For Fiscal Year 2002, the President is requesting appropriations of \$7,716,500,000 in discretionary funds for USAID-administered programs, including those jointly administered with the State Department. This compares to the FY 2001 level of \$7,587,278,000 when \$223.825 million in supplemental funding is excluded.

The FY 2002 USAID budget is presented in a new, simplified way, which aggregates funding for the various appropriations accounts into the four pillars on which USAID's programs are focused. The Global Development Alliance (GDA) is the over-arching, process pillar and will receive "seed" funding in FY 2002. The GDA is supported by three program pillars.

Because the new Administration had insufficient time to put together a new program account structure to coincide with this newly simplified way of configuring the USAID program, the following "cross-walk" relates this new configuration of pillars to the current appropriations account structure discussed below.

FY 2002 USAID BUDGET REQUEST (\$ millions)

	CSD	DA	IDA	TI	PL 480 II	ESF	AEE B	FSA	Total
Economic Growth and Agriculture:	110.3	817.8	-	-	-	1,754.5	269.2	431.2	3,383.0
Global Health	900.7	375.5	-	-	-	114.6	13.5	55.6	1,459.9
Conflict Prevention and Developmental Relief	-	131.7	200.0	50.0	835.0	328.3	327.2	321.3	2,193.5
State Department programs						91.6			91.6
Total USAID	1,011.0	1,325.0	200.0	50.0	835.0	2,289	610.0	808.0	7,128.0
Of which:									
Global Development Alliance	25.0	110.0	25.0	-	-				160.0

The FY 2002 USAID request includes funding for the Child Survival and Disease Programs Fund (CSD), Development Assistance (DA), the Economic Support Fund (ESF), Assistance for Eastern Europe and the Baltics (AEEB), and Assistance for the Independent States of the former Soviet Union (FSA), as well as funding for International Disaster Assistance (IDA), Transition Initiatives (TI), Development Credit programs, and administrative expenses. P.L. 480 (Food for Peace), administered by USAID but formally requested by the U.S. Department of Agriculture, is also discussed below.

The following table and subsequent descriptions provide further details in support of the budget request.

USAID BUDGET
(\$ THOUSANDS)

	<u>FY 1999</u> <u>Appropriation</u>	<u>FY 2000</u> <u>Appropriation</u>	<u>FY 2001</u> <u>Appropriation</u>	<u>FY 2002</u> <u>Request</u>
<u>Foreign Operations Subcommittee</u>				
<u>USAID - Direct</u>				
Child Survival and Disease Programs Fund (CSD) [includes transfer to UNICEF]	700,000 [105,000]	724,448 [100,000]	960,881 [110,000]	1,011,000 [110,000]
Development Assistance (DA) [Incl. transfers to Int.Am.Fdn/Afr.Dev.Fdn]	1,225,000 [31,000]	1,210,260 19,326]	1,302,129 [27,938]	1,325,000 [28,150]
<i>Subtotal – DA/CSD</i>	<i>1,925,000</i>	<i>1,934,708</i>	<i>2,263,010</i>	<i>2,336,000</i>
International Disaster Assistance Transition Initiatives	388,000 [50,000]	227,014 [50,000]	299,340 49,890	200,000 50,000
Credit Programs – Subsidy:				
Development Credit Programs [by transfer]	--	--	[4,989]	[25,000]
Development Credit Programs by appropriation	--	--	1,497	--
Other Credit Programs [by transfer]	--	[3,000]	--	--
Other Credit Programs by appropriation	3,000	3,000	1,497	--
Administrative Expenses:				
USAID Operating Expenses (OE) ¹	502,792	518,960	531,827	549,000
Development Credit Programs – Admin. Expenses	--	--	3,991	7,500
Other Credit Programs-Admin. Expenses	5,446	5,490	499	--
Inspector General Operating Expenses	27,117	24,950	26,941	32,000
Foreign Service Disability & Retirement [mandatory]	[44,552]	[43,837]	[44,489]	[44,880]
Subtotal – USAID Direct	2,851,355	2,714,122	3,178,492	3,174,500
<u>USAID Jointly Manages with State Department: ²</u>				
Economic Support Fund & International Fund for Ireland	2,594,100	2,792,187	2,314,896	2,289,000
Central America/Caribbean Disaster Recovery Fund	613,500	--	--	--
Assistance to the Independent States (FSA)	847,000	835,812	808,218	808,000
Assistance for Eastern Europe and the Baltics (AEEB)	550,000	582,970	674,338	610,000
Plan Colombia request-USAID-managed portion]	--	[127,500]	[90,000]	--
Andean Counter Drug Initiative[USAID portion]	--	--	--	[292,500]
<i>Foreign Operations Subtotal</i>	<i>7,455,955</i>	<i>6,925,091</i>	<i>6,975,944</i>	<i>6,881,500</i>
<u>Agriculture Subcommittee</u>				
P.L. 480 Food For Peace Title II	986,200	800,000	835,159	835,000
P.L 480 Food For Peace Title III	25,000	--	--	--
USAID Total: ³	8,467,155	7,725,091	7,811,103	7,716,500

NOTE: FYs 1999, 2000, and 2001 include enacted supplementals. FY 1999 included \$188 million International Disaster Assistance for Kosovo and Hurricane Mitch; \$621 million for the Central America/Caribbean Disaster Recovery Fund; \$161 million ESF for the Balkans, Jordan and East Timor; \$120 million in Assistance for Eastern Europe and the Baltics funds for Kosovo; and \$149 million P.L. 480 mainly for Kosovo. Supplementals in FY 2000 included \$25 million in International Disaster Assistance funds for Southern Africa floods; \$450 million Economic Support Funds for the Middle East; \$219 million for USAID's portion of Plan Colombia; and \$50 million Assistance for Eastern Europe and the Baltics for Montenegro, Croatia and Kosovo. FY 2001 supplementals included \$135 million of International Disaster Assistance funds for Southern Africa floods; \$76 million of Assistance for Eastern Europe and the Baltics funding; and \$13 million in USAID Operating Expenses to provide administrative support in Kosovo. FY 1999 levels reflect rescissions. FY 2000 levels reflect distribution of a government-wide .38% rescission; the DA account excludes \$12.5 million planned for family planning activities which was transferred to the CSD account. FY 2001 levels reflect a rescission from all accounts of .022%.

ACCOUNT BY ACCOUNT DISCUSSION

1 The FY 2000 USAID OE level excludes a transfer of \$4 million from the Central America and Caribbean Emergency Disaster Recovery Fund.

2 Some funds are transferred and managed by other agencies; levels shown reflect the full appropriation.

3 Account levels for FYs 1999, 2000 and 2001 reflect rescission levels.

USAID programs are an integral part of the resources available to the Secretary of State to pursue U.S. foreign policy objectives, especially those objectives directed at fostering economic development and meeting humanitarian needs. USAID programs are targeted principally at developing and transition nations, which represent the world's last great underdeveloped markets. The USAID request is based on the premise that the modest and well-targeted investments the U.S. Government makes today in the form of human capital and partnerships with the overseas communities will pay economic and political dividends to the United States well into the future.

This chapter describes the FY 2002 request in terms of the existing appropriation accounts and, briefly, how they relate to the Agency's new program focus.

I. USAID DIRECT MANAGEMENT:

CHILD SURVIVAL AND DISEASE PROGRAMS FUND (CSD)
(\$ thousands)

Account	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	700,000	724,448	960,881	1,011,000
of which:				
Economic Growth and Agriculture				110,300
Global Health				900,700

The Child Survival and Disease Programs Fund cover child survival and maternal health, vulnerable children, HIV/AIDS and other targeted infectious diseases, including malaria and tuberculosis, and basic education.

USAID focuses attention on strengthening in-country systems and capacity to deliver health services, and prevent and monitor health problems.

All programs under the Child Survival and Disease Programs Fund, except for basic education, are budgeted under the pillar for Global Health. Within the Child Survival and Disease Programs Fund, \$110 million is targeted for basic education; an additional \$12.6 million is targeted for basic education in the Development Assistance account. Twenty five million dollars is targeted in the CSD account to be implemented through the new Global Development Alliance.

- Child survival and maternal health programs are focused on improving infant and child health and survival and reducing deaths and adverse outcomes due to pregnancy and childbirth.
- Programs for vulnerable children address critical needs of children most at risk and needs of children in crisis. This includes displaced children and orphans, blind children, and children affected by HIV/AIDS and other adverse circumstances.
- HIV/AIDS assistance is targeted to expanding primary prevention efforts, improving community and home-based care and increased support for those sick and dying of AIDS, helping AIDS orphans affected by HIV/AIDS, and reducing the risk of mother-to-child transmission. The funding target for HIV/AIDS programs is \$329 million from the CSD account, with funding for HIV/AIDS from all USAID-managed accounts totaling \$369 million.
- Other infectious disease programs include improving control of tuberculosis, reducing deaths due to malaria; reducing the spread of antimicrobial resistance; and improving surveillance and response capacity.

- The focus of basic education programs is to strengthen pre-primary, primary, and secondary education and teacher training. Efforts are focused primarily in Africa, but also include targeted work in Asia and the Near East and Latin America. In addition to the \$110 requested in the CSD Fund, another \$12.6 million is requested for basic education in the DA account.

USAID will continue to collaborate with various multilateral organizations such as United Nations Children's Fund (UNICEF), United Nations Program on HIV/AIDS (UNAIDS), and World Health Organization (WHO). In addition, USAID will also continue to form public-private alliances using mechanisms such as the Global Alliance for Vaccines and Immunization (GAVI), the Micronutrient Enrichment Initiative (MEI), the International AIDS Vaccine Initiative (IAVI), and international trust funds. As noted above, \$25 million of CD funds will be implemented through the Global Development Alliance to further productive public-private cooperation.

DEVELOPMENT ASSISTANCE (DA)

(\$ thousands)

Account	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
DA	1,225,000	1,210,260	1,302,129	1,325,000
of which:				
Economic Growth and Agriculture				817,800
Global Health				375,500
Conflict Prevention and Developmental Relief				131,700

Development Assistance programs, together with other accounts, support Agency efforts to address the manifestations and causes of poverty and underdevelopment overseas through the three program pillars noted above and discussed below. These funds include funding to leverage the resources of non-governmental organizations, the private sector, and other donors to achieve a much greater level of impact than is possible with the limited USAID resources alone.

DA funds support programs in Africa, Asia, and Latin America, as well as central programs that are global in nature.

The Administration's FY 2002 request for the Development Assistance (DA) account includes funding programs for all three of the new program pillars. Some of the DA funds (\$110 million) will be used for the new Global Development Alliance, the overarching process pillar, which is discussed in the Administrator's statement of this budget justification.

- Programs under the Economic Growth and Agriculture pillar (\$818 million) will address improvements in business, trade and investment and will help expand and strengthen private markets, encourage more rapid and enhanced agricultural development for food security, and provide access to economic opportunity for the rural and urban poor. Funding will encourage institutional reforms, develop and transfer technology, especially for small farmers, and support microenterprise lending.
- Environmental programs will reduce the threat of global climate change, conserve biological diversity, provide for sustainable urbanization and pollution control, increase environmentally sound energy services and promote management of natural resources. In addition, \$12.6 million will address some basic education programs.
- In the Global Health pillar (\$376 million), family planning programs will continue to promote family health and allow couples to achieve their desired family size (\$358 million DA and \$425 million from all USAID-managed accounts), will improve infant and child health and reduce their mortality rates, and decrease maternal deaths associated with childbirth. These programs are integrated with other

programs that also protect human health. Development assistance (\$18 million) also funds some other health programs such as victims of war and victims of torture.

- In the Conflict Prevention and Developmental Relief pillar (\$132 million), democracy and local governance programs will strengthen the rule of law and respect for human rights, encourage credible and competitive political processes, promote the development of a politically active civil society, and make government institutions more transparent and accountable. A new initiative will integrate the existing democracy programs with new approaches in dealing with conflict prevention, including programs that address the economic causes of conflict.

In this Development Assistance request, \$28 million will be transferred to the Inter-American Foundation and the African Development Foundation. USAID will manage the remainder of the \$1.297 billion in this account.

INTERNATIONAL DISASTER ASSISTANCE

(\$ thousands)

Account	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Disaster Assistance	388,000	227,014	299,340	200,000
of which:				
Conflict Prevention and Developmental Relief	388,000	227,014	299,340	200,000

Note: FYs 1999 and 2000 each contain \$50 million for transition initiatives, which was subsequently funded under a separate account. Supplementals are included: \$188 million in FY 1999 for Hurricane Mitch and Kosovo; \$25 million in FY 2000 for Southern Africa floods, and \$135 million in 2001 for Southern Africa floods.

International Disaster Assistance (IDA) funds humanitarian programs that provide relief, rehabilitation and reconstruction assistance to victims of natural and man-made disasters. Until FY 2001, this account also funded transition assistance, which now is appropriated separately. This entire account falls under the pillar of conflict prevention and developmental relief and includes \$25 million intended for implementation through the new Global Development Alliance.

IDA program objectives are to: (1) meet the critical needs of targeted vulnerable groups in emergency situations; (2) increase adoption of disaster prevention and mitigation measures in countries at risk of natural disasters; and (3) enhance follow-on development prospects in priority, post-conflict countries.

To accomplish these objectives, USAID collaborates with other assistance providers in the international community to coordinate programs and share the burden of relief costs. U.S. private voluntary organizations (PVOs) and non-governmental organizations (NGOs) are critically important partners in these efforts and play an essential role in raising resources, providing assistance, and implementing programs in the field.

International Disaster Assistance is budgeted under several types of programs. Relief funding seeks to meet the critical needs of targeted vulnerable groups in emergency situations, such as floods, epidemics and earthquakes. Funding for mitigation and preparedness (as well as prevention) seeks to assist other countries with planning that reduces both the vulnerability of targeted family plannings and the cost of relief assistance. Worldwide administrative and operations support provides for activities in support of relief operations, including agreements with U.S.-based search-and-rescue teams, purchase and maintenance of communications equipment, stockpile maintenance, field office support, information management, and personnel training.

Demands on resources have increased steadily for a number of years. In FY 2000, USAID responded to 74 disasters, from Afghanistan to Vietnam, including 21 floods, five epidemics, eight cyclones/hurricanes, and three earthquakes.

Complex emergencies, involving civil conflict often complicated by natural disasters, account for an increasing share of the IDA budget. Although these conflicts fluctuate in intensity, their resolution is very difficult and relief assistance may be necessary for long periods. Increasing emphasis is being placed on

applying preparedness and mitigation lessons learned to deal with these emergencies.

TRANSITION INITIATIVES
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Transition Initiatives	[50,000]	[50,000]	49,890
of which:			
Conflict Prevention and Developmental Relief			50,000

The Transition Initiatives (TI) account funds humanitarian programs that provide post-conflict assistance to victims of natural and man-made disasters. Until FY 2001, this type of assistance was funded under the International Disaster Assistance account. All of these funds fall under the new pillar of Conflict Prevention and Developmental Relief.

The FY 2002 request of \$50 million will support programs administered by USAID's Office of Transition Initiatives (OTI). The Office addresses the opportunities and challenges facing conflict-prone countries and those making the transition from the initial crisis stage of a complex emergency (frequently addressed by the Office of Foreign Disaster Assistance toward a more stable political and economic situation.

USAID established OTI in 1994 to help local partners advance peaceful, democratic change in conflict-prone countries. OTI works on the ground to provide fast, flexible, short-term assistance targeted at key transition needs. Its ability to assist local partners in addressing the root causes of conflict is key to bridging the gap between emergency relief and long-term development.

OTI's programs support U.S. foreign policy priorities in assisting transition countries, usually during the critical two-year period when they are most vulnerable to renewed conflict or instability. Working closely with local, national, international and non-governmental partners, OTI carries out short-term, high-impact projects designed to increase momentum for peace, reconciliation, and reconstruction. Strategies are tailored to meet the unique needs of each transition country and are initially tested on a small scale and only applied more broadly when it is clear that high impact is being achieved. Changing conditions require new or modified strategies; OTI has developed the experience necessary to quickly develop and implement such new or modified strategies..

In FY 2000 OTI initiated a new program in Zimbabwe, continued programs in 12 countries or provinces (Albania, Colombia, Democratic Republic of Congo, East Timor, Indonesia, Kosovo, Lebanon, Montenegro, Nigeria, Philippines, Sierra Leone, and Serbia), and completed programs in five countries (Angola, Bosnia-Herzegovina, Croatia, Honduras and Rwanda). OTI also provided technical assistance to help USAID missions develop transition strategies in countries where OTI does not have a presence, such as a new program in Peru, which was initiated early in FY 2001.

DEVELOPMENT CREDIT PROGRAM
(\$ thousands)

Account	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2001 Request
Development Credit Program				
Subsidy:				
- By transfer	-	-	[4,989]	[25,000]
- Appropriation	-	-	1,497	-
Administrative Expense	-	-	3,991	7,500
Development Credit Authority subsidy – by transfer	-	[3,000]	-	-
Micro and Small Enterprise Development:				
Subsidy	1,500	1,500	1,497	-
Administrative Expense	500	500	499	-
Urban and Environmental Credit Program:				
Subsidy	1,500	1,500	-	-
Administrative Expense	4,946	4,990		

Credit promotes broad-based economic growth in developing and transitional economies and is often the best means to leverage private funds for development purposes, so these programs basically fall under the pillar of economic growth and agriculture, although activities benefiting from credit programs can in fact cut across all three program pillars, to include global health and conflict prevention.

