



**USAID**  
FROM THE AMERICAN PEOPLE



# CITIZENS' REPORT

*The Fiscal Year 2008 Summary of Performance and Financial Results*

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## ABOUT THIS REPORT

The Citizens' Report provides a summary of the U.S. Agency for International Development's (USAID) performance for fiscal year (FY) 2008. The report is part of a series in the Office of Management and Budget's (OMB) *Pilot Program for Alternative Approaches to Performance and Accountability Reporting*. The other reports in the series are: (1) the Agency Financial Report (AFR); (2) a Snapshot of the budget, and program and financial performance; (3) the Annual Performance Report (APR); and (4) the Annual Performance Plan (APP). USAID opted to participate in this voluntary pilot program for the second year in order to present more complete and readily accessible information on its performance to the American public and the U.S. Congress. The Agency will submit its FY 2010 APP

in conjunction with the Congressional Budget Justification in spring 2009. Together, these reports fulfill the Agency's compliance with the Government Performance and Results Act reporting requirements.

The USAID *FY 2008 Citizens' Report* includes:

- A message from the USAID Administrator;
- The budget, performance, and financial Snapshot;
- The Agency's mission statement and description of its organization and program structure;

- Progress on key strategic goals, including candid assessments of whether the Agency met, partially met, or did not meet its FY 2008 performance targets;
- Budget and cost efficiency information linked to the strategic goals and program areas;
- Summarized financial statements from the AFR;
- Summary of major management accomplishments, and key management issues and challenges;
- Supporting references and Internet links.

The FY 2007 predecessor report, called the Highlights Report, was jointly prepared by USAID and the Department of State.



## A MESSAGE FROM THE USAID ADMINISTRATOR AND DIRECTOR OF U.S. FOREIGN ASSISTANCE

USAID is one of the world's largest foreign aid donors, and is a trendsetter for other aid groups in development and humanitarian assistance. During 2008, USAID advanced democracy, prosperity, and human well-being, and responded to humanitarian crises around the world with Agency-managed resources of about \$13.9 billion. USAID delivered programs in economic growth and agriculture, education, health, food security, and good democratic governance mainly through its 88 missions and field staff. The provision of assistance was guided by principles of effective development assistance, which include host country capacity building and ownership. Accomplishments include:

- Strengthened citizens' abilities to demand accountable government in over 80 countries, including domestic election monitoring in Afghanistan, Georgia, Kenya, Nigeria, Pakistan, Russia, Ukraine, Venezuela, and Zimbabwe.
- Increased capacity of financial institutions to lend to small businesses, due to Development Credit Authority guarantees, as evidenced by an increase in loans from \$69.0 million in FY 1999 to \$1.5 billion in FY 2008.
- Leveraged over \$649 million in private sector resources and implemented 225 new public-private partnerships.
- Provided life-saving measures, including polio vaccinations to over 400 million children in 33 countries in Africa, Asia, and the Near East; and supported micro-nutrient fortification programs benefiting 160 million people in 23 countries.
- Addressed the food crisis with 2.6 million metric tons of Public Law 480 Title II food aid valued at \$2.6 billion,

including \$2.3 billion in emergency assistance to 39 countries, and \$355 million in development programs.

- Responded to 81 life-threatening disasters and met the basic needs of affected populations in 63 countries. In all cases, responses were provided within 72 hours of declared disasters. Over \$1.8 billion of assistance included nutrition, food security, water, sanitation and hygiene, and public health.

USAID strengthened its capacity to meet the challenges of the 21st century by increasing the number and the diversity of its Foreign Service workforce. One hundred and fifty seven additional officers were recruited in FY 2008. The overall goal is to double the Foreign Service workforce by 2012. USAID also formalized its relationship and policy for coordination with the Department of Defense, in recognition of the global security environment where instability threatens progress in development. This will lead to a more integrated approach to U.S. National Security Strategy and foreign assistance.

USAID made significant improvements in its President's Management Agenda (PMA) initiatives. It received a "green" score for current status in Human Capital, Financial Performance, Performance Improvement, and Faith-based and Community initiatives, while Commercial Services Management, E-Government, and Real Property Asset Management initiatives scored "yellow." USAID earned "green" for progress in all the PMA initiatives.

For the sixth consecutive year, USAID earned unqualified opinions on its financial statements, a representation that these statements fairly present the financial condition of the Agency.



Henrietta H. Fore

All these accomplishments are made possible by the commitment, talent, and technical expertise of USAID's workforce. This was exemplified by a USAID employee, Richard Greene, named Federal Employee of the Year by the Partnership for Public Service, for his work on the President's Malaria Initiative with a Service to America Medal.

I am pleased to certify that the performance, financial, and budget data are complete and reliable. It is USAID's policy<sup>1</sup> that all performance data reported to the American public are assessed against standards of validity, integrity, precision, reliability, and timeliness to identify the strengths and weaknesses of the data and extent to which they can be trusted for programmatic decisions. Every Chief of Mission endorses the validity of the performance data when transmitting its annual performance report. A fuller discussion of FY 2008 performance and data sources is available in the *2008 Annual Performance Report*<sup>2</sup>.

A handwritten signature in black ink, appearing to read "Henrietta H. Fore".

Henrietta H. Fore  
USAID Administrator and  
Director of U.S. Foreign Assistance  
January 15, 2009

1. <http://www.usaid.gov/policy/ads/2001203.pdf>

2. <http://www.usaid.gov/policy/budget/apr08/>

# INTRODUCTION

## MISSION STATEMENT

USAID accelerates human progress in developing countries by reducing poverty, advancing democracy, building market economies, promoting security, responding to crises, and improving quality of life. Working with governments, institutions, and civil society, we assist individuals to build their own futures by mobilizing the full range of America's public and private resources through our expert presence overseas.

## STRATEGIC FRAMEWORK AND ORGANIZATIONAL STRUCTURE

Secretary of State Condoleezza Rice's vision of "transformational diplomacy" requires that U.S. diplomacy and foreign assistance function in an integrated fashion to advance the Nation's security interests, its development efforts, and its democratic ideals. USAID's joint strategic framework with the Department of State (Department), anchored by the President's National Security Strategy, defines the primary aims of U.S. foreign policy and development assistance. This framework is described in the agencies' *Joint Strategic Plan for Fiscal Years 2007-2012* at [http://www.usaid.gov/policy/coordination/stratplan\\_fy07-12.html](http://www.usaid.gov/policy/coordination/stratplan_fy07-12.html). The USAID-specific strategic goals and priority program areas are found at [http://www.usaid.gov/policy/budget/apr08/apr08\\_sgppa.pdf](http://www.usaid.gov/policy/budget/apr08/apr08_sgppa.pdf).

USAID's organizational structure can be found at [http://www.usaid.gov/about\\_usaid/orgchart.html](http://www.usaid.gov/about_usaid/orgchart.html). The Agency's mission is carried out through five regional bureaus in Washington: Africa, Asia, Middle East, Latin America and the Caribbean, and Europe and Eurasia. The regional bureaus are supported by three functional bureaus: the Bureau for Democracy, Conflict, and

Humanitarian Assistance, which provides expertise in democracy and governance, conflict management and mitigation, and humanitarian assistance; the Bureau for Economic Growth, Agriculture, and Trade, which provides expertise in economic growth, trade opportunities, agricultural productivity and technology, and education; and the Bureau for Global Health, which provides expertise in global health challenges, such as maternal and child health, malaria, and HIV/AIDS.