For FY 2002, the Administration is requesting transfer authority of up to \$25 million from USAID program accounts, including ESF, SEED, and FSA accounts, for the newly consolidated Development Credit Program (DCP). This program consolidates the former Urban and Environmental Credit program, the Micro and Small Enterprise Development programs and the former Development Credit Authority program.

The DCP will allow USAID to use credit as a flexible development tool for a wide range of development purposes and will increase the flow of host-country private sector funds to urban credit and micro and small enterprise development programs.

In addition, \$7.5 million is requested for administrative costs for the expanded program. It is envisioned that all future agency credit activities will be carried out under the reforms embodied in DCP regulations and the Federal Credit Reform Act of 1992. This program augments grant assistance by mobilizing private capital in developing countries for sustainable development projects. DCP is not intended for sovereign risk activities.

USAID OPERATING EXPENSES
(\$ thousands)

Account	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2001 Request
Operating Expenses	502,792	518,960	531,827	549,000

USAID's development, economic, and humanitarian programs play an important role in support of U.S. foreign policy and national security objectives. The Operating Expenses (OE) budget of USAID is critical since it provides funding for salaries and support costs of the staff responsible for managing these programs.

The FY 2002 request for USAID Operating Expenses is \$549 million, excluding the Office of Inspector General, which is requested separately. These funds will provide resources needed to maintain current staffing levels associated with USAID's presence in key developing countries, continue to build effective information technology and financial management capabilities, and strengthen staff capabilities with training. The request includes \$7.5 million for facility security where USAID is not collocated with embassies.

The State Department's Embassy Security, Construction, and Maintenance request includes a request for \$50 million for collocated USAID facilities.

These funds cover the salaries, benefits, and other administrative costs associated with USAID programs worldwide, including those managed by USAID and financed through Development Assistance, the Child Survival and Disease Program Fund, the Economic Support Fund, Assistance for Eastern Europe and the Baltics, Assistance for the Independent States of the Former Soviet Union, and P.L. 480 Title II Food for Peace Programs.

The increase requested is needed to offset reduced funding availabilities from non-appropriated sources – including prior-year recoveries – which totaled \$82 million in FY 2001, but which will drop to \$63 million in FY 2002. Total operating resources remain constant at \$613 million; USAID will absorb the cost of inflation.

USAID OFFICE OF THE INSPECTOR GENERAL
(\$ thousands)

Account	FY 1999	FY 2000 Actual	FY Estimate 2001	FY Request 2001
IG Operating Expenses	27,117	24,950	26,941	32,000

The FY 2002 request covers operations, including salaries, expenses, and support costs of the Office of Inspector General's (OIG) personnel.

The goal of the Office of the Inspector General (OIG) is to: (1) assist USAID implement its strategies for sustainable development and provide USAID managers with information and recommendations that improve program and operational performance, and (2) work with USAID to protect and maintain the integrity of the Agency and its programs by investigating allegations of federal criminal violations and serious administrative violations involving programs and personnel.

The FY 2002 budget request of \$32 million covers operations, including salaries, expenses, and support costs of the OIG associated with USAID programs and personnel operating in over 80 countries around the world.

II. USAID PROGRAMS CO-MANAGED WITH STATE DEPARTMENT

ECONOMIC SUPPORT FUND

(\$ thousands)

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Budget Level	2,594,100	2,792,187	2,314,896	2,289,000
Of which:				
Economic Growth and Agriculture				1,754,472
Global Health				114,598
Conflict Prevention and Developmental Relief				328,280
State Department Global Programs				91,650

The Economic Support Fund (ESF) advances economic and foreign policy interests of the United States. To the extent feasible, the use of ESF conforms to the basic policy directions underlying development assistance. While the overarching focus for these programs is Conflict Prevention, some programs also support the strategic pillars of Economic Growth and Agriculture and Global Health.

The FY 2002 request of \$2.3 billion will be used largely to support the Middle East peace process (\$1.682 billion), including \$720 million for Israel, \$655 million for Egypt, \$150 million for Jordan, and \$75 million for the West Bank and Gaza.

The request for Cyprus is \$15 million and \$19.6 million is requested for the International Fund for Ireland.

Latin America and the Caribbean would receive \$170.5 million, including \$54.5 for democratic institution building and economic growth programs in Peru, Ecuador, Bolivia, Venezuela and Panama to augment a new Andean Counterdrug Initiative. Funding for other Latin American programs would include earthquake assistance for El Salvador, Cuban democracy programs, and other regional democracy programs.

Africa is budgeted for \$105.5 million for Conflict Prevention programs in Nigeria, Angola, Ethiopia and Eritrea, and other regional programs, including one with an emphasis on girl's education.

Asia would receive \$200 million, including \$50 million to support democratic and economic strengthening in Indonesia and \$25 million for East Timor's transition to independence. Cambodia, the Philippines, Mongolia, Pakistan, India and China programs will support democracy, justice and anti-corruption. Programs in Bangladesh, Sri Lanka and Nepal will address child labor and violence against women.

State Department programs for Environmental Diplomacy, the Human Rights and Democracy Fund, and Innovative Partnerships to Eliminate Sweatshops will continue. South Pacific Fisheries Treaty commitments are funded at \$14 million. A new Policy Initiatives activity will receive \$69 million.

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES (AEEB)

(\$ thousands)

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
AEEB	550,000	582,970	532,970	610,000
Of which:				
Economic Growth and Agriculture				269,232
Global Health				13,542
Conflict Prevention and Developmental Relief				327,226

This funding supports activities authorized under the Support for East European Democracy (SEED) Act of 1989. SEED is a transitional program designed to aid central and eastern European countries through their passage to democracy and market economies. These programs help establish competitive market-oriented economies, build democratic institutions and establish linkages to the democracies of the west, and help sustain the neediest sector during the transition period.

The FY 2002 request is \$610 million, including \$145 million for the Federal Republic of Yugoslavia for Serbia and Montenegro to support economic reform and promote democracy and civil society. Allocation of \$120 million is intended for Kosovo security, democratization, and human rights and rule of law, as well as for building transparent economic and political institutions and a strong private sector. Funding for Bosnia-Herzegovina is \$65 million, a decrease from prior years reflecting the substantial progress on commitments made under the Dayton Peace Accords. A funding increase for Macedonia to \$45 million will help more rapidly move the benefits of democracy to all citizens and will target decentralization of the government, allowing a broader range of Macedonians to play a direct role in building their society. Economic programs will also promote a strengthened private sector. Estimated transfers for activities managed by other agencies are \$164 million.

Broken out by the three program pillars covered by the Global Development Alliance pillar, the \$610 million includes an estimated \$269 million for Economic Growth and Agriculture, \$13.5 million for Global Health, and \$327 million for Conflict Prevention and Developmental Relief.

Eight of the 15 original SEED countries have graduated, including Lithuania, Poland, and Slovakia, and are able to advance economic and democratic reforms without further bilateral assistance from the United States. As a result, bilateral assistance to the Northern Tier is discontinued. Regional funding, at reduced levels, continues for Northern Tier countries to help ensure the success of their transitions and to meet limited special or emergency needs.

ASSISTANCE FOR THE INDEPENDENT STATES OF THE FORMER SOVIET UNION
(\$ thousands)

	FY 1999	FY 2000	FY 2001 Estimate	FY 2002 Request
Budget Level	847,000	835,812	808,218	808,000
Of which:				
Economic Growth and Agriculture				432,174
Global Health				55,560
Conflict Prevention and Developmental Relief				321,266

These funds support the activities established under the FREEDOM Support Act (FSA). USAID's assistance supports the fundamental U.S. foreign policy goals of consolidating enhanced U.S. security, building a lasting partnership with the individual independent states and providing access to each other's markets, resources and expertise.

The FY 2002 request is \$830 million, some of which is for the State Department's Expanded Threat Reduction Assistance Initiative aimed at dealing with reducing crises associated with weapons of mass destruction; this program is not administered by USAID. Estimated transfers to other agencies managing programs are \$362 million.

USAID-managed programs will focus on development of market systems and economic policy reform in such areas as banking, fiscal management, and adoption of international accounting standards, as well as assisting entrepreneurs of micro, small and medium enterprises to gain access to financing, training, new technologies and expertise. Many programs assist in democracy building and conflict prevention, which promotes and protects the rights of individuals and minority groups. Resources are also allocated to health priorities, including HIV/AIDS and infectious disease control and mother and child health, especially through

community-based, primary health care activities and upgrading the skills of family physicians. Assistance will encompass exchanges of citizens of the Independent States and the United States, institutional partnerships, and support for non-governmental organizations.

Programs will include regional initiatives to facilitate trade and investment outside capital cities as well as support for small and medium-sized businesses through training and greater access to credit. Resources will also be directed at law enforcement cooperation to help fight organized crime and corruption. Humanitarian assistance will help mitigate the negative impact of the financial and economic crisis in this region.

III. AGRICULTURE COMMITTEE

P.L. 480 FOOD FOR PEACE PROGRAMS

(\$ thousands)

	FY 1999	FY 2000	FY 2001 Estimate	FY 2002 Request
Title II	986,200	800,000	835,159	835,000
Title III	25,000	-	-	-

Although requested by the Department of Agriculture, through the Agriculture Subcommittee, the P.L. 480 program is administered by USAID.

All P.L. 480 programs would fall under the pillar of Conflict Prevention and Developmental Relief.

USAID's Food for Peace programs (P.L. 480) provide both humanitarian and sustainable development assistance in the form of U.S. agricultural commodities. In addition, P.L. 480 also funds the farmer-to-farmer exchange program and a grant program to U.S. private voluntary organizations and cooperatives implementing P.L. 480 activities.

Title II provides resources to U.S. private voluntary organizations and the World Food Program to help implement sustainable development programs targeted to improve the food security of needy people, either by the direct distribution of agricultural commodities or the use of local currencies generated by the sale of these commodities in the recipient country. Title II also provides the vast majority of U.S. food assistance used to respond to emergencies and disasters around the world. The FY 2002 request is \$835 million.

PROGRAM, PERFORMANCE AND PROSPECTS

This section of the FY 2002 budget request discusses USAID's program, recent performance and further prospects and is organized by the three program pillars.

From a budgetary perspective, the Global Development Alliance is integrated into the program pillars. This budget request covers four program accounts for which USAID is responsible: Development Assistance, Child Survival and Diseases Program Fund, International Disaster Assistance and Transition Initiatives. While P.L. 480 Title II, Food for Peace assistance is not covered in this request, it is an integral part of the programs being requested. Additionally, USAID manages programs under other accounts jointly administered with the State Department: Economic Support Funds, Assistance for Eastern Europe and the Baltic States, and Assistance for the Independent States of the Former Soviet Union. These accounts address most of the same objectives noted above and are an integral part of the Agency's strategic programming process.

The Economic Growth and Agriculture Pillar

Program and Resource Request

Assistance supported by this pillar will lead and better integrate the efforts in all sectors essential to the creation of long-term viable economies. This is especially important given the globalization of the world economic system. Funding will come from both the DA and CSD accounts.

This pillar includes three broad clusters of programs. The first cluster aims to encourage broad-based economic growth through agricultural development; improved business climates and other measures to strengthen markets; and through microenterprise support and other efforts to enhance access and opportunity for the poor. The second cluster encourages economic growth by building human capacity through education, especially basic education, and through training. The third cluster includes programs to protect the world's environment through improved management of natural resources; increased energy efficiency; conservation of biological diversity; sustainable urbanization; and measures to reduce the threat of global climate change. There are obvious linkages and synergies among these groups of programs. For instance, more widespread and higher quality basic education and improved use of natural resources, including energy and agricultural resources, all make important contributions to economic growth. The interrelationship and interdependence of economic growth, environmental sustainability, and the development of a country's human capital will be highlighted with this pillar.

- The request for FY 2002 is \$948 million, compared to an equivalent figure of \$871 million in FY 2001 (both including \$28 million for the African and Inter-American Development Foundations).
- Given the importance of agriculture and basic education (especially for girls and women) in most recipient countries, USAID plans to increase its emphasis in these sectors. For example, USAID proposes to increase basic education for children from \$103 million in FY 2001 to \$123 million in FY 2002.

Performance and Prospects

By the end of the 1990s, economic growth performance in USAID-recipient countries had improved significantly, despite the Asian financial crisis and other financial disturbances. Nearly 70% of USAID partner countries were growing at significantly positive rates compared with only 45 % in the early years of the decade. This overall trend reflects sharp improvements in the two regions that faced the greatest challenges and problems at the beginning of the 1990s – Africa and formerly communist Europe and Eurasia. The challenge for the present decade is to maintain and build on this momentum.

The combination of superior U.S. competitiveness and increased openness and growth in developing countries has resulted in rapidly expanding demand for U.S. exports, contributing to higher incomes and employment for Americans. Since the late 1980s, the United States has been the industrial world's leading exporter. At the same time, the fastest growing markets have been in developing countries. Consequently, U.S. exports to developing countries have expanded much more rapidly than U.S. exports to industrial countries, and much more rapidly than U.S. domestic demand.

Agriculture: The majority of people in the poorest countries, particularly those in Africa, derive their livelihoods from agriculture. Therefore, in the least-developed countries the transformation of agriculture and food systems is an essential aspect of broad-based economic growth. The shift from subsistence agriculture to producing for off-farm markets and consumers contributes to a more prosperous rural environment and generates additional opportunities for employment and economic progress throughout the economy.

Agency agricultural programs promote increased production and diversification of agricultural goods for both local consumption and export and strengthen public and private agricultural institutions. They reform policies to provide incentives for farmers and agricultural entrepreneurs and promote research for and adoption of improved agricultural practices and technologies. They also increase access to markets and market information.

In Malawi, USAID has worked to enable small farmers to achieve economic diversification and increase incomes. USAID efforts helped contribute to a 15% increase in rural incomes from 1998 to 1999. By 1999, 44% of the area farmed by small-holders had been diversified into crops such as rice, potatoes, and coffee, compared with 37% in 1998. In Uganda, production of disease-resistant varieties of cassava (developed with USAID support) increased by more than 700% from 1998 to 1999. As a group, USAID programs in agriculture performed very well, with all programs achieving planned goals and targets.

USAID programs contributed to a marked improvement in agricultural performance during the 1990s. In Africa, between 1996 and 1998 (the latest data available), two-thirds of low-income countries achieved agricultural growth at least as rapid as their population growth, compared with only 40% during the first half of the 1990s. In Asia, the share rose from 60% in the early 1990s to 90% for 1996-98.

Business Climate, Trade and Investment, and other Efforts to Strengthen Critical Private Markets: Most analyses of growth performance and development progress assign primary importance to the policies and institutions that determine the business climate. Policies and institutions that support private markets provide the enabling environment for trade, investment, and other private sector activity. While only a relatively small share of *development* resources supports activities to strengthen private markets, such programs command a preponderant share of SEED, NIS, and ESF resources, and thus a very significant share of overall resources programmed by USAID.

USAID aims to improve business climates and expand trade and investment by supporting policy reform, strengthening institutions, improving infrastructure, and providing training and technology

transfer. Major areas of program concentration include private enterprise development, fiscal reform, strengthening financial markets, privatization, and trade and investment.

In Egypt, USAID is promoting export-oriented growth fueled by the private sector. USAID technical assistance helped the government adopt numerous policy reforms in 1999, including the streamlining of inspections. In the sectors that USAID targets, the value of private sector exports (including fresh and processed agricultural products, spinning and weaving products, leather goods, and furniture) rose from \$361 million in 1998 to \$462 million in 1999. More generally, Egypt's economic performance has improved significantly in recent years. Growth in per capita income was 3.3% for 1996-99, compared with -0.3% for 1992-95.

Economic freedom scores such as those produced annually by the Heritage Foundation provide a good indicator of a country's overall business climate. From 1995 to 2000, USAID programs helped achieve improvements in these scores in 55 out of 75 USAID recipients. For every region, a clear majority of recipients registered improvements, ranging from 60% in Asia and the Near East to 83% in Europe and Eurasia.

Microenterprise and enhanced access and opportunity for the poor: A particularly popular tool for enhancing access and opportunity for the poor is microenterprise development, involving the provision of financial services and business development assistance to microentrepreneurs and poor farming households. Programs also work towards legal and regulatory reform to improve the economic environment for small and microenterprises.

Millions of poor households around the world participate in microenterprises to provide income that pays for basic family expenses such as food, clothing, shelter, school tuition, and medical bills. In addition, many farming households use microenterprises to balance income flow and reduce risk. During times of crisis and economic distress, additional households also use informal business activities to generate needed income.

In FY 1999, the Agency's microenterprise initiative, supporting the provision of small loans to those in need, benefited more than two million clients across the globe. Of these borrowers, the vast majority (70%) were women. The average loan size was \$329, reflecting the Agency's emphasis on poverty lending, and the conviction that very small loans to poor clients, in the right circumstances, can go a long way in empowering them to help themselves. The 627 microenterprise organizations supported by USAID also provide business development services to microentrepreneurs, including training, counseling, product marketing, and assistance with production technologies.

USAID microfinance activities helped Bolivia's poor gain access to financial services to support their entrepreneurial businesses. Active borrowers under USAID-supported programs in Bolivia increased from 189,000 in 1998 to 215,000 in 1999.

Basic Education: USAID supports basic education reform because broader access to better-quality basic education contributes to progress in virtually all areas of development. For example, a worker with a good basic education works more productively, adopts new techniques more readily, and adapts to changing economic conditions more easily. At the individual level, the result is higher household income and more stable employment. At the national level, developing countries that ensure equitable access to basic education achieve stronger economic growth and lower income inequality, and, consequently, faster progress in reducing poverty. Likewise, increased educational achievement among girls yields large and varied social benefits once those girls become mothers, benefits including improved family health and child survival, reduced fertility, and stronger support for children's education, especially girls' education.

Basic education programs typically concentrate on encouraging and helping countries to improve their educational policies and institutions, on promoting the adoption of improved educational practices at the classroom level, and on increasing the participation of families and local

communities in educational decision-making. Through these efforts, the Agency has gained a reputation as a technical leader and innovator in basic education, investing in pilot programs that are later funded on a larger scale by the World Bank and regional development banks.

The United States, through USAID, supports basic education programs in 11 countries in sub-Saharan Africa, 2 countries in the Near East, and 7 countries in Latin America and the Caribbean. Especially in sub-Saharan Africa and the Near East, USAID basic education programs strongly emphasize the need to ensure equitable access for girls, who suffer large educational gender gaps in many countries in these regions. In contrast, programs in Latin America and the Caribbean, where gender gaps tend to be small and initial enrollment rates high, USAID concentrates on improving the equity and quality of basic education, to help reduce the high rates of grade repetition and school drop-out prevalent in those countries.

In Benin, the mission has adopted an integrated approach to increase primary enrollments, particularly among girls, and to improve educational quality. With strong support from the central government, the overall enrollment rate exceeded its target by four percentage points. Further, the improved quality of primary instruction and the availability of new textbooks and workbooks for students helped raise the pass rate in experimental schools to 82%, compared to 70% using the old curriculum. In Peru, USAID has supported the establishment of local networks to promote quality education for girls in four provinces where girls suffer particularly high rates of dropout from primary school. As a result, opportunities for basic education in those areas have expanded, with the share of girls enrolled at the appropriate grade in primary school rising from 20% in 1996 to 27% in 1999.

Programs have contributed to widespread increases in primary net enrollment ratios in USAID-assisted countries. Among the six low-income, USAID-assisted countries in Africa for which data are available, the (weighted average) net enrollment ratio rose from 34% in 1990 to just under 48% in 1997. For six USAID-assisted countries in LAC, for which data are available, the increase was from less than 83% in 1990 to almost 87% in 1997. Egypt and Morocco also achieved significant improvements.

Higher Education and Training: Efforts in higher education focus on helping existing colleges and universities function more effectively. Developing and transition countries alike need effective institutions of higher education to provide advanced training to the new generation of business executives, technical specialists, and political leaders. Such institutions also help link host countries to global sources of science and technology in all areas, and carry out research on problems of local and national importance. However, colleges and universities in many countries fall short of their potential in these roles, lacking the faculty skills and the institutional capacity to meet local and national development needs.

To help host country institutions more fully realize their potential, USAID promotes partnerships with U.S. universities, colleges, and community colleges, widely acknowledged as world leaders in their fields. These partnerships serve a dual purpose. Most are directly aimed at promoting progress in some particular area of development, including agricultural and health research, enhanced policy analysis in basic education, or advanced training in business management and other fields. Collectively, these direct contributions span the full range of USAID's programs. Meanwhile, by working closely with experts from U.S. institutions, faculty and staff receive an object lesson in the broader potential for higher education to help resolve the practical problems facing their nations and communities.

In addition to its efforts in basic and higher education, USAID programs support two relatively distinct forms of training. First, they support technical and management training to strengthen the skills of individuals working in key positions in government, non-government organizations, and the private sector. Investments in training agricultural scientists, medical technicians, teacher trainers, etc. help strengthen the capacity of host countries to manage their own development process. Second, USAID investments support a variety of workforce development activities,

aimed at improving the productive skills of the host country's workforce. These programs typically combine support for the development of effective vocational training programs, usually involving partnerships between the public and private sectors, with parallel efforts to diagnose and correct policy and institutional barriers that keep workers from finding employment and discourage firms from investing in the productive skills of their employees.

Assessing results in these areas has mainly involved looking at the level and nature of activities. In Egypt, USAID has awarded 53 linkage grants to support cooperative research by U.S. and Egyptian universities to help solve problems facing Egyptian business and industry. Businesses benefiting from the research have committed to covering the local currency costs of the research performed on their behalf. The linkage grants program has helped promote the importance of applied research, something of a new idea in Egyptian education.

Environment: The final cluster of programs in the economic growth and agriculture pillar relate to USAID's role in addressing environmental degradation around the world. These problems, if not handled rationally, present a severe and increasing threat to long-term economic growth and development, especially to health improvements, poverty alleviation, improved trade and political stability in developing and transitioning countries. Accordingly, the treatment of these issues relates directly to U.S. national security and economic prosperity, and these issues are regarded as integral components of America's foreign assistance program.

The environment not only has a major set of programs within the economic growth and agriculture pillar, but it is integral to many aspects of global health and conflict prevention and developmental relief. A challenge facing USAID is to expand and better integrate its environmental activities within these other development priorities so they have improved chances for long-term success.

Creative solutions, alliances and partnerships with the private sector, and leadership of other donors, the multilateral development banks and U.S. Government agencies are hallmarks of USAID's environment activities. One example is USAID's leadership role in the U.S. Government and with its non-governmental partners in implementing the field activities of the Tropical Forest Conservation Act and the related Enterprise for the Americas Initiative. These programs reduce foreign debt in exchange for creating endowed local civil society foundations. The foundations provide small grants to community groups and NGOs in support of tropical forest conservation, environmental protection, child survival and child development.

USAID's objectives for FY 2002 environment activities are:

- to conserve biological diversity;
- to promote sustainable urbanization and pollution control;
- to provide environmentally sound energy technologies;
- to sustainably manage natural resources; and
- to increase developing countries' ability to participate in reducing the threat and impacts of global climate change.

In the area of biodiversity, USAID supports host country governments and partners to improve the land management within and outside protected areas in species-rich areas, while enabling local people to improve their living standards. Since FY 1996, USAID activities have improved management of over 70 million acres of the world's most biologically valuable ecosystems, an area totaling approximately the size of Arizona. Activities aimed at conflict resolution and improved park management benefit both human and wildlife populations in countries as diverse as Kenya, Zimbabwe, Bolivia, Indonesia and Nepal. In FY 2002, USAID anticipates continuing these activities.

Urban programs address a major challenge which dramatically impacts on USAID objectives in economic growth and health. The majority of the world's population now lives in urban

surroundings. Already, the developing world's cities are facing the daunting task of absorbing 2.5 billion people in the next 25 years. This explosive and inevitable growth of cities in developing countries is overtaxing the environment, while job growth, services, infrastructure, and social supports lag what is needed to head off instability. USAID's urban programs focus on making cities work. Cities that can manage the environmental consequences of rapid urbanization are the ones that will also provide the greatest impetus to economic growth. One example of USAID's plans for 2002 is in Indonesia, where 12 cities and towns will be paired with 12 U.S. cities for a series of carefully structured exchanges. The U.S. city managers will provide hands-on training to show how their cities improve urban environmental services while promoting public participation and transparent management practices.

Energy problems are growing in the United States and around the globe. Few things are more central to social, economic and political development and stability than energy. All aspects of development – education, health, agriculture, employment, shelter, transportation – depend on energy. Global energy use will increase by 50% over the next 20 years with major demand and growth occurring in developing and transitioning countries. Providing energy through sustainable and clean technologies and policies is needed to responsibly respond to this demand and begin to address the issue of 2 billion of the world's people without access to reliable energy. USAID's FY 2002 energy plans will continue to focus on enabling policy, regulatory and institutional environments for increased private sector investment and project development.

Natural resources are the raw materials from which economic development is created. Poor management of natural resources results in negative development since it is far more costly to restore them than to manage them properly. When the natural resource base is degraded to the point where it can no longer support the number of people who need to live on it, the area experiences famine, social instability and conflict. USAID's natural resource management programs focus on sustainable use and conservation of soils, water, forests and fisheries. Coastal zone management, sustainable agriculture, parks and ecotourism, watershed management and slowing desertification are examples of the kinds of activities USAID is planning to continue in FY 2002. Natural resource management programs are planned around the world in places as diverse as the upper reaches of the Amazon basin and the Gulf of Aqaba.

Climate change is a concern to all countries. USAID focuses its climate change efforts on activities that have strong economic growth benefits that also reduce greenhouse gas emissions, protect natural habitats that sequester carbon and reduce vulnerability to extreme weather events. The Agency facilitates policy development that enables developing countries to participate in global efforts to address climate change. USAID also works to increase partnerships between U.S. and developing country companies to take advantage of the growing international market for clean technologies that is expected to reach \$50-\$65 billion by 2010. The Agency will continue its work in these areas in FY 2002 with emphasis on those countries that are the fastest growing sources of climate change gases, contain the largest forests to hold carbon and are at the greatest risk from the effects of climate change. Partnerships within and outside the United States will be created to address these problems.

The Global Health Pillar

Program and Resource Request

Programs supported by this pillar include maternal and child health, nutrition, family planning and many of the related transnational issues confronting the United States., such as HIV/AIDS and other infectious diseases. This budget includes a major initiative to combat HIV/AIDS and other infectious diseases, mainly malaria and tuberculosis, which have significant public health impact.

Child survival interventions target the major childhood killers, including vaccine preventable diseases (e.g., polio), diarrheal disease, malnutrition, acute respiratory infections, and malaria. USAID programs continue an aggressive effort to eliminate vitamin A and other micronutrient

deficiencies. Maternal health activities aim to reduce maternal deaths and adverse outcomes as a result of pregnancy and childbirth. In family planning, USAID programs seek to stabilize population through sustainable reductions in unintended pregnancies, and to reduce rates for maternal and child mortality and sexually transmitted diseases, including HIV/AIDS. For HIV/AIDS and infectious diseases, USAID will aggressively promote public and private partnerships and will provide technical leadership for programs at the national and grass-roots levels.

The global health programs are funded from the CSD account, with the exception of family planning which is currently financed from DA funds and other accounts. The FY 2002 request for global health, \$1.276 billion, compares to an equivalent figure of \$1.259 billion in FY 2001. (Both include funding for about \$110 billion in transfers to United Nations Children's Fund.)

- The global health request for HIV/AIDS funding has increased from \$299 million in FY 2001 to \$329 million in FY 2002 to better address this major public health issue. The total amount available for HIV/AIDS from all appropriated accounts, including ESF, is expected to be about \$370 million.

The remaining \$947 million is proposed for child survival and other global health activities. These funds would support efforts to improve maternal and child health and nutrition, reduce infant and child mortality, and provide family planning to reduce unwanted and unintended pregnancies. This figure includes \$110 million for UNICEF. The total amount available for family planning is \$425 million, which includes development assistance funds from DA as well as funds from other appropriated accounts, including ESF.

Performance and Prospects

USAID has five major development goals in promoting global health: reduce unintended and mistimed pregnancies; improve infant and child health and nutrition and reduce infant and child mortality; reduce deaths, nutritional insecurity, and adverse health outcomes to women as a result of pregnancy and childbirth; reduce the transmission of human immunodeficiency virus (HIV) and the impact of the HIV/AIDS pandemic in developing countries; and reduce the threat of infectious diseases of major public health importance. Moreover, research, policy dialogue, systems strengthening, and capacity building are significant cross-cutting activities necessary for ensuring long-term sustainability, accessibility, efficiency and quality of global health services.

In addition to being crucial in its own right, USAID's work in global health has clear links to results in other sectors. A smaller population size, as a result of couples' ability to choose the number of children they have, puts less pressure on the environment by improving the balance between the supply and demand for natural resources such as firewood, water, and land. Less competition for resources may also help ease tensions that would otherwise lead to conflict. As the HIV virus strikes primarily people in their peak productive years, it has devastating effects for a country's economy and national security when AIDS reaches pandemic levels, as it has in parts of Africa. Newborns, whose mothers die in childbirth, are 10 times more likely to die within the first two years, and the estimated combined annual economic impact in lost productivity due to maternal mortality and subsequent child mortality is \$15 billion. Without question, USAID's longstanding investments in health and population programs have contributed to enormous gains for millions of people around the world, counted in more children surviving to adulthood, longer life spans, fewer days lost to illness, and smaller family size.

For several decades, USAID has been the leader among donors in addressing the critical issues of family planning, health, and nutrition in the developing world. More recently, USAID has intensified its efforts to mitigate the impact of HIV/AIDS on communities and to combat infectious diseases, especially tuberculosis and malaria. Success has come from maintaining a field presence that enables strong relationships with host country counterparts. Combining this front-

line experience with programs to research and test innovative technologies has given USAID a unique advantage in designing effective programs and influencing global and national policies.

Population and Family Planning: USAID has been a world leader in supporting voluntary population and family planning programs in developing countries for over 35 years, helping families all over the world achieve their desired family size. USAID programs have had a significant impact, contributing to a decrease in average number of children per family in developing countries (excluding China) from more than 6 in the 1960s to the current level of less than 3.7. In 2000, approximately 46% of married women in less-developed countries (excluding China) used modern contraceptives.

In FY 2002, USAID will expand quality reproductive health services, including family planning and reproductive health education, HIV/AIDS and sexually transmitted infection prevention, and postabortion care for women suffering complications of unsafe abortion. Burgeoning numbers of youth reaching reproductive age worldwide have also led USAID to design activities appropriate to their special needs. In January 2001, President George W. Bush reinstated the Mexico City policy, requiring that foreign non-governmental organizations agree, as a condition of their receipt of U.S. Government funds for family planning activities, not to perform or actively promote abortion as a method of family planning using funds from any source. All of USAID's population programs will be implemented and monitored in line with the requirements of this policy.

Through its family planning and reproductive health programs, USAID aims ultimately to reduce the number of unintended and mistimed pregnancies. This is reflected by a goal to reduce total fertility rate of 20% between 1996 and 2006 in the countries in which USAID works, and the Agency is on track to meet this goal.

Child Health and Survival: USAID has been a global leader in child survival since the 1980s. Using proven tools – many of them, like oral rehydration therapy and vitamin A supplementation, developed with USAID support – child survival programs have demonstrated the ability to save children's lives even in the poorest countries. As a result, mortality of children under five in developing countries (excluding China) has declined from approximately 105 per 1,000 live births in 1985 to approximately 70 per 1,000 in the year 2000. In concrete terms, this means several million children saved every year from common childhood diseases and malnutrition.

In FY 2002, USAID will continue to improve children's health and reduce infant and child mortality. USAID will fund activities reducing the impact of the major childhood killers and the burden of disease. Combating childhood malnutrition and preventing nutritional deficiencies will also be part of USAID's programs, as will safe birthing and effective prenatal, postpartum and neonatal care. USAID's environmental health interventions, such as promoting good hygiene behavior, controlling vector-borne diseases, and improving access to water and sanitation services are also critical. The Agency will support a set of programs specifically designed to address critical needs of children at risk, needs of children in crisis, and children affected by HIV/AIDS, including orphans.

USAID aims to reduce the mortality rate for infants and children under 5 and the percentage of children under 5 who are underweight by 25% between 1998 and 2007 in countries where USAID works. USAID expects to meet this goal, however, issues such as the mounting HIV/AIDS pandemic and the deterioration of the economy and health systems in some countries may slow the Agency's progress.

Maternal Health: In addition to the enormous toll that pregnancy and childbirth take on women's survival and health, child health and family well-being are directly related to, and powerfully dependent on, maternal health. USAID has recently increased its efforts to reduce maternal deaths and disabilities and their indirect effects. Half a million mothers die every year, and 95% of those deaths are preventable. These mothers leave behind 2 million maternal orphans.

USAID recently identified a set of feasible, low-cost interventions and best practices that result in the greatest impact in reducing mortality among mothers and newborns. The interventions include improvements in maternal nutrition, birth preparedness, deliveries attended by medically trained personnel, management of obstetrical complications, postpartum care, and post-abortion care.

In FY 2002, maternal health activities will include a focus on scaling-up successful programs to the national level, while encouraging greater community involvement in advocacy, needs assessment and evaluation. USAID will also be working to create a more favorable policy environment for maternal health and nutrition issues. USAID aims to reduce the maternal mortality ratio by 10% between 1998 and 2007 in countries where USAID works. The maternal health program is relatively new, and initial programs in some countries have had dramatic successes.

HIV/AIDS: The HIV/AIDS pandemic is a serious threat to both public health and sustainable development in many less-developed countries. USAID estimates that, since the disease was first recognized in 1981, 57 million people have become infected with HIV worldwide. USAID is committed to enhancing the capacity of developing and transitional countries to protect their populations not yet infected by HIV, and to providing services to those infected and others affected by the epidemic. In all programs, USAID will pay special attention to refugees, the internally displaced, combatants and their families, and victims of conflict, all of whom are at especially high risk.

FY 2002 USAID activities will encourage behavior change that reduces the risk of HIV transmission and the stigma attached to persons living with HIV/AIDS, and will increase local capacity to take on these efforts. USAID activities will also prevent sexually transmitted infections and improve evaluation and surveillance information. The Agency will continue to fund Joint United Nations Program on HIV/AIDS and other special trusts. Since 1999, the Agency has almost tripled its resources for HIV/AIDS and has developed an expanded response to HIV/AIDS, which focuses and targets efforts for HIV/AIDS prevention, care, and surveillance.