USAID's Bureau for Management administers a centralized support services program for the Agency's worldwide operations. The Bureau for Legislative and Public Affairs develops and implements outreach programs to promote understanding of USAID's missions and programs.

USAID implements programs in 88 countries overseas known as "field Missions." The U.S. Ambassador serves as the Chief of Mission for all U.S. Government agencies in a given country and the USAID Director reports to the Ambassador. The USAID Director or Representative is responsible for USAID's

operations in a given country or region and also serves as a key member of the U.S. Government's "country team."

The field mission workforce is typically composed of three major categories of personnel: U.S. Direct Hire (USDH) employees (including program-funded Foreign Service Limited [FSL] appointments), U.S. Personal Services Contractors (USPSC), and Foreign Service Nationals (FSN). USDHs are career Foreign Service employees assigned to Missions for two to four-year tours. Program-funded FSLs are hired under a special authority granted by Congress to replace contracted personnel, such as USPSCs. FSNs, professionals recruited in their host countries by USAID, make up the core of the USAID workforce. FSNs are the bridge to effective contacts with key host country officials and decision-makers, and they provide the institutional memory for and continuity of USAID's country programs. They are the backbone of USAID's overseas workforce.

# FOREIGN ASSISTANCE PERFORMANCE REPORTING

**T**he resources we commit must empower developing countries to strengthen security, to consolidate democracy, to increase trade and investment, and to improve the lives of their people. America's foreign assistance must promote responsible sovereignty, not permanent dependency.”

— Secretary Condoleezza Rice, January 19, 2006

In recent years, the United States significantly increased foreign assistance funding to its partners around the world. Foreign assistance reforms, initiated by Secretary of State Condoleezza Rice, enable the U.S. Government to improve stewardship of public resources and to achieve best results. The reforms, which include the alignment of Department of State and USAID strategic goals, provide direction by focusing U.S. foreign assistance on the ultimate goal of helping to build and sustain democratic and well-governed states that respond to the needs of their people and conduct themselves responsibly in the international community.

USAID and the Department of State are committed to using performance management to promote greater transparency and accountability to their primary stakeholders, the American people. The two agencies have taken steps to improve the budget coordination and performance planning and reporting in order to achieve the most effective U.S. foreign policy and development outcomes. With the creation of the Joint Strategic Framework, USAID and the Department of State defined the goals of U.S. foreign policy and development assistance, and specifically, the strategic priorities within each of those goals for the coming years.

The distinct, though complementary missions of USAID and the Department of State make it difficult to accurately capture the scope of both agencies' operations in a joint report. For this reason, USAID and the Department of State are

issuing individual Citizens' Reports and Annual Performance Reports for FY 2008.

Please note the following caveats related to 2008 performance of foreign assistance programs:

- First, the foreign assistance reform process is only in its third year. This year marks the second performance reporting cycle for the integrated USAID and Department of State indicators. Many of the indicators use 2007 as the base line year; hence, it will take at least one more year before sufficient prior-year data for some performance indicators can be collected and associated trends analyzed to inform decision-making.
- Second, the reforms are still generating important process changes to better coordinate USAID and the Department's foreign assistance program planning and implementation. For example, beginning with the FY 2011 budget cycle, the joint Department/USAID initial resource request from each field mission must link directly to performance information, which will in turn inform the remainder of the full budget and performance cycle. The breadth and complexity of these programs precludes linking resources to each indicator individually, but the performance indicators are grouped under clearly defined strategic priority areas, which are in turn linked to budget requests and higher-level outcomes.
- Lastly, the foreign assistance reform effort, including the coordination of USAID and the Department's budget and performance management processes, is complex and multifaceted, requiring collaboration, creativity, determination, and the ability and willingness to review and adjust these new processes as they are tested. Despite these challenges, the Administration believes the improved process and anticipated results are well worth the effort.



**Since 2002, some 100,000 Afghani students, 70% of whom are female, have benefited from U.S. assistance to rebuild schools in both provincial centers and rural areas.**

PHOTO: DANIEL WILKINSON/STATE DEPARTMENT

# BUDGET, PERFORMANCE, AND FINANCIAL SNAPSHOT—FISCAL YEAR 2008

## WHO WE ARE

**Mission.** USAID accelerates human progress in developing countries by reducing poverty, advancing democracy, building market economies, promoting security, responding to crises, and improving quality of life. Working with governments, institutions, and civil society, we assist individuals to build their own futures by mobilizing the full range of America’s public and private resources through our expert presence overseas. The Agency’s Joint Strategic Plan with the Department of State can be found at [www.usaid.gov/policy/coordination/stratplan\\_fy07-12.html](http://www.usaid.gov/policy/coordination/stratplan_fy07-12.html).

**Organization.** USAID is the U.S. Government’s lead institution for reducing poverty in

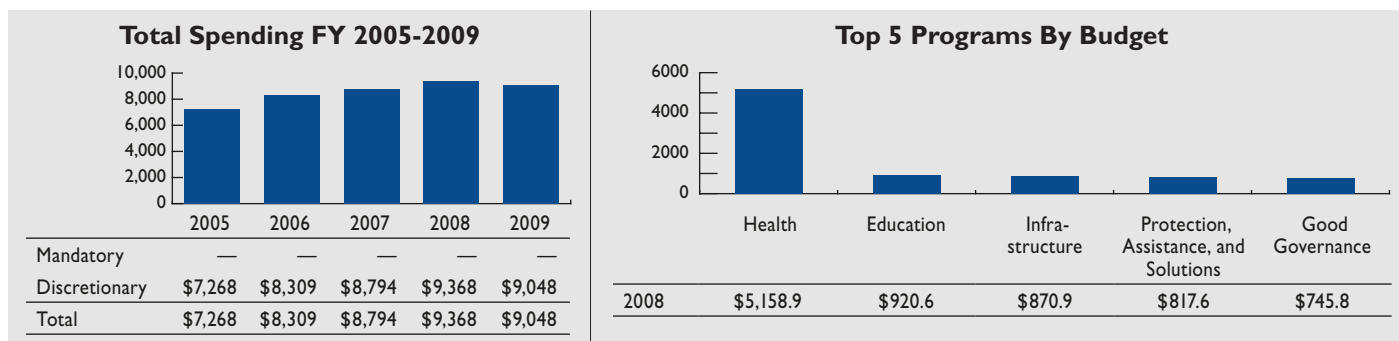
the developing world. USAID pursues this aim by mobilizing the full range of U.S. public and private capabilities and resources and by linking those resources effectively with the governments and people served through an outstanding, on-the-ground presence. USAID implements programs in 88 countries through its five regional and three functional bureaus in Washington and more than 88 field missions. The Agency’s organization chart can be found at [http://www.usaid.gov/about\\_usaid/orgchart.html](http://www.usaid.gov/about_usaid/orgchart.html).

**Personnel.** USAID’s workforce consists of approximately 8,000 individuals, more than 75% of whom work overseas in field offices. The overseas workforce is typically composed of three major personnel categories: Foreign Service Officers (FSOs) including Foreign Service

Limited appointments, Foreign Service Nationals (FSNs), and U.S. Personal Service Contractors and other non direct-hire Americans. Foreign Service employees are assigned to Missions for 1 or 2-year tours, with many of the tours being two-tour posts. FSNs, both professional and support staff, recruited in their host countries make up approximately 80% of the USAID overseas workforce, providing institutional memory, local and cultural knowledge, and technical and operational know-how that is unique in international development agencies.