In a set of intensive focus countries and in concert with other donors, USAID aims to reduce the prevalence of HIV among 15-24 year-olds in high prevalence settings by 50% by 2007, and to maintain prevalence below 1% among 15-49 year-olds in low prevalence settings. USAID also aims to ensure that at least 25% of HIV/AIDS-infected mothers in high prevalence countries have access to interventions to reduce HIV transmission to their infants, to help local institutions provide basic care and psychosocial support services to at least 25% of HIV-infected persons, and to provide community support services to at least 25% of children affected by AIDS in high prevalence countries. Given the newness of this intensive effort, progress cannot yet be measured, but monitoring systems are being established to measure progress. USAID's commitment and energy for the task are high in response to the immediacy of the crisis.

Infectious Disease: In 1998, USAID launched a new initiative to combat infectious diseases. The Agency expects to have a significant impact on the control of infectious diseases by combating anti-microbial resistance, preventing and controlling tuberculosis and malaria, and improving disease surveillance and response capabilities. For example, USAID has developed and launched a new program to track and combat malaria drug resistance along the Thai-Cambodia border. During 1999, USAID also established an important cross-disciplinary, electronic network that brings together malaria and maternal health experts to share technical information, program developments, and research findings over a wide area. As with HIV/AIDS, it should be noted that the FY 2001 budget significantly increased available funding for tuberculosis and malaria. In this goal area, USAID aims to reduce deaths from infectious diseases of major public health importance other than HIV/AIDS, including tuberculosis, malaria, acute respiratory infections, and vaccine-preventable childhood diseases.

Alliances: USAID will continue to seek opportunities to collaborate with other organizations at many levels. The Agency will coordinate with other U.S. Government agencies to develop coherent and unified strategies such as for HIV/AIDS, on which USAID, the State Department and the Department of Health and Human Services led the effort. USAID will support trust funds and the Global Development Alliance to explore new partnerships in the sector. In addition, USAID will continue other successful alliances such as the Global Alliance for Vaccines and Immunization (GAVI), Polio Partners, the International AIDS Vaccine Initiative (IAVI) and the Micronutrient Enrichment Initiative, garnering support from local governments, private foundations and multilateral donors to combat dangerous diseases and protect health. USAID will share the costs of important efforts with the scientific and commercial communities for new contraceptive methods and other technological developments.

The Agency will further engage with international and local NGOs and grass-roots organizations, including faith-based organizations, as in its participation in the White Ribbon Alliance for Safe Motherhood. USAID will increase the involvement of private voluntary organizations such as CARE, Save the Children and local non-governmental organizations, as well as the for-profit private sector, to broaden the knowledge base and improve self-sufficiency. USAID will also encourage public and private sector alliances, between local non-governmental organizations and the commercial sector, for example, in order to deliver sustainable, quality health services while developing and strengthening local organizations and institutions.

Summary: Stabilization of population size and improved health and nutrition are essential to sustainable development. They are also fundamentally interdependent. When people are nourished and free from the ravages of infectious diseases, they can contribute more fully to their own social and economic progress and to that of their nation. Immunizations, health education, investments to correct micronutrient deficiencies, and investments in basic health services will significantly improve the health of people, especially women, children and vulnerable populations. When couples can determine the size of their families, resources are made available at the household, national, and global levels for enduring improvements in quality of life. Improved health status of women and girls plays a critical role in child survival, family welfare, economic productivity, and population stabilization. USAID's work in these arenas is making a difference in the lives of millions of people all over the world.

USAID's global health programs are pursued under the Agency goal, *World Population Stabilized and Human Health Protected*, and closely linked to the U.S. International Affairs strategic goals of *Stabilize World Population* and *Protect Human Health and Reduce the Spread of Infectious Diseases*.

The Conflict Prevention and Developmental Relief Pillar

Program and Resource Request

Given the rising number of collapsed states and internal conflicts in the post-Cold War period, some of which have become focal points of U.S. foreign policy, USAID will undertake a major new conflict prevention, management, and resolution initiative. This initiative will integrate the existing portfolio of USAID democracy and humanitarian assistance programs with new approaches to anticipating crisis, mediating conflict at all levels, and addressing the economic and political (or governance) causes of conflict. These new approaches will necessarily involve strategic alliances with institutions such as the U.S. Institute for Peace, the U.S. military, indigenous religious institutions dedicated to conflict prevention and resolution, and NGOs. There will be continuing close coordination with the U.S. foreign affairs community, especially the Department of State, in this area.

USAID continues to stand at the forefront of agencies around the world in its ability to respond to man-made and natural disasters. In addition to launching the new conflict initiative, this budget

request will enable USAID to maintain this capability (unique within the United States and, indeed, the world) to provide needed help rapidly when international emergencies occur.

- The request for FY 2002 is \$1.217 million, compared to an equivalent figure of \$1.181 million in FY 2001 (both including P.L. 480 Title II resources at \$835 million).
- International Disaster Assistance funding increases from \$165 million to \$200 million in recognition of the increased demands generated by complex emergencies and natural disasters.
- The request includes Transition Initiatives funding of \$50 million to meet challenges in conflict-prone countries and those making the recovery from crisis.
- Democracy and governance funding continues at \$132 million.

Program, Performance and Prospects

This pillar includes programs for international disaster assistance, food aid, transition initiatives and democracy and governance, with a new cross-cutting emphasis on dealing with conflict situations. As evidenced by the recent Nassar Investment Company report, *Global Trends 2015*, future threats to the United States are multiple, varied, and complicated. These include the spread of infectious diseases such as HIV/AIDS, land degradation, severe water shortages, forced migration, and a growing terrorist threat; all are likely drivers of conflict. USAID assistance programs must be restructured to deal more effectively with this global reality and with conflict, and must be carried out in partnership with U.S. friends and allies.

Developmental Relief

USAID, working through a broad range of governmental, private sector and NGO partners, provides relief assistance in response to four types of emergencies or crises: natural disasters, man-made disasters, complex emergencies, and economic and political transitions.

Natural disasters are caused by physical hazards such as fire, flood, drought, earthquake, and disease outbreak. Man-made disasters are caused by human error, such as a building collapse or industrial accident. Complex emergencies may include natural disasters such as droughts but are frequently caused or complicated by civil strife. They are manifested in armed conflict, displaced populations, hunger and death. To reduce the intensity of emergencies and crises, a concerted effort is underway to integrate relief assistance with longer-term development planning to strengthen the capacity of local institutions to conduct early warning, disaster preparedness and mitigation.

In FY 2000, USAID, through the Office of Foreign Disaster Assistance, responded to 66 declared disasters in 63 countries. This included 46 natural disasters, 16 complex emergencies and 4 human-caused emergencies. Natural disasters affected approximately 154 million people and their livelihoods and killed more than 45,000 people. More than 50 million people remain displaced by complex emergencies.

Drought and floods were the most prominent natural disasters, accounting for 75% of casualties caused by natural disasters and 87% of the total number of people affected by natural disasters.

Drought affected approximately 121 million people worldwide. In addition to critical food shortages, it caused acute potable water shortages, significant crop failures and livestock losses. Drought in India, for example, killed 54 million cattle, and approximately 90 million people in India became food insecure. In the Horn of Africa, close to 28 million were affected by drought in FY 2000, and continue to require emergency food and water assistance. Pastoralists and agro-

pastoralists lost more than half their livestock due to lack of adequate water and pasture for three consecutive years.

Also in India, cyclones, which impacted 7 districts, claimed more than 9,465 lives, injured 2,260 people, rendered 7 million homeless and affected an additional 15 million people. These storms damaged homes, schools, roadways, electric, water and telecommunication systems and destroyed livestock and crops. More than 1.2 million hectares of cropland were damaged or destroyed.

From complex emergencies over the last two decades, more than 50 million people remain displaced, and these emergencies have cumulatively claimed more than 4.8 million lives in countries including Angola, Burundi, Rwanda, Sierra Leone, Somalia and Sudan. Drought effected approximately 121 million people worldwide including India, Afghanistan and the Horn of Africa. Ethnic conflict and civil war have claimed hundreds of thousands of human lives, have caused significant damage to governmental, economic and social infrastructures, and have robbed people of their livelihoods. As a consequence, displaced people are extremely vulnerable to malnutrition, disease, and exploitation by warring factions.

Transition Initiatives

One of the most serious challenges facing the world today is a country's transition from crisis to stability. These transitions often include armed conflict, large-scale human rights abuses and the destruction of governance institutions. USAID transition initiatives programs bridge short-term responses addressing immediate post-conflict rehabilitation needs and longer-term development approaches and the return to normalcy. Assistance for economic and political transitions supports personal security and basic institutions to help meet critical intermediate needs, protect human rights and advance peaceful, democratic change.

During FY 1999, USAID provided transition assistance in response to 18 complex emergencies, and helped advance more peaceful, more democratic transitions in 12 other countries including Indonesia, Nigeria, and Kosovo. Activities in transition countries were increasingly integrated into USAID field mission programs to strengthen the linkage with longer-term USAID and foreign policy objectives.

Democracy and Governance

USAID sustains its short-term, transition investments by strengthening the institutions of good governance and democratic participation, both of which are critical to long-term development that responds to citizen needs, promotes social and economic gains, and prevents conflict. USAID's democracy programs also are conflict preventative in that they build trust and legitimacy for government, which helps prevent political destabilisation and, in extreme cases, state failure.

USAID's strategy for strengthening democracy and good governance has four objectives: (1) strengthening rule of law and respect for human rights; (2) developing more genuine and competitive political processes; (3) fostering development of a politically active civil society; and (4) promoting more transparent and accountable government institutions.

The Agency is implementing democracy and governance activities through 75 country and regional programs. This number represents 85% of all USAID operating units. Priority setting is done in close collaboration with the State Department. The highest funding allocations were directed recently to Indonesia, Colombia, Serbia, Gaza and the West Bank, Egypt, Nigeria, Ukraine, Haiti, Bosnia and Russia.

At the end of 1999, the Freedom House classified 21 out of 87 USAID-assisted countries as free. Just under half, 42 countries, were considered partly free, while the remainder were considered

“not free.” During the year, the number of free countries decreased, but four countries with USAID democracy assistance – Azerbaijan, Liberia, Indonesia and Nigeria - progressed from “not free” to “partly free.”

Many of these nations are in a fragile state and have made incomplete democratic transitions, demonstrating limited competition within their political systems and lack of fully functioning democratic institutions. USAID is responding to this challenge through fine-tuning its efforts to strengthen national capacity to govern, develop vibrant civil society, promote broad-based initiatives for increased openness and freedom and, as detailed below, more explicitly orient democracy programs to respond to those factors which cause conflict and, consequently, impede democratic consolidation.

The Conflict Prevention Initiative

Globally, the increasing lack of capacity of states to deal with problems that are potential sources of conflict, instability and, in some cases, chaos will pose a major and growing future threat. In response, USAID plans a major new initiative to structure its programs and external relationships to deal more effectively with this global reality. This applies to all programs and partners but especially those that directly address emergency assistance, the transition from crisis to stability, the strengthening of democratic institutions and conflict and crisis prevention and resolution.

This new initiative will center around five essential priorities:

- Developing integrated, focused U.S. Government strategies, based on conflict vulnerability analysis, that aim to prevent violent conflict;
- Expanding democracy and governance programs that seek to prevent, mitigate and resolve conflict, either before it escalates or after, as a means to reconcile fractured societies;
- Learning from the successes and relying more on the initiatives of U.S. and in-country faith-based groups, particularly at the grass-roots level;
- Providing the parties to the conflict with greater opportunities, methods and tools to acknowledge and effectively act on their responsibilities to resolve root-cause issues in a peaceful manner; and
- Strengthening and institutionalizing innovative programs that integrate USAID's relief and development resources.

In the post-Cold War era, the cost in both human and financial terms of responding to complex emergencies after the fact has been enormous. In Bosnia alone, the United States and its allies spent an estimated \$53.7 billion from 1992 to 1998 to bring an end to ethnic cleansing. Three years later, the international community is still engaged in Bosnia, thus, the real costs are even higher and will rise further. The humanitarian cost to respond to the aftermath of the genocide in Rwanda was \$4.5 billion. This does not include the human suffering and humanitarian costs associated with the related war in the Congo. For Somalia, the cost was \$7.3 billion. The cost of prevention, both in terms of financial resources and lives saved, could have been smaller by billions of dollars and thousands of innocent victims.

The conflict prevention initiative, designed to better position USAID to respond to crisis in the countries where it works before the escalation of violent conflict and humanitarian emergency, is made up of the following essential priorities:

Integrated U.S. Government Strategies: In this context, it is all the more important for U.S. foreign assistance tools to be programmed as part of an integrated, focused strategy of conflict prevention and resolution, and that USAID's conflict prevention work be integrated with the Department of State's diplomacy efforts. USAID must use all of its tools, from integrated strategic planning within the U.S. Government at the country team level, to partnerships at the country and

grass-roots level with other U.S. governmental entities, including the Department of Defense and the national security community.

The Role of Democracy and Governance: Developing capable states and creating free societies based upon voluntary cooperation requires the use of democratic and market systems with widely accepted methods for resolving conflict peacefully. Lack of these foundations reflects hard realities and dangers posed by a world where there are too many “incapable states”, and too little freedom. Several of the Agency’s democracy interventions, including rule-of-law programs, the promotion of civil society, and local government strengthening, can contribute to conflict prevention.

Although USAID’s democracy and governance programs have played a role in mitigating conflict, conflict prevention has not been an explicit objective of USAID’s democracy programming. However, strengthening democratic institutions and processes, so-called “structural prevention,” helps create capable states that provide good governance. Democracies don’t go to war with other democracies, nor are such countries wracked by internal conflict that can result in costly humanitarian relief efforts. Integrating democracy and governance programs more fully with USAID’s prevention and post-conflict relief and rehabilitation efforts will be an important part of the initiative. This approach elevates the promotion of democratic governance and recognizes the critical role such programs must play in conflict prevention and resolution.

The Role of Faith-Based Organizations in Conflict Resolution: Partnering with faith-based institutions in promoting peace and reconciliation in countries vulnerable to violent conflict is a critical tool often overlooked by conflict prevention practitioners. Yet, there are numerous examples of those institutions at the grass-roots level and higher serving as critical catalysts in conflict resolution efforts. Recent examples include:

- The Nuer/Dinka and Nuer/Nuer peace and reconciliation efforts, held under the auspices of the New Sudan Council of Churches for the past three years, have contributed to diminishing ethnic conflict within southern Sudan.
- The World Conference on Religion and Peace has established inter-religious commissions that have contributed to important dialogue in Sierra Leone, Bosnia and Kosovo.

Engaging Parties to Conflict: This initiative will vigorously pursue opportunities to create space for parties to dialogue on the root causes of, and meaningfully acknowledge their role in, conflict. USAID will facilitate the sharing of methods and tools for parties to use in acknowledging and effectively acting on their responsibilities to resolve root-cause issues in a peaceful manner, as well as preventing their resurgence. USAID will also facilitate the sharing of both local and international experiences so as to further the transition away from violent conflict.

The Role of Developmental Relief: USAID’s humanitarian resources, including disaster assistance and food aid, are used to save lives in the first instance and, assisted by transition initiative resources, to reconstitute sustainable livelihoods for affected populations. Humanitarian programs also have become increasingly important tools in the promotion of market-based development, local level institution building, and sustainable health and nutrition programs. Avoiding the creation of dependencies has been a major goal of USAID humanitarian programs, and the Agency will continue to strengthen those efforts.

Efforts to support post-conflict transitions, which the Offices of Foreign Disaster Assistance and Food for Peace have undertaken in collaboration with the Office of Transition Initiatives and with USAID regional bureaus, have been effective in integrating relief and development resources. However, these linkages need to be institutionalized and strengthened within USAID’s strategic planning processes.

New Partnerships and Alliances

Other bilateral donors, as well as multilateral financial and development institutions, are also becoming engaged in conflict prevention strategies. USAID will work closely with them, as the problems far outstrip the U.S. Government's financial and human resource capacities. The criteria as to what conflict prevention role should be undertaken bilaterally by the United States, as opposed to multilaterally, are complex, but it is clear that a more strategic division of labor is required. The Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) is addressing this problem currently.

USAID will develop a comprehensive assessment methodology incorporating political and security factors with humanitarian and development assistance. This will serve to increase USAID's effectiveness within the foreign affairs community and contribute to the comprehensive approach proposed in the Group of 8 Miyazaki Initiative.

The non-governmental (NGO), the private not-for-profit (PVO), and the for-profit sectors are important sources of expertise, resource mobilization, and data for conflict prevention, crisis response, and post-conflict reconstruction. Accordingly, USAID will engage the private and NGO/PVO sectors to more effectively integrate conflict prevention and resolution into development assistance efforts.

In so doing, the Agency will use a cross-sectoral approach. This will include tapping U.S. expertise and institutions such as the Synthetic Environments for National Security Estimates (SENSE) operated jointly by the Institute for Defense Analysis and the U.S. Institute for Peace. USAID will also strengthen its collaboration with such international institutions as the War Torn Societies Project International, a hybrid United Nations and Swiss NGO focused on building the indigenous capacity for conflict resolution at the local and national level.

An Integrated Approach for Funding of Conflict Prevention

There will be no request for additional resources in the FY 2002 budget for conflict prevention. Under the Global Development Alliance, USAID proposes \$25 million of International Development Assistance funds for new alliances that will address short-term operational prevention. Other resources will also be available to work across sectors to support USAID's conflict prevention initiative. This will provide the State Department and USAID needed flexibility to respond to short-term operational needs and to develop a new, longer-term conflict prevention framework. It is anticipated that this will allow the Department of State and USAID to more strategically integrate the range of international assistance resources for such purposes.

A Framework to Institutionalize Conflict Prevention

It will be important to assess organizationally and managerially how conflict prevention can be made an ongoing and integral part of Agency operations. This will be carefully reviewed and a decision will be made on a structure that will ensure effective management, policy coherence, and a rational programmatic and budget process.

OPERATING EXPENSES

Dollars in Thousands			
FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
479,950	518,960	531,827	549,000

For FY 2002, USAID is requesting \$549 million in Operating Expenses (OE). These funds, combined with other funding sources, such as local currency trust funds, will provide a total of \$613.4 million to cover operating costs of the agency for FY 2002, compared to \$612.5 million in FY 2001. These funds are required to enable the Agency to maintain the staff necessary to carry out the important national security and foreign policy activities of which the development, economic, and humanitarian programs USAID manages are a part.

Sources of Funding for Operating Expense Costs. The operating costs of USAID are financed through several sources, including new budget authority, local currency trust funds, reimbursements for services provided to others, recoveries of prior year obligations, and unobligated balances carried forward from prior year availabilities, as shown below.

Local currency trust funds available have leveled off for FY 2002, after several years of decline, with anticipated funds available of \$26.6 million in FY 2002 compared to \$25.6 million in FY 2001. However, after two years of intensive reviews and de-obligation of unliquidated prior year obligations, recoveries of prior year funds are anticipated to begin dropping back to historic levels. Estimated recoveries during FY 2001, available for use in FY 2002, are anticipated at a level of \$19.5 million, compared to \$26.1 million in FY 2000. These two major sources of non-appropriated funds are thus anticipated to drop by a net of \$5.5 million from FY 2001 to FY 2002, making it critical that the full request for Operating Expenses be provided to meet expected requirements.

Funding Sources for Operating Expenses (\$ thousands)

<u>Category</u>	<u>FY 1999 Actual</u>	<u>FY 2000 Actual</u>	<u>FY 2001 Estimate</u>	<u>FY 2002 Request</u>
Appropriated Operating Expenses	479,950	520,000	533,000	549,000
Rescission		- 1,040	- 1,173	
Availability - New Budget Authority OE	479,950	518,960	531,827	549,000
Appropriation Transfers	22,842	3,974	- 134	
Unobligated Balance	- 280	- 304		
Obligations – New Budget Authority OE	502,512	522,630	531,693	549,000
DA funds used for Environmental Travel	312	314	320	320
CSD funds used for Child Survival Travel			125	125
IDA funds used for southern Africa			4,989	
SEED funds used for OE	1,450	50		
Local Currency Trust Funds (Recurring)	39,144	30,245	25,553	26,636
Local Currency Trust Funds (Real Property)	17,878	3,280		
Reimbursements	4,200	7,823	5,600	5,600
Unobligated Balance – Start of Year	20,419	31,257	56,520	31,739
Rescission of prior year funds	- 2,402			
Recovery of Prior Year Obligations	21,739	26,117	19,500	16,500
Ending Balance – Current Year Recoveries	- 21,739	- 26,117	- 19,500	-16,500
Ending Balance – Other Funds	- 9,788	- 30,403	- 12,239	
Obligations - Other Funding Sources	71,213	42,566	80,868	64,420
Total Obligations	573,725	565,196	612,561	613,420

Use of Operating Expenses. The OE budget can be described most easily in terms of the 7 major uses of the funds:

- U.S. Direct Hire Salaries and Benefits
- Allocations to Field Missions and Washington Offices and Bureaus
- Field Mission Facility Relocations
- Information Technology
- Washington Rent, Utilities and Support Costs
- Staff Training
- Other Agency Costs

Shown below are the funding levels from FY 1999 through FY 2002, together with U.S. direct hire workforce levels, followed by a brief description of each category and explanation of the FY 2002 funding requirement.

<u>Category</u>	<u>FY 1999</u> <u>Actual</u>	<u>FY 2000</u> <u>Actual</u>	<u>FY 2001</u> <u>Estimate</u>	<u>FY 2002</u> <u>Request</u>
		(\$ thousands)		
U.S. Direct Hire Salaries and Benefits	203,498	207,254	208,310	222,975
Field Missions & Hq. Bureaus & Offices	240,183	231,680	266,665	254,342
Field Mission Facility Relocations	23,730	18,498	7,871	8,000
Information Technology	54,910	58,042	72,140	68,000
Washington Rent, Utilities, Support Costs	35,432	33,771	39,727	41,737
Staff Training	4,329	5,800	6,211	6,331
Other Agency Costs	11,643	10,151	11,637	12,035
Total Obligations	573,725	565,196	612,561	613,420
U.S. Direct Hire Workforce		(Workforce levels)		
End-of-Year On-Board Levels	2,042	1,930	1,995	2,025
Estimated Full-Time Equivalent Workyears	2,083	1,952	1,941	2,010

U.S. Direct Hire Salaries and Benefits. About 36% of the OE budget goes to fund salaries and benefits of U.S. direct hire employees. Costs under this category include salaries and the Agency share of benefits, such as retirement, thrift plan, social security, and health and life insurance, for all U.S. direct hire personnel. The major reasons for the \$14.7 million increase in costs over FY 2001 are:

- Full year funding of the January 2001 Federal pay raise (only 9 months funding in FY 2000);
- The impact of an anticipated January 2002 Federal pay raise;
- Higher average on-board levels projected for FY 2002 (full-time equivalent workyears);
- Implementation by the Department of State of the "hard to fill differential", which is estimated to cost USAID between \$1 million and \$2 million in FY 2002; and
- The fact that a larger share of the Agency's total workforce is now under the new retirement systems, which are more expensive to the Agency.

Decisions as to the actual distribution of workforce and operating expenses by organization will be made after the new Agency management team is in place, at which time the information will be provided to Congress.

Allocations to Field Missions and Washington Offices and Bureaus. This category, representing the cost of maintaining field missions, plus travel, administrative supplies, and contract support for Washington offices and bureaus, comprises 41% of total OE funding in FY 2002. The major categories of costs are:

- Salaries and benefits for foreign service national (FSN) direct hire and personal service contractors (PSCs) and U.S. PSCs. For FY 2002, mission-funded salary and benefit costs will be about \$94.1 million, or 37% of total funding made available to offices, bureaus and missions. Other than a small amount for OE-funded PSCs (less than \$1 million) in Washington under the expanded PSC authority enacted in FY 2001, all of these costs are associated with field missions.
- Residential and office rents, utilities, security guard costs, and communications. The Agency will require about \$55.3 million in FY 2002 to fund these costs, 22% of total allocations to organizational units. As with mission-funded salaries and benefits, these costs are mandatory over the short term and with given workforce levels.
- International Cooperative Administrative Support Services (ICASS), the cost of administrative support provided to missions by other U.S. Government agencies (generally the Department of State), and support provided by other agencies will cost an estimated \$23.5 million in FY 2002.
- Operational and training travel. Essential travel to visit development sites, work with host country officials, and other travel of an operational nature, including travel to respond to disasters, combined with travel to obtain training, will cost \$21.2 million in FY 2002.
- Supplies, materials, and equipment. This category includes the cost of replacing worn out office and residential equipment, official vehicles, information technology hardware and software, and general office and residential supplies and materials, together with the purchase of armored vehicles and other security related equipment. It is estimated that \$18.8 million will be required in FY 2002 for these requirements.
- Mandatory travel and transportation costs, such as post assignment, home leave, rest and recuperation, and shipment of furniture and equipment, will cost \$15.2 million.
- Contractual support, such as for voucher examiners, data entry assistance, and other administrative support provided through contracts, will cost about \$10.4 million in FY 2002.
- Operation and maintenance of facilities and equipment. In FY 2002, \$7.7 million is required to fund the cost of operating and maintaining facilities and equipment at overseas missions.

Field Mission Facility Relocation Costs. In addition to recurring support requirements, OE funds were used in FY 1999 through FY 2001 for field mission facility relocations – the cost of moving into new office facilities and the purchase or construction of new office facilities. The estimate for FY 2002 includes \$8 million for office relocations and related security enhancements at priority security threat posts where the USAID mission is not collocated with the U.S. Embassy. (In addition, the budget request of the Foreign Buildings Operations office of the Department of State includes \$50 million for new office construction of priority USAID missions where the mission will be collocated with the U.S. Embassy.)

FY 2002 Information Technology (\$68.0 million - \$4.1 million less than FY 2001)

	FY 1999 <u>Actual</u>	FY 2000 <u>Actual</u>	FY 2001 <u>Estimate</u>	FY 2002 <u>Request</u>
	(\$ thousands)			
Telecommunications	3,481	3,133	7,046	6,873
Systems Maintenance	7,353	8,150	12,166	11,390
Technical Support	21,166	16,003	17,930	12,688
Equipment Ops./Maint.	10,230	11,720	13,234	12,845
Info Technology Purchases	4,618	3,281	8,000	11,700
Other IT	<u>4,062</u>	<u>2,224</u>	<u>3,471</u>	<u>3,394</u>
Subtotal	50,910	44,511	61,847	58,890
Systems Development	4,000	13,531	10,293	9,110
Total IT Budget	54,910	58,042	72,140	68,000

The USAID Information Technology (IT) budget for FY 2002 continues the modernization strategy outlined by the Agency's strategic plan and refined during the budget planning process. That strategy calls for: (1) operational support for agency staff at a level that is adequate to accomplish their work, and (2) continued emphasis on pursuing the key modernization objectives of upgrading the field network operating systems, upgrading the Agency's telecommunication networks to support vital communications, acquiring a modern procurement system, and completing implementation of the new core accounting system.

The FY 2002 USAID IT budget represents a reduction of \$4 million from the FY 2001 level (from \$72 million to \$68 million). The FY 2002 level will permit continued implementation of the Agency's modernization efforts. In order to permit this continued implementation, funding for selected ongoing operations will be reduced. The allocation of funds between modernization and ongoing operations may require adjustment based on further review of risks to ongoing operations.

- Telecommunications. Includes ongoing costs to support bandwidth needs, the Department of State's communications system (DTS-PO) charges, and other telephone service charges.
- Systems Maintenance. Includes costs to maintain and enhance financial, procurement, human resources and other legacy computer systems. Also includes costs for maintenance of the new core accounting system which became operational in early FY 2001, as well as FY 2001 and FY 2002 residual costs for maintenance of the acquisition subsystem of the legacy new management systems (NMS). These residual costs will be incurred until the procurement system improvement project replaces the acquisition system with a modernized procurement system. This replacement is now scheduled for FY 2003 in Washington. The accounting component of the NMS system has been replaced by the new core accounting system.
- Technical Support. Includes the direct support given to Agency staff to ensure client base computer processors and applications are functioning properly and end users are supplied with assistance to ensure their effective use of those tools. This category also includes funds used to support enterprise architecture development, the IT security program for the Agency, the validation and verification program for project oversight, and the systems integration contractor management team.
- Equipment Operations and Maintenance. This category includes all costs associated with the operations and maintenance of the processing infrastructure. This includes server operations, network management services, mainframe operations, cable room operations, the network

monitoring system, and maintenance costs for equipment and software.

- **Information Technology Purchases.** This category includes the costs for the network modernization project and the mission network operating system upgrade project. Costs for the network modernization project will allow for the upgrading of telecommunications services at 21 missions in FY 2001, and 30 in FY 2002. The mission network operating system upgrade project is slated to upgrade approximately 25 missions in FY 2001 and 45 missions in FY 2002 with a new network operating system. This effort will eliminate the risk of running an outdated, minimally commercially supported operating system. Requested funding levels will sustain the current mix of network services at missions overseas, taking into account greater bandwidth necessary to operate a replacement e-mail system, growth in internet usage for electronic government, and projected demand for web-based corporate applications at 60% of USAID missions.
- **All Other Information Technology.** This category includes all costs associated with use of the General Services Administration's FEDSIM to assist in technology acquisition management, and costs for space to house the technical contractor staff.
- **Systems Development.** This category includes the capital improvement costs associated with the two systems related modernization initiatives currently underway, namely the accounting system upgrade and procurement system upgrade, and costs for other small systems in FY 2001. The allocation of funds between systems is as follows:

	FY 1999 <u>Actual</u>	FY 2000 <u>Actual</u>	FY 2001 <u>Estimate</u>	FY 2002 <u>Request</u>
	(\$thousands)			
Accounting Systems	4,000	12,532	8,100	2,400
Procurement Systems	999	700	6,710
Small Systems	<u>1,493</u>
Total, Systems Development	4,000	13,531	10,293	9,110

At the above funding levels the agency will be able to;

- Operate a secure core financial system and multiple feeder systems in Washington
- Address all required project milestones, and acquire a modernized procurement system with Washington implementation to begin in FY 2003; and
- Upgrade the missions' network operating systems.

FY 2001 and FY 2002 funding for the accounting system upgrade will allow for: implementing the system in Washington with interfaces constructed to feeder systems; implementing improved system security controls on the existing mission accounting systems to allow for secure transaction data; and enhancing capability for Agency-wide reporting by strategic objective.

The procurement system improvement project will be conducting requirement analysis and development of acquisition materials in FY 2001 and FY 2002. Proposal evaluation and acquisition of the new procurement system will take place in FY 2002.

Washington Rent, Utilities, and Support Costs. In FY 2002, payments for office rent, utilities, and guard services for public areas in the Ronald Reagan Building and warehouse space in the metropolitan area will cost about \$34.1 million, 82% of this budget category. The remainder is also relatively fixed, being required for building and equipment maintenance and operations costs, postal fees, bulk supplies, and other general support costs for headquarters personnel. The increase reflects the higher costs from the General Services Administration for rent and security services (\$1.6 million) and the impact of inflation on the cost of supplies, maintenance, and operations costs.

Staff Training. At roughly the same level as in FY 2001, centrally funded training, primarily language and leadership training, is included here. In addition, this budget funds technical training, both for program and administrative personnel, and training in automation and other Agency required skills.

About 48% of the training budget is relatively fixed. For example, language training is required for foreign service officers. Certification training for procurement officers is a requirement before warrants can be issued to contracting officers. Contract managers are required to take the contracting skills course. All of these training programs have travel requirements, which are funded from the training budget. Finally, computer training is a critical requirement, becoming ever more important as systems change and hardware and software upgrades are installed.

The balance of the training budget is used to:

- Design and implement new training programs, such as leadership training;
- Provide technical and professional training to specialists in the Agency in areas such as environment, health and population, economic growth, and human resources;
- Provide funds for relative short courses offered by local vendors (including other Government agencies) to meet specific specialized office/employee needs; and
- Cover the basic costs of operating the Agency training facilities, such as the purchase of training supplies and materials.

Other Agency Costs. This category is primarily for mandatory costs, the largest being payments to the Department of State for administrative support and dispatch agent fees, and the Department of Labor for employee medical and compensation claims relating to job related injury or death. Personnel support includes mandatory costs such as retirement travel for foreign service officers retiring from Washington, costs associated with the foreign service panels, and costs associated with retirement processing for foreign service officers.

Legislative and public affairs support includes the costs of publications such as Front Lines, support for Operation Days Work and Lessons Without Borders (LWOB), and costs associated with the Agency web site. The apparent reduction in FY 2000 was due to funding the web site through the information technology budget and deferring the LWOB program. Funding for medical, property, and tort claims has remained relatively constant, with the exception of a large payment made in FY 1999. The category "all other" is primarily for litigation support and the cost of business-related taxi fares in Washington.

Shown below are FY 1999 through FY 2002 funding requirements associated with the major categories included under other Agency costs.

<u>Category</u>	<u>FY 1999</u> <u>Actual</u>	<u>FY 2000</u> <u>Actual</u>	<u>FY 2001</u> <u>Estimate</u>	<u>FY 2002</u> <u>Request</u>
	(\$ thousands)			
Payments to the Department of State	4,292	4,622	4,787	4,935
Payments to the Department of Labor	3,195	3,038	3,191	3,593
Personnel Support	1,098	1,260	1,347	1,310
Legislative and Public Affairs Support	836	277	1,119	1,108
Medical/Property/Tort Claims	1,523	534	550	550
Home Service Transfer Allowances	412	271	400	350
All Other	287	149	243	189
Total	11,643	10,151	11,637	12,035

WORKING CAPITAL FUND

The Agency's Working Capital Fund (WCF) is authorized by Section 635(m) of the Foreign Assistance Act of 1961, as amended. The fund finances, on a reimbursable basis, the costs associated with providing administrative support to other agencies under the International Cooperative Administrative Support Services (ICASS) program overseas. Under ICASS, each agency pays a proportional share of the cost of those services they have agreed to receive. Working through inter-agency councils at post, all agencies have a say in determining which services the USAID mission will provide, defining service standards, reviewing costs, and determining funding levels. The WCF is a no-year fund that permits unobligated monies to be carried over from one year to the next, an advantage providing fiscal flexibility and more of an opportunity to establish multi-year planning. It enables managers to make long-term decisions without the constraints of the annual fiscal year cycle. WCF accounts have been established for four pilot missions with experience in providing reimbursable services to other agencies. Other missions are poised to become service providers once the success of the pilot group has been proven. The gross receipts from the first four WCF accounts will be about \$1 million. While virtually all funds will be required to cover the actual cost of providing service, over time it is anticipated that modest surpluses will accumulate through charging customers for depreciation and deposits from the sale of assets. USAID missions will invest these surpluses in infrastructure improvements to further increase the effectiveness and efficiency with which services are delivered.