**Budgetary Resources.** USAID-managed resources for FY 2008 totaled \$13.9 billion, or approximately \$46.39 per capita. This amount includes the FY 2008 653(a) base plus FY 2008 enacted supplemental funds.

## BUDGET SNAPSHOT (In Millions)



## PERFORMANCE SNAPSHOT

**Accomplishments.** USAID’s performance scores on the President’s Management Agenda (PMA) improved significantly this year with Financial Performance, Human Capital Management, Performance Improvement, and Faith-based and Community initiatives achieving “green” rating for status and progress. Improved recruitment strategies resulted in hiring the largest number of FSOs in over 15 years in the shortest time frame. The Agency earned an unqualified opinion on its financial statements for the sixth consecutive year. Better outreach, in-reach,

and capacity-building initiatives have resulted in greater opportunities for faith-based and community organizations to establish partnerships with USAID. The Agency disposed of 55 assets abroad with total proceeds of \$174 million since FY 2006. The Agency earned an A+ in information security for the fourth consecutive years. A USAID employee, Richard Greene, was recognized as the Federal Employee of the Year for his work on the President’s Malaria Initiative.

**Challenges.** In the area of Financial Management, USAID continues to make necessary improvements to its accruals system for more accurate financial reporting. In the Acquisitions and Assistance area, the Agency is focusing on

improving its functionality through advanced technology such as the introduction of the GLobal Assistance and Acquisition System and business process improvements within its resource constraints. To address staffing gaps arising from a disconnect between the pace of recruitment and an increase in overall funding, the Agency developed a Human Capital Strategic Plan and successfully launched a multiyear Development Leadership Initiative aimed at rebuilding a diverse workforce. In the area of Information Technology Management, the Agency is challenged by limited resources and issues of integrating and coordinating with other U.S. Government agencies to implement the Homeland Security Presidential Directive (HSPD-12).

## FINANCIAL SNAPSHOT (\$ in Millions)

Clean Opinion on Financial Statements		Yes
Timely Financial Reporting	Yes	Material Weaknesses
Improper Payment Rate	1%	Total Assets
Total Liabilities	\$8,381	Net Cost of Operations
		\$ 8,921

Footnote:(1) Top 5 Programs by Budget for FY 2008 refer to the top 5 Program Areas, and were determined by disaggregating USAID and Department of State combined foreign assistance budget data for FY 2008. The Global HIV/AIDS Initiative (GHAi) account is jointly administered by USAID and the Department of State. USAID implements approximately 60% of the GHAi account. Therefore, funding levels reflect this portion.(2) P.L. 480 funds are not included in funding levels. (3) Funding levels do not include funds attributed to crosscutting program support. Funding for cross-cutting program support is drawn from all programs and is not fully articulated until operational plans are submitted.



## RATINGS FOR FISCAL YEAR 2008

### FY 2008 Performance Results per Strategic Goal:

■ Met/Exceeded   
 ■ Not met but improved over prior years   
 ■ Not met target

**Budget per Strategic Goal**  
(\$ in Millions)

### STRATEGIC GOAL: ACHIEVING PEACE AND SECURITY

To strengthen the capability of the U.S. Government and of international partners to prevent or mitigate conflict, stabilize countries in crisis, promote regional stability, protect civilians, and promote the just application of the law.

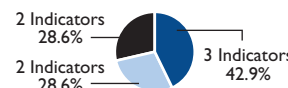


**2008 Actual**  
**\$930**

PERFORMANCE MEASURE(S)*	2006 RESULTS	2007 RESULTS	2008 TARGET	2008 RESULTS	2009 TARGET
Number of People Trained in Conflict Mitigation/Resolution Skills with U.S. Government Assistance	N/A	17,965	5,449	12,578	24,574

### STRATEGIC GOAL: GOVERNING JUSTLY AND DEMOCRATICALLY

Promote and strengthen effective democracies and move them along a continuum toward democratic consolidation.



**2008 Actual**  
**\$1,709**

PERFORMANCE MEASURE(S)*	2006 RESULTS	2007 RESULTS	2008 TARGET	2008 RESULTS	2009 TARGET
Number of U.S. Government-Assisted Courts with Improved Case Management-Joint Indicator with the Department of State	N/A	350	477	351	500

### STRATEGIC GOAL: INVESTING IN PEOPLE

Focus on improving the lives of individual citizens by extending the basic values U.S. citizens hold dear: good health, access to quality education, and protection for vulnerable populations.



**2008 Actual**  
**\$6,370**

PERFORMANCE MEASURE(S)*	2006 RESULTS	2007 RESULTS	2008 TARGET	2008 RESULTS	2009 TARGET
Number of People Receiving HIV/AIDS Treatment in 15 Focus Countries-Joint Indicator with the Department of State	822,000	1,358,500	1,700,000	2,007,800	2,000,000

### STRATEGIC GOAL: PROMOTING ECONOMIC GROWTH AND PROSPERITY

Achieve rapid, sustained, and broad-based economic growth for the United States, its trading partners, and developing countries.



**2008 Actual**  
**\$2,640**

PERFORMANCE MEASURE(S)*	2006 RESULTS	2007 RESULTS	2008 TARGET	2008 RESULTS	2009 TARGET
Percent of U.S. Government-Assisted Microfinance Institutions that Have Reached Operational Sustainability	71	69	70	74	70

### STRATEGIC GOAL: PROVIDING HUMANITARIAN ASSISTANCE

Providing protection, assistance, and solutions; preventing and mitigating disasters and promoting orderly and human means for migration management.



**2008 Actual**  
**\$927**

PERFORMANCE MEASURE(S)*	2006 RESULTS	2007 RESULTS	2008 TARGET	2008 RESULTS	2009 TARGET
Percent of Targeted Disaster-Affected Households Provided with Basic Inputs for Survival, Recovery, or Restoration of Productive Capacity	N/A	85	80	84	85

\* This measure was selected from a number of performance measures aimed at the specific strategic goal

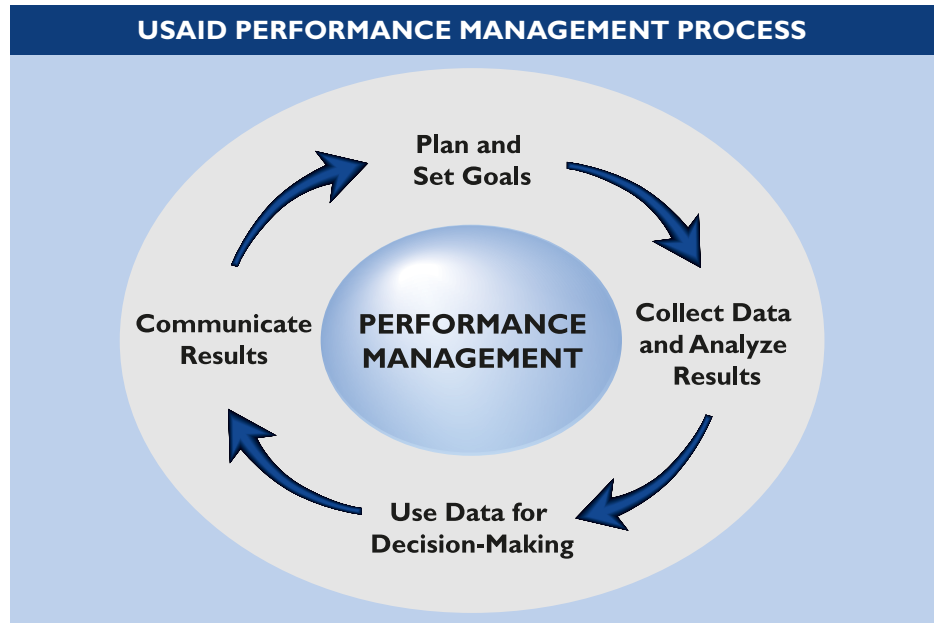
# PERFORMANCE AND BUDGET HIGHLIGHTS

## OVERVIEW

Secretary of State Condoleezza Rice's vision of "transformational diplomacy" requires that U.S. diplomacy and foreign assistance function in an integrated fashion to advance the Nation's security interests, its development efforts, and its democratic ideals. USAID's joint strategic framework with the Department of State, anchored by the President's National Security Strategy, defines the primary aims of U.S. foreign policy and development assistance. This framework is described in the agencies' *Joint Strategic Plan for Fiscal Years 2007-2012*.