The WCF will also be used for deposits of rebates from the use of Federal credit cards, which will be made available to cover general operating expense costs of the Agency.

OPERATING EXPENSES OF THE INSPECTOR GENERAL

Dollars in Thousands			
FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
27,117	24,950	26,941	32,000

The Office of Inspector General (OIG), U.S. Agency for International Development (USAID), is an independent and objective unit within USAID, with the following statutory responsibilities: (1) to conduct audits and investigations relating to the programs and operations of USAID; (2) to provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness and to detect waste, fraud and abuse in the programs and operations of USAID; (3) to provide a means for keeping the Administrator and the Congress fully and currently informed about problems and deficiencies relating to USAID; and (4) to provide audit and investigative services and oversight for the Inter-American Foundation and the African Development Foundation.

The OIG's FY 2002 appropriation request of \$32 million, plus \$1.3 million of prior-year funds, will enable the OIG to reduce the Agency's exposure to fraud and to increase the credibility of and confidence in Agency programs throughout the world. In addition to its Washington, D.C. office, the OIG maintains regional offices in Dakar (Senegal), Pretoria (South Africa), Manila (Philippines), Cairo (Egypt), Budapest (Hungary), and San Salvador (El Salvador).

During FY 2000, OIG activities resulted in a \$120 million lawsuit being filed against a major USAID grantee organization. Audit reviews of contractors, grantees and program operations led to \$87 million in questioned costs and recommendations that funds be put to better use through de-obligations or reprogramming. Other OIG activities resulted in \$37.9 million in criminal fines, civil settlement and restitution being imposed to date on several companies which conspired to rig bids on USAID-funded construction contracts. The OIG is continuing to pursue further judicial actions. OIG activities also resulted in a company guilty of obstruction of justice being fined \$325,000 and placed on probation for two years.

The OIG has three major elements:

The Audit office is responsible for performance audits of USAID programs and management systems, financial statement audits of selected USAID accounts required by the Chief Financial Officers Act and financial related audits of grantees and contractors. New and innovative approaches for quickly examining and reporting results are being developed. The OIG is also expanding accountability of U.S. Government funds through its training and development work with Supreme Audit Institutions around the world.

The Investigations office is responsible for working with USAID to protect and maintain the integrity of Agency programs and operations by investigating allegations of Federal criminal and civil statutes and serious administrative violations. Most of the investigations are reactive and are initiated in response to allegations. However, part of OIG resources focus on proactive investigations which attempt to detect and prevent fraud in agency programs. Priorities are twofold: first, conducting investigations into allegations of procurement and contract fraud; and second, ensuring that USAID employees maintain the highest ethical standards.

The Management office is responsible for managing all administrative activities for the Washington D.C. and overseas offices. Functions include human resources, budgeting, contracting and information management.

Office of Inspector General Workforce

Organization	FY 1999 Actual				FY 2000 Actual				FY 2001 Estimate				FY 2002 Planned			
	U.S.		Foreign	Total	U.S.		Foreign	Total	U.S.		Foreign	Total	U.S.		Foreign	Total
	Direct Hire	PSCs	National PSCs	Staffing FTEs	Direct Hire	PSCs	National PSCs	Staffing FTEs	Direct Hire	PSCs	National PSCs	Staffing FTEs	Direct Hire	PSCs	National PSCs	Staffing FTEs
Washington Offices																
Inspector General	5			5	3			3	4			4	6			6
Legal Counsel and Management	26			26	27			27	29			29	32			32
Audit	58			58	63			63	73			73	77			77
Investigations	17			17	20			20	20			20	25			25
Security	13			13												
Total Washington Workforce	119	0	0	119	113	0	0	113	126	0	0	126	140	0	0	140
Overseas Regions																
Africa	17	0	6	23	15	0	10	25	18	0	10	28	18	0	10	28
Pretoria	8		2	10	6		2	8	9		2	11	9		2	11
Dakar	9		4	13	9		8	17	9		8	17	9		8	17
Asia/Near East	15	0	5	20	15	0	7	22	15	0	9	24	16	0	9	25
Manila	7		3	10	7		4	11	6		4	10	7		4	11
Cairo	8		2	10	8		3	11	9		5	14	9		5	14
Europe/Eurasia	9	0	3	12	9	1	3	13	11	1	4	16	12	1	4	17
Budapest	9		3	12	9	1	3	13	11	1	4	16	12	1	4	17
Latin American & Caribbean	7	0	2	9	8	2	5	15	8	2	5	15	10	2	4	16
San Salvador	7		2	9	8	2	5	15	8	2	5	15	10	2	4	16
Total Overseas	48	0	16	64	47	3	25	75	52	3	28	83	56	3	27	86
Total Worldwide	167	0	16	183	160	3	25	188	178	3	28	209	196	3	27	226

Note: There are no Foreign National Direct Hires.

Office of Inspector General
Funding Sources for Operating Expenses
(\$000)

Category	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Appropriation	30,750	25,000	27,000	32,000
Recission		(50)	(59)	
Transfer Security to Agency	(3,633)			
Transfer of Supplemental Disaster Asst. from Agency	1,500			
No-Year/multi-year funds Carried-over from prior year	7,200	6,955	5,131	1,264
Prior-Year Obligations Recovered	380	1,921		
Total Available Funds	36,197	33,826	32,072	33,264
Obligations - OE funds	(27,117)	(24,950)	(26,941)	(32,000)
Obligations - Security	(2,116)			
Obligations - Disaster Assistance	(9)	(467)	(601)	(423)
Obligations - No-year/multi-year funds		(3,278)	(3,266)	(841)
Total Obligations	(29,242)	(28,695)	(30,808)	(33,264)
End-of-year Carry Forward	6,955	5,131	1,264	0

(\$000)

Location	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
Washington Costs	8,204	6,597	6,091	6,522
Centrally Funded Personnel Costs	15,360	15,677	18,049	19,428
TOTAL WASHINGTON	23,564	22,274	24,140	25,950
Regional Inspector Generals				
Pretoria, South Africa	662	644	568	825
Dakar, Senegal	1,246	1,138	1,077	1,171
Manila, Phillipines	911	1,017	958	1,274
Cairo, Egypt	896	849	999	1,073
Budapest, Hungary	988	1,480	1,537	1,628
San Salvador, El Salvador	966	826	928	920
Supplemental	9	467	601	423
TOTAL OVERSEAS	5,678	6,421	6,668	7,314
TOTAL OIG FUNDING	29,242	28,695	30,808	33,264

Office of Inspector General
Use of Operating Expenses by Object Classes
(\$000)

OCC	Category	FY 1999 Actual			FY 2000 Actual			FY 2001 Estimate			FY 2002 Request		
		Hq.	Field	Total	Hq.	Field	Total	Hq.	Field	Total	Hq.	Field	Total
11.1	Compensation, full-time permanent												
	U.S. Direct Hire	7,266	4,670	11,936	7,786	3,708	11,494	9,332	4,298	13,630	9,847	4,690	14,537
11.5	Other personnel compensation												
	U.S. Direct Hire	86	413	499	649	436	1,085	542	345	887	592	398	990
11.8	Other Compensation												
	PSCs	0	423	423	0	826	826	0	799	799	0	858	858
12.1	Personnel benefits												
	U.S. Direct Hire:												
	Retirement Costs	1,639	662	2,301	1,615	832	2,447	1,862	928	2,790	2,033	1,048	3,081
	Health and Life Insurance	313	158	471	421	230	651	485	257	742	530	290	820
	Education Allowances	0	219	219	0	435	435	0	486	486	0	547	547
	Other Benefits	153	136	289	0	168	168	0	187	187	0	212	212
	Sub-Total	2,105	1,175	3,280	2,036	1,665	3,701	2,347	1,858	4,205	2,563	2,097	4,660
	Total Personnel Compensation	9,457	6,681	16,138	10,471	6,635	17,106	12,221	7,300	19,521	13,002	8,043	21,045
21.0	Travel and Transportation of Persons												
	Operational Travel	563	985	1,548	1,002	1,157	2,159	883	907	1,790	500	1,319	1,819
	Training Travel	5	3	8	10	5	15	73	0	73	8	0	8
	Sub-Total	568	988	1,556	1,012	1,162	2,174	956	907	1,863	508	1,319	1,827
22.0	Transportation of Things												
	Post Assignment/Home Leave Freight	0	364	364	0	465	465	0	383	383	0	300	300
	Shipment of Furniture and Equipment	46	0	46	0	1	1	0	34	34	0	2	2
	Sub-Total	46	364	410	0	466	466	0	417	417	0	302	302
	Total Travel and Transportation	614	1,352	1,966	1,012	1,628	2,640	956	1,324	2,280	508	1,621	2,129
23.1	Rental Payments to GSA	1,723	0	1,723	1,576	0	1,576	1,590	0	1,590	2,018	0	2,018
23.2	Rental Payments to Others	0	1,242	1,242	0	1,405	1,405	0	1,687	1,687	0	1,928	1,928
	Sub-Total	1,723	1,242	2,965	1,576	1,405	2,981	1,590	1,687	3,277	2,018	1,928	3,946

Office of Inspector General
Use of Operating Expenses by Object Classes
(\$000)

OCC	Category	FY 1999 Actual			FY 2000 Actual			FY 2001 Estimate			FY 2002 Request		
		Hq.	Field	Total	Hq.	Field	Total	Hq.	Field	Total	Hq.	Field	Total
23.3	Communications, Utilities, and Misc. Charges												
	Office and Residential Utilities	26	225	251	0	236	236	0	218	218	0	262	262
	Telephone Costs	0	0	0	4	54	58	4	54	58	4	71	75
	Other	0	0	0	6	15	21	6	24	30	6	17	23
	Sub-Total	26	225	251	10	305	315	10	296	306	10	350	360
	Total Rent, Communications, and Utilities	1,749	1,467	3,216	1,586	1,710	3,296	1,600	1,983	3,583	2,028	2,278	4,306
24.0	Printing and Reproduction	9	8	17	24	5	29	19	6	25	11	8	19
25.1	Advisory and Assistance Services:	35	23	58	18	10	28	14	10	24	142	13	155
25.2	Other Services												
	Office and Residential Security Guards	907	0	907	0	126	126	0	142	142	0	142	142
	Staff Training	100	0	100	374	19	393	270	33	303	200	37	237
	ADP Systems Design/Analysis	103	0	103	0	0	0	0	0	0	0	0	0
	Other	1	277	278	188	94	282	180	36	216	130	12	142
	Sub-Total	1,111	277	1,388	562	239	801	450	211	661	330	191	521
25.3	Purchase of Goods and Svcs from Gov't. Accts.												
	International Cooperative Admin. Supp. Svcs	163	895	1,058	0	795	795	113	939	1,052	115	995	1,110
	DCAA and CFO Audits	115	0	115	1,213	0	1,213	1,030	0	1,030	1,471	0	1,471
	Other Services	2,823	180	3,003	1,560	190	1,750	1,463	291	1,754	1,610	307	1,917
	Sub-Total	3,101	1,075	4,176	2,773	985	3,758	2,606	1,230	3,836	3,196	1,302	4,498
25.4	Operations and Maintenance of Facilities	0	111	111	37	81	118	24	113	137	10	59	69
25.6	Medical Care	0	3	3	0	12	12	0	0	0	0	0	0
25.7	Operation/Maintenance of Equipment & Storage												
	ADP and Telephone Systems	18	0	18	23	3	26	32	3	35	0	3	3
	Office & Residential Furniture and Equipment	100	40	140	0	24	24	0	20	20	0	22	22
	Other Operations/Maintenance Costs	101	0	101	14	1	15	0	1	1	35	7	42
	Sub-Total	219	40	259	37	28	65	32	24	56	35	32	67
	Total Contractual Services	4,475	1,537	6,012	3,451	1,360	4,811	3,145	1,594	4,739	3,724	1,605	5,329
26.0	Supplies and Materials	117	65	182	112	86	198	51	127	178	101	36	137

Office of Inspector General
Use of Operating Expenses by Object Classes
(\$000)

OCC	Category	FY 1999 Actual			FY 2000 Actual			FY 2001 Estimate			FY 2002 Request		
		Hq.	Field	Total	Hq.	Field	Total	Hq.	Field	Total	Hq.	Field	Total
31.0	Purchase of Equipment												
	ADP Hardware/Software	893	404	1,297	359	57	416	260	42	302	125	3	128
	Other Office/Residential Furniture/Equip.	59	0	59	77	69	146	79	124	203	36	152	188
	Sub-Total	952	404	1,356	436	126	562	339	166	505	161	155	316
32.0	Lands and Structures	297	67	364	0	80	80	0	0	0	0	0	0
42.0	Insurance Claims & Indemnities	0	8	8	0	2	2	0	2	2	0	2	2
	Total Acquisition of Assets	1,366	544	1,910	548	294	842	390	295	685	262	193	455
	Total Costs	17,661	11,581	29,242 /1	17,068	11,627	28,695 /2	18,312	12,496	30,808 /3	19,524	13,740	33,264

/1 This distribution includes \$2.1 million in no-year funds.

/2 This distribution includes \$3.7 million in no-year funds.

/3 This distribution includes an estimated \$3.9 million in no-year funds.

/4 This distribution includes an estimated \$1.3 million in no-year funds.

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND ¹

Dollars in Thousands			
FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
44,552	43,837	44,489	44,880

In FY 1974, amendments to the Foreign Assistance Act of 1961, as amended, permitted USAID career foreign service employees to become participants in the Foreign Service Retirement and Disability Fund.

The extension of coverage to USAID employees created an unfunded liability in the system. An actuarial determination by the Department of the Treasury shows that in FY 2002, \$44,880,000 will be required to amortize this liability and the unfunded liability created by pay raises and benefit changes since FY 1974. For FY 2002, USAID is requesting an appropriation of this amount.

¹ Authorized by Chapter 8 of the Foreign Service Act of 1980.

GLOSSARY OF TERMS

The glossary defines legislative, administrative, programming and budget terms referred to in this budget justification. Underscored terms in the definitions are defined elsewhere in the glossary. Frequently used abbreviations are included.

Accrual: An estimate of cost that has been incurred but not yet paid by the Agency. An accrual is calculated for a specific agreement. It helps provide current information on the financial status of an activity and program.

Activity: A set of actions through which inputs such as commodities, technical assistance and training are mobilized to produce specific outputs such as vaccinations given, schools built, and micro-enterprise loans issued. Activities are undertaken to achieve “strategic,” “special,” or “strategic support” objectives that have been formally approved and notified to Congress.

Agency Strategic Plan: The Agency’s overall plan for providing development assistance. The strategic plan articulates the Agency’s mission, goals, objective, and program approaches. The Agency strategic plan is coordinated with, and reflects the priorities of, U.S. Government international affairs agencies.

Agreement: An agreement is the formal mutual consent of two or more parties. The Agency employs a variety of agreements to formally record understandings with other parties, including grant agreements, cooperative agreements, strategic objective agreements, memoranda of understanding, interagency agreements, contracts, and limited scope grant agreements. In most cases, the agreement identifies the results to be achieved, respective roles and contributions to resource requirements in pursuit of a shared objective within a given timeframe.

Annual Performance Plan: The Agency’s annual performance plan (APP) summarizes the Agency’s performance plans for the same year as the budget request year (e.g., FY 2002). It is organized by the Agency goals outlined in the Agency strategic plan. The annual performance plan is a required document under the Government Performance and Results Act. In contrast, the annual budget justification, formerly titled the Congressional Presentation, is organized by specific countries, regions, or global programs. The budget justification contains the plans for each Agency operating unit.

Annual Performance Report: The Agency’s annual performance report (APR) synthesizes the Agency program performance for the year ending the past September (e.g., FY 2000). It reports by Agency goal against the Agency’s FY 2000 annual performance plan that was prepared and submitted to Congress in 1999. The annual performance plan is a required document under the Government Performance and Results Act. In contrast, the annual budget justification, formerly titled the Congressional presentation, is organized by the operating, or management, units in countries, regions, or Washington. The budget justification reports on the performance of each program managed by each Agency operating unit.

Actual Year: Last completed fiscal year; in this case, FY 2000.

Appropriation: An act of Congress permitting Federal agencies to incur obligations for specified purposes, e.g., Foreign Assistance and Related Programs Appropriation Act, 2000.

Appropriation Accounts: The separate accounts for which specific dollar amounts are authorized and appropriated.

Authorization: Substantive legislation which establishes legal operation of a Federal program, either indefinitely or for a specific period, and sanctions particular program funding levels, e.g., the Foreign Assistance Act of 1961, as amended (FAA).

Bilateral Assistance: Economic assistance provided by the United States directly to a country or through regional programs to benefit one or more countries indirectly. (USAID Child Survival and Disease Program Fund, Development Assistance, Economic Support Fund, Assistance for Eastern Europe and the Baltic States, Assistance for the Independent States of the former Soviet Union, and most P.L. 480 food aid are among the U.S. bilateral programs. Others include Peace Corps and International Narcotics Control.)

Budget Authority: Authority provided to the U.S. Government by law to enter into obligations which result in outlays or government funds.

Budget Justification: The presentation to the Congress that justifies USAID's budget request and provides information on the programs, objectives, and results. Formerly, referred to as the Congressional Presentation (CP).

Budget Year: Year of budget consideration; in this case, FY 2002.