USAID has a proven record of managing for results and a long history of assessing its programs annually. Performance management represents the Agency's commitment to improve development outcomes and to hold itself accountable to the American people. As illustrated in the chart, USAID follows a four-part performance management process: (1) planning and setting goals, (2) collecting data and analyzing results, (3) using data for decision-making, and (4) communicating results.

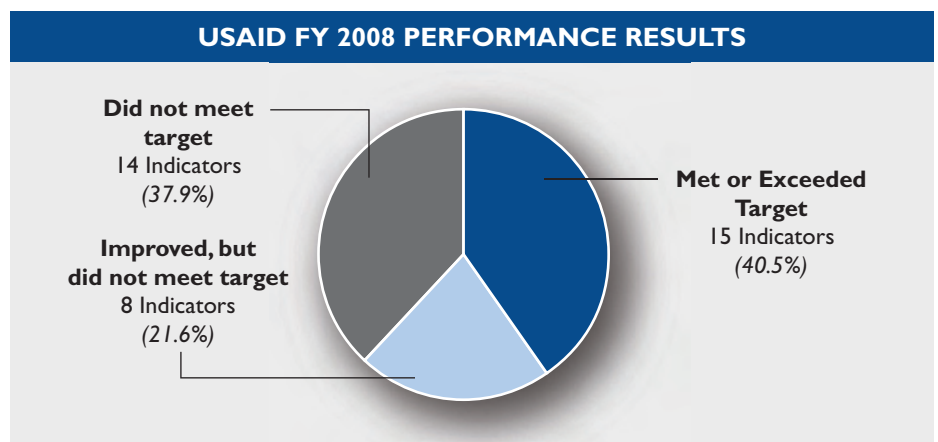
All USAID operating units are guided by Agency policies requiring that: (1) they develop and annually report progress toward their program objectives against a Performance Management Plan; (2) all performance data reported to the U.S. public are assessed on the merits of validity, integrity, precision, reliability, and timeliness; and (3) every program conducts at least one evaluation in its life cycle.



A representative set of 37 indicators illustrate USAID's FY 2008 performance. These indicators come from a variety of third party and primary data sources and reflect major areas of U.S. Government funding and foreign policy priorities. In FY 2008, USAID met or exceeded its targets for 40.5% of its performance indicators, improved over prior year, but did not meet 21.6% of its targets, and did not meet 37.9% of its targets, as illustrated in the chart below. The Agency's 2008

*Annual Performance Report* at <http://www.usaid.gov/policy/budget/apr08/>, includes full discussions of the FY 2008 performance, including robust analysis of the performance indicators, and a statement from the Performance Improvement Officer [http://www.usaid.gov/policy/budget/apr08/apr08\\_piol.pdf](http://www.usaid.gov/policy/budget/apr08/apr08_piol.pdf).

The President's Management Agenda (PMA) is President Bush's strategy for improving the management and perfor-





mance of the Federal Government. Since 2001, USAID demonstrated steady improvement in its PMA ratings reflecting the Agency's commitment to improving the performance and management of its programs. During FY 2008, Strategic Management of Human Capital, Improved Financial Performance, Performance Improvement, and Faith-based and Community initiatives scored "green" for current status while Commercial Services Management, Expanded Electronic Government, and Federal Real Property Asset Management initiatives scored "yellow." USAID earned "green" on all aspects of progress against the PMA initiatives, the top rating an agency can receive from OMB on these scorecards. For more information on the PMA and USAID's status, see [http://www.usaid.gov/policy/pma\\_fy08.html](http://www.usaid.gov/policy/pma_fy08.html).

USAID uses OMB's Program Assessment Rating Tool (PART) to direct program improvements and hold managers accountable for those improvements. To date, OMB assessed 14 USAID programs with the PART, three of which are jointly administered with the Department of State. Of the 14 programs, 64% have been assessed as "Moderately Effective" and 36% as "Adequate." In FY 2008, USAID met or exceeded 50% of its PART indicator targets, and improved over the prior year on 44% of its performance targets. Ninety-one percent of USAID's PART-assessed programs have at least one outcome-oriented measure; 100% have efficiency measures; and 100% of the improvement plans for FY 2008 have been completed on time. Independent evaluations affirm that 81% of the programs are effective. For additional information on the PART assessments, see <http://www.whitehouse.gov/omb/expectmore/agency/184.html>.

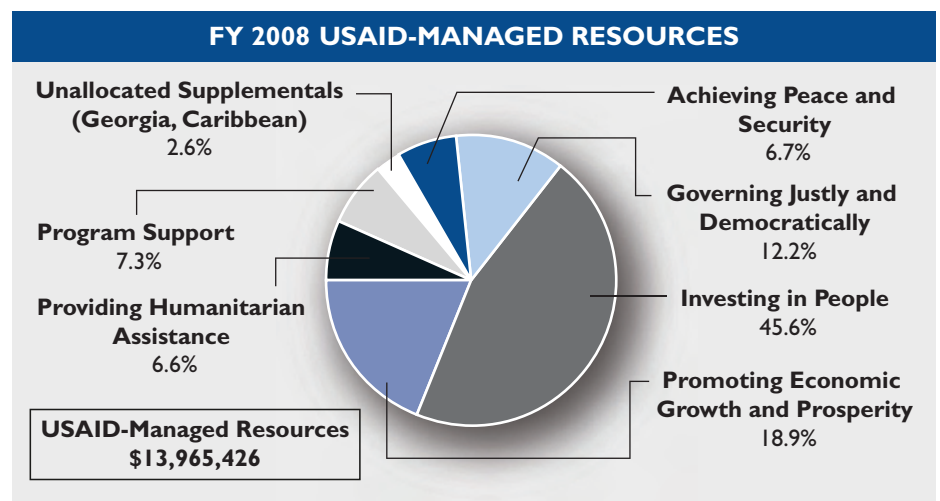
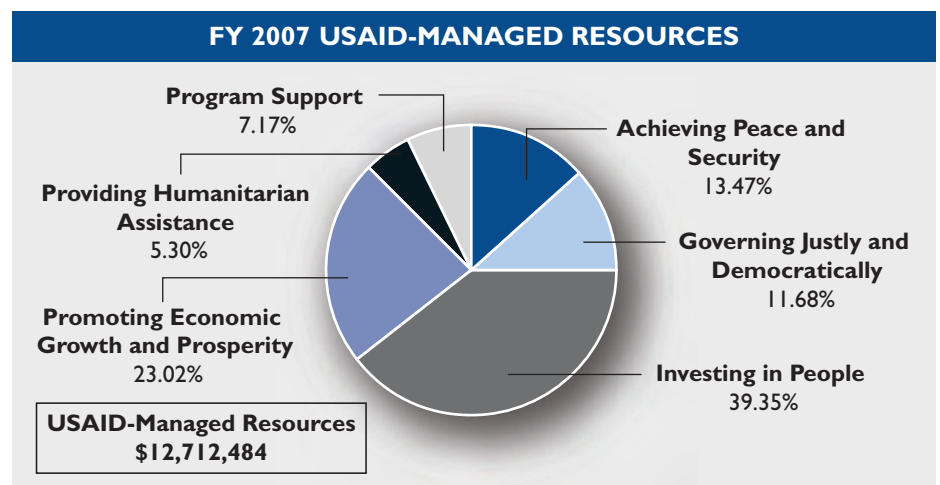
The following chapters discuss the public benefits of and achievements in each of the five foreign assistance strategic goals areas, including representative indicators and their ratings. The scope and complexity of

the Agency's programs preclude directly linking resources to each indicator. However, the performance measures are grouped under clearly defined strategic priority areas, which in turn are linked to budget requests and higher level outcomes. For the FY 2008 net cost by program areas, see [http://www.usaid.gov/policy/afr08/usaidfy08afr\\_lowres\\_508.pdf](http://www.usaid.gov/policy/afr08/usaidfy08afr_lowres_508.pdf) (page 16).

USAID measures performance based on the assumption that results achieved in any given fiscal year draw on funding appropriated by Congress in the previous fiscal years, largely as a result of delays in the appropriations cycle and timing of funding transfers. Therefore, this report presents Agency-managed resources for two fiscal

years, 2007-2008, for a fuller understanding of the budget that contributed to FY 2008 results. FY 2009 targets are set at a preliminary level and will be updated when the FY 2009 budget is appropriated.

Agency-managed resources for FY 2007 reflect the "actual" level, and for FY 2008 reflect the 653(a) final base plus enacted supplemental level, as shown in the charts below. Both the fiscal year levels include 60% of the GHAI account, but do not include P.L. 480 funds. The FY 2007 level does not include the Andean Counter-Drug Program funds or \$110 million of Economic Support Fund transfer from the Department of Defense.



# STRATEGIC GOAL ON ACHIEVING PEACE AND SECURITY

## PUBLIC BENEFIT

The United States promotes peace, liberty, and prosperity for all people by helping nations effectively establish the conditions and capacity for achieving peace, security, and stability. The security of U.S. citizens at home and abroad is best guaranteed when countries and societies are secure, free, prosperous, and at peace. To address peace and security concerns around the world, USAID, together with the Department of State, directly confronts threats to national and international security by working with other U.S. Government agencies and international partners to prevent or mitigate conflict, stabilize countries in crisis, promote regional stability, and protect civilians. The five program priority areas within this strategic goal are: Counterterrorism, Stabilization Operations and Security Sector Reform, Counternarcotics, Transnational Crime, and Conflict Mitigation and Reconciliation.

USAID-MANAGED RESOURCES (In Thousands)	
2008	2007
\$ 930,214	\$ 1,712,819

## STRATEGIC GOAL PERFORMANCE

In FY 2008, USAID-managed resources for the Peace and Security strategic goal were 6.7% of the total Agency budget for the year. Two representative indicators illustrate USAID program performance for this objective, of which one exceeded the performance target, and one did not meet the target. USAID conducted 15 evaluations, assessments, and special studies under this strategic goal in FY 2008. Of these, 47% were

used to make programmatic decisions and 47% were used to identify best practices and analyze lessons learned. For a fuller description of performance, data sources, and data quality, refer to the *2008 Annual Performance Report* strategic goal chapter at [http://www.usaid.gov/policy/budget/apr08/apr08\\_psc.pdf](http://www.usaid.gov/policy/budget/apr08/apr08_psc.pdf).

**Counterterrorism.** Terrorism is the greatest challenge to U.S. national security. Combating it will continue to be the focus of development, diplomatic, and defense efforts as long as the proponents of violent extremist ideologies find support in unstable and failing states. To complement other U.S. Government activities that build local capacity to combat terrorism, USAID uses public information campaigns as a strategy to prevent the recruitment of individuals into terrorist organizations. For example, in FY 2008 USAID's Middle East Youth Media Initiative in partnership with an Egyptian television production company and the Middle East Broadcasting Company, the region's largest satellite cable broadcaster, worked on developing an educational drama targeting 100 million young people in the region with messages about religious tolerance, the empowerment of young women, and civic activism. However, the performance target was not met in 2008 because the original strategy to create television programs for multiple age groups was revised to develop one program to target older youths who are particularly susceptible to recruitment by extremist groups. USAID also invests in the positive potential of the region's youth through the Peace Scholars program which provides scholarships for up to 30 young people from the Middle East and North Africa for one year of undergraduate study in the United States. This year 22 students from seven countries were selected for the inaugural cohort.



A Burundi woman being interviewed by a journalist from Studio Ijambo, a conflict resolution radio station.

PHOTO: USAID

**Stabilization Operations and Security Sector Reform.** Activities in this program area support U.S. Government and civilian partners' participation in ongoing, existing, or potential operations, including peacekeeping, peace support, and humanitarian operations. USAID activities under this program area supported non-armed interventions to promote the security and fundamental rights of civilians caught in conflict and facilitated the economic and social re-integration of ex-combatants through community reconciliation and reparation activities. For example, in Iraq, Provincial Reconstruction Teams have been the primary vehicle for the delivery of U.S. and international foreign assistance. Another example is the effort to reintegrate Congolese ex-combatants into stable and productive community lives.

**Counternarcotics.** USAID supports counternarcotics efforts through alternative development programs that promote sustainable and equitable economic growth alternatives in regions vulnerable to drug production and conflict. In Colombia, in FY 2008, USAID alternative development efforts exceeded its

targets and assisted 217,214 families, created or supported 128,674 jobs, and supported the development of 155,219 hectares of alternative crops. In Afghanistan, USAID's projects promoted rural economic growth through marketable high-value commodities that provided alternative sources of income. In FY 2008, USAID-supported efforts in Afghanistan provided 109,000 individuals with agricultural, farm management, and business training; and benefited over 123,000 families, including over 3,000 women and 15 women's organizations, resulting in almost \$23 million in increased sales of licit farm products.

**Transnational Crime.** Activities in this area contribute to decreasing and minimizing cross-border crimes that threaten the stability of countries, particularly where criminal activities involve cross-border connections or have cross-border effects. The trafficking of persons is fueled by demand for cheap labor and by commercial sexual exploitation and is exacerbated by porous borders. The U.S. Government encourages partnership and increased vigilance in the fight against forced labor, sexual exploitation, and modern-day slavery. USAID plays a leading role in coordinating and directing activities to combat trafficking in persons, contributing to the U.S. Government-wide anti-trafficking mission.