Child Survival and Diseases Program Fund: An appropriation account for funding child survival, basic education, assistance to combat HIV/AIDS and other diseases, and related activities.

Consortium Grant: A grant to consortia of private and voluntary organizations (PVO) to enable a group of PVOs with similar interests to exchange information and program experiences and to collaborate in programs, thereby avoiding duplication.

Continuing Resolution: A joint resolution passed to provide stop-gap funding for agencies or departments whose regular appropriations bills have not been passed by the Congress by the beginning of the fiscal year.

Cooperative Development Organization (CDO): A business voluntarily owned and controlled by its users and operated for their benefit.

Deobligation: Unexpended funds obligated for a specific activity which are subsequently withdrawn, following a determination that they are not required for that activity.

Development Assistance: Assistance under Chapters I and 10 of the Foreign Assistance Act primarily designed to promote economic growth and equitable distribution of its benefits.

Development Assistance Committee (DAC): A specialized committee of the Organization for Economic Cooperation and Development (OECD). The purpose of the DAC is to increase total resources made available to developing countries. Member countries jointly review the amount and nature of their contributions to bilateral and multilateral aid programs in the developing countries. DAC members are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom, the United States, and the Commission of the European Economic Communities.

Development Fund for Africa (DFA): The Development Fund for Africa (Chapter 10 of the Foreign Assistance Act), relating to the authorization of long-term development assistance for sub-Saharan Africa, was added to the FAA by the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1991 (P.L. 101-513).

Development Loan: Development assistance which must be repaid, usually a long-term, low-interest loan

repayable in U.S. dollars.

Development Program Grant (DPG): A grant to assist a private and voluntary organization to strengthen its ability to be an effective development agency.

Disbursement: Actual payment made for a product, service or other performance, pursuant to the terms of an agreement.

Economic Assistance: Bilateral and multilateral foreign assistance designed primarily to benefit the recipient country's economy. Military assistance, Export-Import Bank activities, Overseas Private Investment Corporation programs and Commodity Credit Corporation short-term credit sales, which have primary purposes other than economic development, are not included in this category.

Economic Support Fund: An appropriation account for funding economic assistance to countries based on considerations of special economic, political or security needs and U.S. interests. It took the place of Security Supporting Assistance, as provided in Section 10(b)(6) of the International Security Assistance Act of 1978 (92 STAT 735).

Expenditure: As reported in this document, represents the total value of goods and services received, disbursement for which may not have been made. A disbursement, also referred to as an actual expenditure or outlay, represents funds paid from the U.S. Treasury.

Fiscal Year: Yearly accounting period, without regard to its relationship to a calendar year. (The fiscal year for the U.S. Government begins October 1 and ends September 30.)

Foreign Assistance Act (FAA): The Foreign Assistance Act of 1961, as amended (USAID's present authorizing legislation).

Foreign Assistance and Related Programs Appropriation Act: The Appropriation Act for a particular year for economic (except P.L. 480 food aid) and military assistance and Export-Import Bank.

FREEDOM Support Act (FSA): The Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (FREEDOM Support Act, P.L. 102-511) authorizes assistance to the Independent States of the former Soviet Union (referred to as Eurasia).

Functional Assistance: Development Assistance funded from the Development Assistance, Child Survival and Diseases Program Fund, and Development Credit Programs appropriation accounts and authorized from one of the following eight authorization accounts: (1) Agriculture, Rural Development and Nutrition; (2) Population Planning; (3) Health; (4) Child Survival; (5) AIDS Prevention and Control; (6) Education and Human Resources Development; (7) Private Sector, Environment and Energy; and (8) Science and Technology.

Global Program or Activity: A global program or activity refers to a USAID program or activity that takes place across various regions (i.e., trans-regional in nature). This type of program is most often managed by a central operating bureau such as Global Bureau or Bureau for Humanitarian Response.

Goal: A long-term development result in a specific area to which USAID programs contribute and which has been identified as a specific goal by the Agency.

Government Performance and Results Act (GPRA): The Government Performance and Results Act of 1993 (P.L. 103-62) provides for the establishment of strategic planning and performance management in the Federal Government.

Grant: Assistance to an organization to carry out its activities as opposed to the acquisition of services for USAID or a host country which need not be repaid. (Term also describes a funding instrument for programs of an institution or organizations, e.g., International Executive Service Corps or an international agricultural research center.)

Gross Domestic Product (GDP): Measures the market value of total output of final goods and services produced within a country's territory, regardless of the ownership of the factors of production involved, i.e., local or foreign, during a given time period, usually a year. Earnings from capital invested abroad (mostly interest and dividend receipts) are not counted, while earnings on capital owned by foreigners but located in the country in question are included. The GDP differs from the GNP in that the former excludes net factor income from abroad.

Gross National Product (GNP): Measures the market value of total output of final goods and services produced by a nation's factors of production, regardless of location of those factors, i.e., in the country or abroad, during a given time period, usually a year. Earnings from capital owned by nationals but located abroad (mostly interest and dividend receipts) are included, while earnings in the country by factors owned by foreigners are excluded.

Host Country: A country in which the USAID sponsoring unit is operating.

Input: A resource, operating expense or program funded, that is used to create an output.

Intermediate Result: The most important results that must occur in order to achieve a strategic objective; a cluster or summary of results used in summarizing the results framework.

International Financial Institution (IFI): Currently known as a multilateral development bank (MDB), a multilateral lending institution which provides resources for development. These institutions, or banks, include the following; Asian Development Bank (ADB) and Fund (ADF), African Development Bank (AFDB) and Fund (AFDF), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IADB), International Bank for Reconstruction and Development (IBRD, or the "World Bank"), International Finance Corporation (IFC), International Development Association (IDA), Middle East Development Bank (MEDB), and North American Development Bank (NADB).

Joint Planning: A process by which an operating unit actively engages and consults with other relevant and interested USAID offices in an open and transparent manner. This may occur through participation on teams or through other forms of consultation.

Life of Strategic Objective: The approved time for a strategic objective, which can be amended at any time. While formal approval is within the overall operating unit's strategic plan, a strategic objective may not necessarily begin and end when a plan begins and ends. No activity helping to achieve a result for a given strategic objective can be implemented beyond that strategic objective's life.

Limited Scope Grant Agreement: This agreement is similar to the strategic objective agreement, but is shorter in length. It is used for obligating funds for a small activity or intervention, e.g., participant training or program development and support.

Loan: Assistance which must be repaid. Repayment terms for development loans under Development Assistance and the Economic Support Fund are established by USAID in accordance with the Foreign Assistance Act of 1961, as amended (FAA), and the current Foreign Assistance and Related Programs

Appropriation Act.

Manageable Interest: That which is within USAID's reasonable control, within the context of contracts and grants. That which is in the strategic objective team's reasonable influence, in the context of the strategic objective team including partners.

Management Services Grant: A grant to a private and voluntary organization (PVO) which in turn provides management or program support services (e.g., clearinghouse, accounting assistance, evaluation) to other PVOs.

Mission: The ultimate purpose of the Agency's programs. It is the unique contribution of USAID to U.S. national interests. There is one Agency mission.

Multilateral Assistance: Assistance which the United States provides to less or least developed countries (LDC) through multilateral development banks, the United Nations agencies, and other international organizations with development purposes.

Multilateral Development Bank (MDB): See international financial institutions.

National Interest: A political and strategic interest of the United States that guides the identification of recipients of foreign assistance and the fundamental characteristics of development assistance.

New Directions : Legislation enacted in 1973 requiring USAID to focus more of its efforts on helping the poor majority in developing countries.

Nongovernmental Organization (NGO): An organization, organized either formally or informally, that is independent of government.

Non-Presence Country: A country where USAID-funded activities take place but where U.S. direct-hire staff are not present to manage or monitor these activities. Note that some non-presence countries may have other USAID employees, such as foreign service nationals or U.S. personal service contractors, present.

Non-Project Assistance: Program or commodity loans or grants which provide budget or balance-of-payments support to another country. Such assistance is usually funded under the Economic Support Fund or Development Fund for Africa.

Obligation: Legal commitment of funds through such mechanisms as signed agreements between the U.S. Government and host governments, contracts and grants to organizations, and purchase orders.

Objective: A significant development result which contributes to the achievement of an Agency goal. Several Agency objectives contribute to each Agency goal. An Agency objective provides a general framework for more detailed planning that occurs for a specific country and regional program.

Ocean Freight Reimbursement: Reimburses private and voluntary organizations (PVO) for up to one half of their cost in shipping equipment and commodities overseas in support of their development programs.

Official Development Assistance (ODA): Assistance on concessional terms (with a grant element of at least 25%), provided by member countries of the Development Assistance Committee to promote economic development in developing countries.

Operating Expenses: Those appropriated funds used to pay salaries, benefits, travel, and all support costs of direct-hire personnel. The "cost of doing business."

Operating Unit: An agency field mission or Washington office or higher level organizational unit which expends program or operating expense funds to achieve a strategic or special objective, and which has a clearly defined set of responsibilities focused on the development and execution of a strategic plan.

Operational Year: Fiscal year in progress (current year), presently FY 2001.

Operational Program Grant (OPG): A grant to private and voluntary organizations to carry out specific programs.

Organization for Economic Cooperation and Development (OECD): Organization of donor countries which promotes policies designed to stimulate economic growth and development of less developed countries. OECD member countries are Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

Outlay: Cash disbursement from the Treasury.

Output: A tangible immediate and intended product or consequence of an activity. Examples of outputs include personnel trained, people fed, analyses prepared, vaccinations given, policies recommended, technical assistance delivered, better technologies developed, and new construction completed.

Parameter: A given framework or condition within which decision making takes place, i.e., Agency goals, earmarks, legislation, etc.

Parameter-setting: A process by which a parameter is agreed upon and used to define limits, constraints and options for the development or revision of a strategic plan.

Participant: USAID-sponsored, less developed country (LDC) national being trained outside his or her own country.

Peacekeeping Operations: The program authorized and appropriated for a special type of economic assistance for peacekeeping operations and other programs carried out in furtherance of the national interests of the United States.

Performance Indicator: A particular characteristic or dimension used to measure intended changes defined by an organizational unit's results framework. Performance indicators are used to observe progress and to measure actual results compared to expected results. The indicators are usually expressed in quantifiable terms, and should be objective and measurable (numeric values, percentages, scores and indices).

Performance Plan: The performance plan identifies annual performance benchmarks of the operating unit. Meeting benchmarks, or the planned levels of achievement for a given year, are considered important steps toward ultimately achieving the ten-year performance goals identified in the Strategic Plan.

Performance Target: The specific and intended result to be achieved within an explicit timeframe and against which actual results are compared and assessed. In addition to final targets, interim targets also may be defined.

Pillar: USAID's new strategic orientation involves four pillars. The first, the Global Development Alliance (GDA), represents a change in the way USAID implements assistance; USAID will serve as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporations, the higher education community, and nongovernmental organizations in support of shared objectives overseas. USAID has aggregated its current and new mutually reinforcing programs and activities into three program pillars to utilize resources more effectively and to describe its programs more clearly. The three program pillars are: economic growth and agriculture; global health; and conflict prevention and developmental relief.

Pipeline: The difference between obligations and expenditures.

P.L. 480: The Agricultural Trade Development and Assistance Act of 1954, as amended, which governs administration of the U.S. Food for Peace program. (Term is often used to describe food aid.)

President's Budget: Budget for a particular fiscal year transmitted to Congress by the President in accordance with the Budget and Accounting Act of 1921, as amended.

Private and Voluntary Organization (PVO): A non-profit, tax-exempt and nongovernmental organization established and governed by a group of private citizens whose purpose is to engage in voluntary charitable and development assistance operations overseas.

Program: A coordinated set of USAID-financed activities directed toward specific goals. For example, maternal and child health, nutrition, education and family planning activities designed to promote the spacing of children may comprise a program to reduce infant deaths.

Program Approach: A tactic identified by the Agency as commonly used to achieve a particular objective. Several program approaches are associated with each Agency objective.

Project: A management tool used by the Agency prior to 1995. A project defines and documents objectives, purposes, outputs and inputs of a given program. As currently used, the term is equivalent to activity. Prior to 1995, term "project" was used as a term to refer to a specific grouping of activities that had been planned, reviewed and approved following the project-based programming system that existed. In 1995, the Agency shifted to a results-based programming system, consistent with the Government Performance and Results Act,

Reimbursement: Collection of funds for services provided to recipients outside the USAID.

Reobligation: Obligation of an amount which had been obligated and deobligated in prior transactions.

Result: A significant, intended and measurable change in the condition of a customer, or a change in the host country, institution or other entity that will affect the customer directly or indirectly.

Results Framework: The results framework explains how the strategic objective is to be achieved, including those results that are necessary and sufficient, as well as their causal relationships and underlying assumptions.

Results Package: A collection of activities, including staff and partner involvement, necessary and sufficient to achieve one or more results in a results framework.

Results Review and Resource Request (R4): The document which is reviewed internally and submitted to USAID headquarters by the field or Washington operating unit on an annual basis. The R4 contains two components: the results review (R2) and the resource request. Judgment of progress will be based on a combination of data and analysis and will be used to inform budget decision making.

Special Objective: The result of an activity or activities which do not qualify as a strategic objective, but support other U.S. Government assistance objectives. A special objective is expected to be small in scope relative to the portfolio as a whole.

Stakeholder: An individual or group who has an interest in and influences USAID activities, programs and objectives.

Strategic Framework: A graphical or narrative representation of the Agency's strategic plan. The framework is a tool for communicating the Agency's development strategy. The framework also establishes an organizing basis for measuring, analyzing, and reporting results of Agency programs.

Strategic Objective: The most ambitious result that an Agency operational unit, along with its partners, can materially affect, and for which it is willing to be held accountable within the time period of the strategic objective.

Strategic Plan: The framework which an operating unit uses to articulate the organization's priorities, to manage for results, and to tie the organization's results to the customer and beneficiary. The strategic plan is a comprehensive plan that includes the limitation of strategic objectives and a description of how resources will be deployed to accomplish the objectives. A strategic plan is prepared for each portfolio whether it is managed at a country, regional, or central level.

Support for East European Democracy (SEED) Act: The Support for East European Democracy Act of 1989 (P.L. 101-179) authorizes assistance to Eastern Europe.

Sustainable Development: Economic and social growth that does not exhaust a country's resources; that does not damage the economic, cultural or natural environment; that creates incomes and enterprises; and that builds indigenous institutions.

Target: See [Performance Target](#).

BUDGET JUSTIFICATION TERMS

All Spigots Table: Table which shows U.S. economic and military assistance levels from all International Affairs (Function 150) sources, broken out by program, region and country. The State Department Budget Justification contains the International Affairs "all spigots" tables. The USAID Budget Justification "all spigots" tables show USAID-managed assistance levels only (Child Survival and Diseases Program Fund, Development Assistance, Assistance for Eastern Europe and the Baltic States, Assistance to the Independent States of the former Soviet Union, Economic Support Fund, and P.L. 480).

Congressional Presentation: Now called Budget Justification to the Congress.

Green Book: This publication is entitled U.S. Overseas Loans and Grants and Assistance from International Organizations. This data, which is grouped by country and geographic region, includes assistance from USAID, military assistance, P.L. 480, Export-Import Bank, etc. from 1945 to the last completed fiscal year, in this case FY 2000. This publication is released shortly after the Budget Justification is presented to the Congress.

Program Summary Table: The table found at the beginning of each region, country and central program

narrative contained in this Budget Justification document. This table summarizes the budget levels for the prior two fiscal years (i.e., FY 1999 and FY 2000), current year (i.e., FY 2001), and budget year (i.e., FY 2002) by type of assistance (Child Survival and Diseases Program Fund, Development Assistance, Assistance for Eastern Europe and the Baltic States, Assistance to the Independent States of the former Soviet Union, Economic Support Fund, P.L. 480, and others).

Strategic Objective Summary Table: The table found at the end of each region, country and central program narrative contained in this Budget Justification document. This table summarizes budget levels for the prior two fiscal years (i.e., FY 1999 and FY 2000), current year (i.e., FY 2001), and budget year (i.e., FY 2002) for the strategic objectives by type of assistance (i.e., accounts).