**Conflict Mitigation and Reconciliation.** Mitigating, managing, and responding to violent conflict are priority

## VOICES FROM THE FIELD

### Women's Group Connects Elected Officials and Internally

**Displaced Persons.** Elected officials in Burnt Forest, near Eldoret, Kenya, have been criticized for not visiting the Rukuini internally displaced persons (IDP) camp in the town. Animosity between various ethnic groups prevent government officials from participating in reconciliation efforts. Prior to the January 2008 election, ethnic communities coexisted in relative peace but the underlying mistrust became apparent during post-election violence. USAID worked with the Rural Women's Peace Link (RWPL) to create opportunities for reconciliation, using women and youth as key entry points. Despite initial resistance, during follow-up visits RWPL members were welcomed with open arms. Following a dialogue between council members and camp residents, the council's chairman said, "The visit opened my eyes to the plight of IDPs, my own constituents. Now that IDPs have embraced peace, I have realized there is hope for peaceful coexistence, and I am determined to make a difference." In the aftermath, USAID expanded its conflict mitigation and reconciliation program to include 13 new partners, for a total of 15, who will use lessons learned from the crisis to contribute to a draft National Policy on Conflict Management and Peace Building.

areas for USAID assistance. Activities in this area seek to lessen the threat of violent conflict by promoting the peaceful resolution of differences, reducing violence that has already broken out, or establishing a framework for peace and reconciliation in an ongoing conflict. If ignored, such conflicts will have a significant negative impact on national stability and development and threaten USAID's programmatic investments and

U.S. national interests. Training and technical assistance programs strengthened local capacity to resolve land disagreements and to involve young people in peace and reconciliation programs. In FY 2008, by training 12,578 people in conflict mitigation and resolution skills, USAID significantly exceeded its target of training 5,449 people. Specifically, Uganda, Haiti, and Kosovo had very successful training programs.

REPRESENTATIVE PERFORMANCE INDICATOR	2005 RESULTS <sup>1</sup>	2006 RESULTS <sup>1</sup>	2007 RESULTS	2008 TARGET	2008 RESULTS	2008 RATING	2009 PRELIMINARY TARGET <sup>2</sup>
Number of Public Information Campaigns Completed (Counterterrorism)	N/A	N/A	14	29	1	Not Met	40
Number of People Trained in Conflict Mitigation/Resolution Skills	N/A	N/A	17,965	5,449	12,578	Met/Exceeded	6,000

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

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

RATING: ■ = met or exceeded; ■ = improved over prior, but not met; ■ = not met target



# STRATEGIC GOAL ON GOVERNING JUSTLY AND DEMOCRATICALLY

## PUBLIC BENEFIT

The U.S. Government supports just and democratic governance as a matter of principle, to advance U.S. national security, and as an integral part of the broader U.S. development agenda. Governments that respect human rights, respond to the needs of citizens, and govern by the rule of law are more likely to conduct themselves responsibly toward other nations. Furthermore, effective democratic states are best able to promote broad-based and sustainable prosperity. The four priority program areas within this strategic goal are: Rule of Law and Human Rights, Good Governance, Political Competition and Consensus-building, and Civil Society.

USAID-MANAGED RESOURCES (In Thousands)	
2008	2007
\$ 1,709,595	\$ 1,484,899

## STRATEGIC GOAL PERFORMANCE

In FY 2008, USAID-managed resources for the Governing Justly and Democratically strategic goal were 12.2% of the total Agency budget. For seven representative indicators, USAID met or exceeded three performance targets and did not meet four targets. For two of the latter, USAID improved performance over FY 2007.

USAID conducted 97 evaluations, assessments, and special studies under this strategic goal in FY 2008, which represents 21.5% of the Agency's total. Of these, 34% helped make programmatic decisions and 45% were used to identify best practices and analyze lessons learned. For a complete

description of performance, data sources, and data quality, please refer to the 2008 Annual Performance Report strategic goal chapter at [http://www.usaid.gov/policy/budget/apr08/apr08\\_gjd.pdf](http://www.usaid.gov/policy/budget/apr08/apr08_gjd.pdf).

### Rule of Law and Human Rights.

This program area advances human rights and promotes accountability to laws consistent with international standards through training justice personnel. In FY 2008, USAID exceeded its target of training 50,309 justice sector personnel due in part to training on a new Trafficking in Persons law in Mexico. Improved case management increases the efficiency, compliance, and accountability of justice systems, specifically decreasing case backlog and disposition times, reducing administrative burdens on judges, increasing transparency of judicial procedures, and improving compliance with procedural law. Program results in this area are achieved jointly by USAID and the Department of State in 19 countries. In FY 2008, 351 U.S. Government-assisted courts reported improved case management, improving performance over 2007, but fell short of the 2008 target, in part due to reductions in Department of State funding in Africa.

**Good Governance.** The U.S. Government promotes effective government institutions through activities that support public oversight and institutional checks and balances. USAID tracks government effectiveness in five Middle Eastern countries using the World Bank's Worldwide Governance Indicators which show slight improvements for Jordan and Iraq in 2008, and declines for Egypt, the West Bank/Gaza, and Lebanon.



A K'iche' woman proudly displays her ink stained finger after voting in Guatemala's rural highlands. USAID assistance increased inclusion of rural indigenous women voters, improved election logistics, implemented public information campaigns, and supported a national election observation effort in Guatemala.

PHOTO: MAUREEN TAFT-MORALES / USAID

### Political Competition and Consensus-Building.

Assistance in this area supports peaceful political competition and a representative political process. An open and competitive electoral system is a fair barometer of the health of democratic institutions and values. Free and fair elections give citizens a voice in the transfer of power, assisted through monitoring by trained domestic election observers. In 2008, USAID fell short of its target of training 27,536 domestic election observers, as a result of a reduction in the number of elections to be monitored overall, and a shift of priorities in the Philippines from election monitoring to election administration. USAID

also works to increase the participation of underrepresented groups in politics, and an increase in the number of women in politics is used as a proxy to measure increased access for all underrepresented groups. In FY 2008, 130 U.S. Government-assisted political parties implemented programs promoting women's political participation, which is an improvement over 2007, but short of the target of 152 parties.

**Civil Society.** The U.S. Government seeks to strengthen democracy by supporting the means through which citizens can freely organize, advocate, and communicate. By monitoring the number of U.S.-assisted civil society organizations (CSOs) engaging in advocacy and watchdog functions, USAID can gauge its effectiveness in improving CSOs' ability

to impact public participation in government decision-making. In FY 2008, 1,315 U.S.-assisted CSOs engaged in these functions, exceeding the target of 1,223. The sustainability of the non-governmental organization (NGO) sector is another measure of the strength of civil society and democratic governance. The NGO Sustainability Index for Europe and Eurasia monitors the progress of U.S. Government-assisted NGO sectors in seven areas: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. NGO sectors in Europe met the target improvement, collectively increasing sustainability over the prior year. NGO sector sustainability in Eurasia remained mostly stable through 2007, falling short of the targeted improvement.

## VOICES FROM THE FIELD

**Promoting Free Media.** A USAID-funded program in Tanzania trained 250 journalists on a recently formed public expenditure tracking process which resulted in over 600 stories in the media on corruption, good governance, and accountability. The most profound impact of the project occurred between January and June 2008 when the media exposed several corruption scandals. As a result, four cabinet ministers, including Tanzania's powerful Prime Minister, reluctantly resigned.

REPRESENTATIVE PERFORMANCE INDICATOR	2005 RESULTS <sup>1</sup>	2006 RESULTS <sup>1</sup>	2007 RESULTS	2008 TARGET	2008 RESULTS	2008 RATING	2009 PRELIMINARY TARGET <sup>4</sup>
Number of Justice Sector Personnel Who Received U.S. Government Training	N/A	N/A	110,041	50,309	56,001	Met/ Exceeded	60,000
Number of U.S. Government-Assisted Courts with Improved Case Management <sup>2</sup>	N/A	N/A	350	477	351	Improved	500
Number of Domestic Election Observers Trained with U.S. Government Assistance	N/A	N/A	53,258	27,536	24,629	Not Met	30,000
Number of U.S. Government-Assisted Political Parties Implementing Programs to Increase the Number of Candidates and Members Who are Women	N/A	N/A	127	152	130	Improved	162
Number of U.S. Government-Assisted Civil Society Organizations that Engage in Advocacy and Watchdog Functions	N/A	N/A	1,039	1,223	1,315	Met/ Exceeded	1,300
Europe NGO Sustainability Index <sup>3</sup>	3.8	3.8	3.8	3.7	3.7	Met/ Exceeded	3.6
Eurasia NGO Sustainability Index <sup>3</sup>	4.5	4.6	4.6	4.5	4.6	Not Met	4.5

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

2. Program results for this indicator are achieved jointly by USAID and the Department of State.

3. Results for this indicator are based on prior year data, i.e., 2008 results are based on 2007 data.

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

RATING: ■ = met or exceeded; ■ = improved over prior, but not met; ■ = not met target

# STRATEGIC GOAL ON INVESTING IN PEOPLE

## PUBLIC BENEFIT

**D**isease and lack of education destroy lives, ravage societies, destabilize regions, and deprive future generations of prosperity and participation in democracy. The U.S. Government’s strategic approaches to this goal help nations achieve sustainable improvements in the well-being and productivity of their citizens and build sustainable capacity in recipient countries to provide services that meet people’s needs. The three priority program areas within this goal are: Health, Education, and Social Services and Protection for Especially Vulnerable Populations.

USAID-MANAGED RESOURCES (In Thousands)	
2008	2007
\$ 6,370,419	\$ 5,002,922

## STRATEGIC GOAL PERFORMANCE

In FY 2008, USAID-managed resources for the Investing in People strategic goal were 45.6% of the Agency’s total budget for the year. Twelve representative indicators illustrate USAID program performance for this goal, of which seven met or exceeded the performance targets; four improved performance over the prior year but did not meet the targets; and one did not meet the target. HIV/AIDS results are jointly achieved by USAID and other U.S. Government agencies, such as the Departments of State and Health and Human Services (HHS). USAID conducted 219 evaluations, assessments, and special studies in this strategic goal area in FY 2008. Of these, 52% were used to make programmatic decisions and 44% were used to identify best practices and analyze lessons learned. For a fuller description of perfor-



**These Ugandan children will be protected from malaria-transmitting mosquitoes while they sleep under an insecticide-treated bed net. The nets save lives by repelling and blocking mosquitoes which primarily feed at night, spreading malarial parasites. USAID leads the President’s Malaria Initiative to halve malarial deaths in 15 African countries over five years.**

PHOTO: © 2007 GILBERT AWEKOFUA, COURTESY OF PHOTOSHARE

mance, data sources, and data quality, refer to the *2008 Annual Performance Report* strategic goal chapter at [http://www.usaid.gov/policy/budget/apr08/apr08\\_iip.pdf](http://www.usaid.gov/policy/budget/apr08/apr08_iip.pdf).

## Health

Activities in this program area improve child, maternal, and reproductive health; prevent and treat infectious diseases and other public health threats; and increase access to improved drinking water and sanitation services. Critical interventions combat HIV/AIDS, tuberculosis, malaria, avian influenza, neglected tropical diseases, polio, pneumonia, and diarrhea. Mothers and children are two special target groups for most of these interventions. As an integral part of health programming, U.S. Government investments strengthen local capacity in disease outbreak detection and response; improve delivery of health services, essential drugs, and commodities; and support advances in health technology. Ten representative indicators illustrate USAID program performance for this area. The Agency met or exceeded six of these performance targets; improved over prior year, but did not meet three targets; and did not meet one target.

**HIV/AIDS.** The President’s Emergency Plan for AIDS Relief program is a comprehensive approach to HIV/AIDS prevention, treatment, and care in developing countries that is undertaken in close partnership with host country governments and national and international partners. The Emergency Program targets 15 “focus” countries as well as additional bilateral programs around the world. The 15 focus countries are: Botswana, Cote d’Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam, and Zambia. In FY 2008, the Emergency Plan program treated over 2.0 million individuals with anti-retrovirals, exceeding the target of 1.7 million individuals. The Program exceeded its target of 8.2 million, providing care to 9.7 million people affected by HIV/AIDS, including support to nearly 4 million orphans and vulnerable children. The program exceeded its targets as a result of rapid scale-up of these programs in partnership with host nations.

**Tuberculosis (TB).** The focus of USAID’s TB program is to combat multi-drug resistant TB (MDR-TB) and extremely drug resistant TB (XDR-TB). A strong Directly Observed Treatment Short-course program is the primary defense against development of MDR-TB



and XDR-TB. Resources are used to conduct drug resistance surveys, introduce and help scale-up effective infection control practices, and build desperately needed national laboratory capacity. In FY 2008, the TB program was unable to meet its targets for increasing the treatment success and case detection rates due to the high rates of HIV co-infection, drug resistance, and especially the continuing internal conflicts disrupting health services in the Democratic Republic of Congo.

**Malaria.** In June 2005, President Bush launched the President's Malaria Initiative (PMI), pledging to increase U.S. Government funding by more than \$1.2 billion over five years to reduce deaths due to malaria by 50% in 15 African countries. This increased funding enables the U.S. Government to expand the PMI program at an accelerated level to achieve the President's target. The two critical emphases of PMI are insecticide-treated mosquito nets and indoor residual spraying, which when properly used are the best ways to prevent malaria infections and are proven and highly effective malaria control measures. In FY 2008, PMI protected about 25 million people against malaria, meeting the year's target.

**Maternal and Child Health.** This program aims to increase the availability and use of proven life-saving interventions that address the major killers of mothers and children. These interventions include effective maternal and newborn care; management of obstetric complications; routine immunization; polio eradication; micronutrients; and improved maternal, infant, and young child feeding. In FY 2008, progress in this area contributed to an increase in global coverage for the third dose of diphtheria/pertussis (whooping cough)/tetanus vaccine. Nearly 3.4 million premature deaths were averted from 2000 to 2008 through the USAID-supported Global Alliance for

Vaccine Initiative, an increase of 600,000 deaths averted compared to the previous estimate. In addition, the use of skilled birth attendants increased considerably in FY 2008, more than doubling in Nepal, Indonesia, Bangladesh, and Egypt. Increasing the frequency of attendance of skilled birth attendants is more likely to result in timely recognition of complications, initiation of treatment, and lives saved. Population surveys found that 48.2% of births were attended by skilled birth attendants during FY 2008, slightly exceeding the target of 47.8%.

**Family Planning and Reproductive Health.** This program aims to expand access to high-quality, voluntary family planning services and information and to reproductive health care, in order to reduce unintended pregnancy and promote healthy reproductive behaviors. Use of modern contraception increases and birth spacing improves when people know about the health and other benefits of family planning and where they can obtain voluntary family planning services; when such services are easily accessible and of high quality; when a wide range of temporary, long-acting, and permanent methods are available and affordable; and when family planning use is an accepted normative behavior. Forty-nine percent of births in FY 2008 were spaced more than three years apart, the healthiest interval for infants and mothers, exceeding the target of 48.6%.