ABBREVIATIONS AND ACRONYMS

A&A	-	Acquisitions and Assistance
AAEF	-	Albanian-American Enterprise Fund
AAFLI	-	Asian-American Free Labor Institute
AALC	-	African-American Labor Center
ABA	-	American Bar Association
ABEUSA	-	U.S. Participant Training Alumni Association
ACVFA	-	Advisory Committee on Voluntary Foreign Aid
ACOR	-	American Center for Oriental Research
ADB	-	Asian Development Bank
ADC	-	Andean Development Corporation
ADP	-	Automated Data Processing
ADRA	-	Adventist Development and Relief Agency
ADS	-	Automated Directives System
	-	Activity Data Sheet
AED	-	Academy for Educational Development
AFDB	-	African Development Bank
AFR	-	Africa
AFSI	-	Africa Food Security Initiative
AIDS	-	Acquired Immunodeficiency Syndrome
AIDSCAP	-	Acquired Immunodeficiency Syndrome Control and Prevention Project
AIFLD	-	American Institute for Free Labor Development
AIHA	-	American International Health Alliance
AIMI	-	African Integrated Malaria Initiative
ANE	-	Asia and Near East
AOJ	-	Administration of Justice
APEC	-	Asia-Pacific Economic Cooperation
APENN	-	Association of Producers and Exporters of Nontraditional Products
APO	-	Army Post Office
APP	-	Annual Performance Plan
APR	-	Agency Performance Report
ARDC	-	Area Reintegration and Development Center
ARENTO	-	Arab Republic of Egypt National Telecommunication
ARI	-	Acute Respiratory Infection
ASEAN	-	Association of Southeast Asian Nations
ASHA	-	American Schools and Hospitals Abroad
ASSET	-	Agriculturally Sustainable System and Environmental Transformation
ATI	-	Appropriate Technology International
AUB	-	American University of Beirut
AWACS	-	AID Worldwide Accounting and Control System
BAA	-	Business Area Analysis
BCN	-	Biodiversity Conservation Network
BDS	-	Business Development Service
BIPRA	-	Bilateral Intellectual Property Rights Agreement
BIT	-	Bilateral Investment Treaty
BOT	-	Build, Operate and Transfer
CAPEL	-	Center for the Promotion of Electoral Assistance
CARD	-	Council on Agricultural and Rural Development
CARE	-	Cooperative for Assistance and Relief Everywhere, Inc.
CASS	-	Cooperative Association of States for Scholarships
CCI	-	Climate Change Initiative
CDC	-	Centers for Disease Control and Prevention
CDIE	-	Center for Development Information and Evaluation

CDO	-	Cooperative Development Organization
CDP	-	Cooperative Development Program (U.S.-Israel)
CDR	-	Cooperative Development and Research Program (U.S.-Israel)
CEAL	-	Center for Studies and Legislative Assistance
CEDRO	-	Center for Drug Education and Information
CEE	-	Central and Eastern Europe
CEELI	-	Central and East European Law Institute
CEL	-	Country Experimental Laboratory
CFC	-	Chlorofluorocarbon
CFA	-	African Financial Community
CFL	-	Compact Florescent Lamps
CFO	-	Chief Financial Officer
	-	Chief Financial Officers Act
CG	-	Consultative Group
CGIAR	-	Consultative Group for International Agricultural Research
CIAV	-	Commission of Support for Verification
CIC	-	Community Improvement Council
CIDA	-	Canadian International Development Agency
CIFOR	-	Center for International Forestry Research
CIMS	-	Contract Information Management System
CINGO	-	Citizen Initiated Nongovernmental Organization
CLD	-	Consortium for Legislative Development
CLUSA	-	Cooperative League of the United States of America
CMA	-	Crescent Medical Aid
CNG	-	Compressed Natural Gas
CNV	-	Culture and Nature Visitor
CO ₂	-	Carbon Dioxide
CONAM	-	National Environmental Council
CONCAUSA	-	Central America-USA Alliance
COTS	-	Commercial off the Shelf
CP	-	Congressional Presentation
CPP	-	Comprehensive Post Partum
CPR	-	Contraceptive Prevalence Rate
CRM	-	Coastal Resource Management
CRS	-	Catholic Relief Services
CRSP	-	Collaborative Research Support Program
CS	-	Child Survival
CSD	-	Child Survival and Disease
CSE	-	Supreme Electoral Council
CSO	-	Civil Service Organization
CSM	-	Contraceptive Social Marketing
CTE	-	Carbon Ton Equivalent
CYP	-	Couple Year's Protection
DA	-	Development Assistance
DAC	-	Development Assistance Committee
DAF	-	Development Assistance Fund
DART	-	Disaster Assistance Response Team
DCA	-	Development Credit Authority
DCAA	-	Defense Contracting Audit Agency
DEG	-	Developing Economies Group
DFA	-	Development Fund for Africa
DG	-	Democracy and Governance
DH	-	Direct Hire
DHS	-	Demographic Health Survey
DIMS	-	Democratic Indicators Monitoring System

DMELLD	-	Design, Monitoring, Evaluation, Lessons Learned, and Dissemination
DNPW	-	Directorship of National Parks and Wildlife
DOE	-	Department of Energy
DOP	-	Declaration of Principles on Interim Self-Governing Arrangements
DOTS	-	Directly Observed Therapy-Short Course
DPT	-	Diphtheria, Pertussis and Tetanus
DWG	-	Democracy Working Group
EAI	-	Enterprises for the Americas Initiative
EBRD	-	European Bank for Reconstruction and Development
EC	-	European Community
	-	European Commission
ECA	-	Enhanced Credit Authority
ECLA	-	Economic Commission for Latin America
ECS	-	Electronic Certifying System
EE	-	Europe and Eurasia (formerly Europe and New Independent States)
EEP	-	Employee Evaluation Program
EFT	-	Electronic Fund Transfer
EGAD	-	Economic Growth and Agriculture Development
EIA	-	Environmental Initiative for the Americas
EIP	-	Environmental Impact Assessment
EMS	-	Environmental Management System
ENI	-	Europe and New Independent States of Former Soviet Union (now called Europe and Eurasia)
ENR	-	Environment and Natural Resources
ENSO	-	El Nino Southern Oscillation
ENV	-	Environment
EOC	-	Emergency Obstetric Care
EPA	-	Environmental Protection Agency
EPI	-	Expanded Program of Immunization
EPL	-	Environmental Pollution Licensing
EPRA	-	Economic Policy Resource Center
ERP	-	Economic Recovery Program
ESAF	-	Extended Structural Adjustment Facility (International Monetary Fund)
ESF	-	Economic Support Fund
EU	-	European Union
FAAS	-	Foreign Affairs Administrative Services
FAH	-	Armed Forces of Haiti
FAI	-	Food Affordability Index
FAO	-	Food and Agriculture Organization
FAS	-	Foreign Agriculture Service (U.S. Dept. of Agriculture)
FCCC	-	Framework Convention on Climate Changes
FDA	-	Food and Drug Administration
FDI	-	Foreign Direct Investment
FFA	-	Future Farmers of America
FFP	-	Food for Peace
FGM	-	Female Genital Mutilation
FISE	-	Emergency Social Investment Fund
FM	-	Financial Management
FMAA	-	Federal Managers Financial Integrity Act of 1982
FMLN	-	Farabundo Marti National Liberation Front
FP	-	Family Planning
FREEDOM	-	Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (FREEDOM Support Act)
FSA	-	FREEDOM Support Act

FSI	-	Foreign Service Institute
FSN	-	Foreign Service National
FSRDF	-	Foreign Service Retirement and Disability Fund
FTAA	-	Free Trade Area of the Americas
FTB	-	First Time Borrower
FTE	-	Full-time Equivalency
FTF	-	Farmer to Farmer Program
G-7	-	Group of Seven (leading industrialized nations consisting of Canada, France, Germany, Italy, Japan, United Kingdom, and United States)
GAO	-	General Accounting Office
GAVI	-	Global Alliance for Vaccines and Immunization
GATT	-	General Agreement on Tariffs and Trade
GCA	-	Global Coalition for Africa
GCC	-	Global Climate Change
GDA	-	Global Development Alliance
GDP	-	Gross Domestic Product
GEF	-	Global Environmental Facility
GEM	-	Global Excellence in Management
GHAJ	-	Greater Horn of Africa Initiative
GHG	-	Green House Gas
GIS	-	Geographic Information System
GNP	-	Gross National Product
GMRA	-	Government Management Reform Act
GPA	-	Gender Plan of Action
GPRA	-	Government Performance and Results Act (P.L. 103-62)
GSA	-	General Services Administration
GSP	-	General System of Preference
GTN	-	Global Technology Network
GTZ	-	Guatemala Trade Zone
HA	-	Hectare
	-	Humanitarian Assistance
HCD	-	Human Capacity Development
HG	-	Housing Guaranty
HHE	-	Household Effect
HiB	-	Hemophilus Influenza Type B
HIV	-	Human Immunodeficiency Virus
HMO	-	Health Maintenance Organization
HFTE	-	Hemispheric Free Trade Expansion
HQ	-	Headquarters
IACCC	-	Inter-Agency Climate Change Committee
IARC	-	International Agricultural Research Center
IASP	-	International Affairs Strategic Plan (Department of State)
IAVI	-	International AIDS Vaccine Initiative
IBRD	-	International Bank for Reconstruction and Development (World Bank)
ICASS	-	International Cooperative Administrative Support Services
ICITAP	-	International Criminal Investigation and Training Assistance Program
ICORC	-	International Committee for the Reconstruction of Cambodia
ICRAS	-	Interagency Country Risk Assessment System
ICRISAT	-	International Crop Research Institute for the Semi-Arid Tropics
IDA	-	International Development Association
	-	International Disaster Assistance
IDB	-	Inter-American Development Bank
IDP	-	Internally Displaced People

IEC	-	Information, Education and Communication
IESC	-	International Executive Service Corps
IFES	-	International Foundation for Electoral Systems
IFRC	-	International Federation of the Red Cross
IFI	-	International Financial Institute
IFOR	-	Implementation Force (NATO)
IG	-	Inspector General
IIDH	-	Inter-American Institute for Human Rights
IIRR	-	International Institute for Rural Reconstruction
ILO	-	International Labor Organization
IMF	-	International Monetary Fund
IMR	-	Infant Mortality Rate
INADE	-	National Development Institute
INC	-	International Narcotics Control
INDIX	-	International Network for Development Information Exchange
INIFOM	-	Institute for the Promotion of Municipalities
INRENARE	-	Institute for the Management of Renewable Natural Resources
INS	-	Immigration and Naturalization Service
IPA	-	Interagency Personnel Agreement
IPM	-	Integrated Pest Management
IPR	-	Intellectual Property Right
IPRF	-	International Planned Parenthood Federation
IQ	-	Intelligence Quotient
IR	-	Intermediate Result
IRCT	-	Internal Rehabilitation Council for Torture Victims
IREX	-	International Research and Exchanges Board
IRI	-	International Republican Institute
IRRI	-	International Rice Research Institute
ISA	-	Institutional Support Assistance
ISG	-	Institutional Support Grant
IT	-	Information Technology
ITSH	-	Internal Transport, Storage and Handling
IUATLD	-	International Union Against Tuberculosis and Lung Disease
JSE	-	Jakarta Stock Exchange
JUST	-	Justice Sector Support
KG	-	Kilogram
LAC	-	Latin America and the Caribbean
LAU	-	Lebanese American University
LDC	-	Less (or Least) Developed Country
LGD	-	Local Government Development
LGU	-	Local Government Union
LIFE	-	Leadership and Investment in Fighting the Epidemic Initiative
LMI	-	Lower Middle Income
LPG	-	Loan Portfolio Guarantee
LWOB	-	Lessons Without Borders
MAI	-	Multilateral Assistance Initiative
MCH	-	Maternal and Child Health
MDB	-	Multilateral Development Bank
MED	-	Ministry of Education
MEI	-	Micronutrient Enrichment Initiative
M&E	-	Monitoring and Evaluation
MENA	-	Middle East and North Africa

MEPU	-	Ministry of Pre-University Education
MERC	-	Middle East Regional Cooperation
MFI	-	Microfinance Institution
MFM	-	Municipal Finance and Management
MGP	-	Matching Grants Program
MINSA	-	Ministry of Health
MIS	-	Management Information System
MMR	-	Maternal Mortality Ratio
MOF	-	Minister of Finance
MOH	-	Ministry of Health
MOPH	-	Ministry of Public Health
MOU	-	Memorandum of Understanding
MSED	-	Micro and Small Enterprise Development
MSH	-	Management Sciences for Health
MT	-	Metric Ton
MW	-	Megawatt
MWDR	-	Mid-Western Development Region
MWI	-	Ministry of Water and Irrigation
NACP	-	National AIDS Control Program
NAFTA	-	North American Free Trade Agreement
NAPA	-	National Association of the Partners of the Americas
NAPCP	-	National AIDS Prevention and Control Program
NATO	-	North Atlantic Treaty Organization
NCBA	-	National Cooperative Business Association
NDI	-	National Democratic Institute
NDVI	-	Normalized Different Vegetative Index
NEA	-	National Electrification Administration
NEAP	-	National Environmental Action Plan
NED	-	National Endowment for Democracy
NGO	-	Nongovernmental Organization
NIC	-	Newly Industrialized Country
NIH	-	National Institutes of Health
NIS	-	New Independent States of the former Soviet Union
NMS	-	New Management System
NPI	-	New Partnership Initiative
NPR	-	National Performance Review
NRM	-	Natural Resource Management
NTA	-	New Transatlantic Agenda
NTE	-	Non-Traditional Exports
OAS	-	Organization of American States
OB	-	Obstetric
OC	-	Oral Contraceptive
OCC	-	Object Class Code
ODA	-	Official Development Assistance
	-	Overseas Development Administration
OE	-	Operating Expense
OECD	-	Organization for Economic Cooperation and Development
OECF	-	Overseas Economic Cooperation Fund
OFDA	-	Office of Foreign Disaster Assistance
OFHEO	-	Office of Federal Housing Enterprise Oversight
OFR	-	Ocean Freight Reimbursement
OIC	-	Organization of Islamic Conference
OIG	-	Office of the Inspector General
OMB	-	Office of Management and Budget

OPDAT	-	Office of Professional Development and Training
OR	-	Operational Research
ORS	-	Oral Rehydration Salts
OTI	-	Office of Transition Initiatives
PA	-	Palestinian Authority
PADCO	-	Pan American Development Corporation
PAHO	-	Pan American Health Organization
PAR	-	Policy and Administrative Reform
PARDEM	-	Participatory Democracy
PASA	-	Participating Agency Service Agreement
PCA	-	Panama Canal Authority
PCTC	-	Panama Canal Transition Commission
PCV	-	Peace Corps Volunteer
PHC	-	Primary Health Care
PHN	-	Population, Health and Nutrition
PIP	-	Parks in Peril
PL	-	Public Law
PLO	-	Palestinian Liberation Organization
PM&E	-	Performance Measurement and Evaluation
PNFPP	-	Philippines National Family Planning Program
PPC	-	Policy and Program Coordination Bureau (USAID)
PRET	-	Program for the Recovery of the Economy in Transition
PRIME	-	Program for Innovation in Microenterprise
PSC	-	Personal Service Contract
PVC	-	Private Voluntary Cooperation (USAID Office)
PVO	-	Private Voluntary Organization
R-4	-	Results Review and Resource Requirement
RDA	-	Regional Development Account
REFORM	-	Reengineering Effort for Organization and Management
REGO	-	Reinventing Government
RH	-	Reproductive Health
RHUDO	-	Regional Housing and Urban Development Office
RIF	-	Reduction in Force
RIG	-	Regional Inspector General
ROL	-	Rule of Law
RRB	-	Ronald Reagan Building
R&RS	-	Research and Reference Service
RSM/EA	-	Regional Support Mission for East Asia
SADC	-	Southern Africa Development Community
SAI	-	Special Assistance Initiative
	-	Supreme Audit Institution
SAP	-	Structural Adjustment Program
SDC	-	Society for Democratic Culture
SEB	-	Small and Emerging Business
SEBI	-	Securities and Exchange Board of India
SEC	-	Securities and Exchange Commission
SEED	-	Support for East European Democracy
SET	-	Supreme Electoral Tribunal
SIECA	-	Permanent Secretariat of General Treaty of Central America Economic Integration
SME	-	Small and Medium-sized Enterprise
SO	-	Strategic Objective
SO ₂	-	Sulfur Dioxide
SOE	-	State-Owned Enterprise

SPA	-	Special Program of Assistance for Africa
	-	Small Program Assistance
SpO	-	Special Objective
SPRP	-	Sector Policy Reform Program
SPU	-	Strategic Planning Unit
SSO	-	Strategic Support Objective
STD	-	Sexually Transmitted Disease
STI	-	Sexually Transmitted Infection
STRI	-	Smithsonian Tropical Research Institute
TAACS	-	Technical Advisors for AIDS and Child Survival
TAF	-	The Asia Foundation
TB	-	Tuberculosis
TBD	-	To Be Determined
TF	-	Trust Fund
TFR	-	Total Fertility Rate
TI	-	Transition Initiatives Account
	-	Transparency International
TNC	-	The Nature Conservancy
TR&D	-	Tropical Research and Development
U5MR	-	Under 5 Mortality Rate
UE	-	Urban and Environment Credit Program (formerly Housing Guaranty Program)
UN	-	United Nations
UNAG	-	National Union of Farmers and Cattle Owners
UNAIDS	-	United Nations Program on HIV/AIDS
UNAVEM	-	United Nations Verification Mission for Angola
UNDP	-	United Nation Development Program
UE	-	Urban Environment
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
UNFCCC	-	United Nations Framework Convention on Climate Control
UNFPA	-	United Nations Population Fund
UNICEF	-	United Nations Children's Fund
USJI	-	United States Initiative on Joint Implementation
UNMIH	-	United Nations Mission in Haiti
UNRWA	-	United Nations Relief Works Agency
UPANIC	-	Nicaraguan Union of Agricultural Producers
USAEP	-	United States-Asia Environmental Partnership Initiative
USAID	-	U.S. Agency for International Development
USDA	-	United States Department of Agriculture
USDH	-	United States Direct Hire
USFDA	-	U.S. Food and Drug Administration
USIS	-	United States Information Service
USTTI	-	United States Telecommunications Training Institute
VAT	-	Value Added Tax
VE	-	Voluntary Executive
VII	-	Vaccine Independence Initiative
VOA	-	Voice of America
VVM	-	Vaccine Vial Monitor
WFP	-	World Food Program
WHO	-	World Health Organization
WID	-	Women in Development
WIP	-	Women in Politics
WTO	-	World Trade Organization

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