### **Water Supply and Sanitation.**

Access to clean, reliable, and economically sustainable drinking water supply is key to a country's ability to attain health, security, and prosperity for its population. This access is achieved through diverse approaches, including both direct support for small and large-scale infrastructure development, as well as indirect support in institutional development, community-based systems, demand creation, facilitation of private sector supply of products and services, and financing to ensure long-term sustainability and expansion of access. The representative indicator on the number of new people who gained access to an improved water source improved over the prior year but did not meet the target, primarily because of a delay in the start-up of the program in India, and the suspension of all regularly planned water and sanitation activities in Bangladesh, due to Cyclone Sidr, as partners focused on emergency responses.

### **Education**

Education activities promote the creation and maintenance of effective, equitable, high quality educational services and systems, from primary education and literacy programs to strengthening the institutional capacities of public and private higher educational institutions. Investments in basic education generally yield high returns, particularly in the developing world, through improvements



**USAID-funded educational programs have provided better books for teachers to use to educate Egypt's school children**

PHOTO: BEN BARBER/USAID

in labor productivity and participation in democratic processes, as well as improved health. All programs dedicate special focus to reducing the barriers to education for girls. The FY 2008 results improved over the prior year, but did not meet the target because a few countries like Indonesia and Uganda shifted focus to a limited number of schools to ensure long-term sustainability of the programs, reducing the number of new learners enrolled in schools. However, India demonstrated notable success as implementing partners worked with state governments and private sector entities to scale up successful education interventions.

## Social Services and Protection for Especially Vulnerable Populations

Activities in this program area help manage risks and gain access to opportunities that support vulnerable populations' full and productive participation in society. Social services assist those whose needs are not addressed under humanitarian assistance or other programs, facilitating a transition from humanitarian relief to longer-term development and growth where needed. The representative indicator for this program tracks improve-

ment in the coverage of a nation's social assistance and social service programs for vulnerable people and is also a proxy indicator of a government's commitment to poverty reduction. USAID exceeded its FY 2008 target because countries like Armenia and West Bank/Gaza saw a sharp increase in their recipient populations. Furthermore, an additional 14 countries submitted FY 2008 results for this indicator that were not part of the original FY 2008 target countries, increasing the number of people benefiting from USAID services by another 1.36 million.

REPRESENTATIVE PERFORMANCE INDICATOR	2005 RESULTS <sup>1</sup>	2006 RESULTS <sup>1</sup>	2007 RESULTS	2008 TARGET	2008 RESULTS	2008 RATING	2009 PRELIMINARY TARGET <sup>3</sup>
Number of People Receiving HIV/AIDS Treatment in the 15 Focus Countries <sup>2</sup>	401,233	822,000	1.3M	1.7M	2.0M	Met/Exceeded	2.0M
Number of People Receiving HIV/AIDS Care and Support in the 15 Focus Countries <sup>2</sup>	2.9 M	4.4M	6.6M	8.2M	9.6M	Met/Exceeded	10.0M
Number of Countries Achieving a Tuberculosis Treatment Success Rate of 85% or Greater	4	6	7	8	7	Not Met	9
Number of Countries Achieving a Tuberculosis Case Detection Rate of 70% or Greater	1	3	3	5	4	Improved	7
Number of People Protected Against Malaria with a Prevention Measure in President's Malaria Initiative Countries	N/A	3.7M	22.3M	25.0M	25.0M	Met/Exceeded	30.0M
Percentage of Children with DPT 3 Coverage	60.4%	61.1%	60.5%	61.5%	61.7%	Met/Exceeded	62.0%
Percentage of Live Births Attended by Skilled Birth Attendants	46.8%	47.8%	47.7%	47.8%	48.2%	Met/Exceeded	48.3%
Modern Contraceptive Prevalence Rate	36.9%	37.9%	38.6%	39.9%	39.2%	Improved	40.9%
Percentage of Births Spaced Three or More Years Apart	46.8%	47.6%	48.8%	48.6%	49.0%	Met/Exceeded	49.3%
Number of People in Target Areas with Access to Improved Drinking Water Sources	N/A	N/A	2.1M	3.4M	3.0M	Improved	5.5M
Number of Learners Enrolled in U.S. Government-Supported Primary Schools or Equivalent Non-School-Based Settings, Disaggregated by Sex	N/A	N/A	27.1M (48% girls)	31.8M (48% girls)	28.3M (47% girls)	Improved	30.0M (49% girls)
Number of People Benefiting from U.S. Social Services and Assistance	N/A	N/A	1.8 M	2.7M	5.3M	Met/Exceeded	3.0M

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

2. HIV/AIDS results are achieved jointly by USAID and other U.S. Government agencies, such as the Departments of State and HHS.

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

RATING: ■ = met or exceeded; ■ = improved over prior, but not met; ■ = not met target

# STRATEGIC GOAL ON PROMOTING ECONOMIC GROWTH AND PROSPERITY

## PUBLIC BENEFIT

The United States benefits from a stable, resilient, and growing world economy. USAID programs promote economic transformation that creates more jobs; higher productivity and wages; improved working conditions; more effective protection of labor rights; and more opportunities for the poor, women, and other disadvantaged groups to participate in expanding markets. The eight priority program areas within this goal are: Macroeconomic Foundation for Growth, Trade and Investment, Financial Sector, Infrastructure, Agriculture, Private Sector Competitiveness, Economic Opportunity, and the Environment.

USAID-MANAGED RESOURCES (In Thousands)	
2008	2007
\$ 2,640,464	\$ 2,926,607

## STRATEGIC GOAL PERFORMANCE

In FY 2008, USAID-managed resources for the Promoting Economic Growth and Prosperity strategic goal were 18.9% of the total Agency budget. Twelve representative indicators illustrate USAID program performance for this goal, of which four met or exceeded the performance targets, and eight did not meet the targets. USAID conducted 117 evaluations, assessments, and special studies in this strategic goal. For a complete description of performance, data sources, and data quality, refer to the *2008 Annual Performance Report* strategic goal chapter, at [http://www.usaid.gov/policy/budget/apr08/apr08\\_eg.pdf](http://www.usaid.gov/policy/budget/apr08/apr08_eg.pdf).



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

**Macroeconomic Foundation for Growth.** Macroeconomic stability, including sound fiscal policy, is essential for sustainable economic growth. The U.S. Government strengthens foundations for growth by establishing a stable and predictable macroeconomic environment. To monitor long-term performance in this program area, USAID tracks the ratio of deficit to gross domestic product (GDP). The most recent data available is for the period 2004-2006, when the ratio was 3.2%.

**Trade and Investment.** Trade and investment are the principal mechanisms through which the market forces of competition and innovation generate economic growth. To assess progress in this area, USAID tracks World Bank data on the number of days needed to import and export goods in countries that receive assistance. In FY 2008, USAID missed the target of 33 days by one day due in part to the deteriorating security situation in Afghanistan, which disproportionately impacted the overall result.

**Financial Sector.** USAID is committed to improving corporate governance, financial transparency, and to combating corruption. USAID assistance improves

financial sector governance and access to financial services for entrepreneurs, enterprises, and consumers. To track progress of assisted countries in this area, USAID monitors a World Bank indicator, credit to the private sector as a percent of GDP. The FY 2008 result, 53.3%, fell short of the target of 58.5% due in part to the downturn in the global economy, which has reduced lending to the private sector.

**Infrastructure.** USAID supports the creation, improvement, and sustainability of physical infrastructure to improve economic productivity. The four indicators in this program area measure access to modern energy services, cellular and Internet service, as well as transportation infrastructure projects. In FY 2008, USAID did not meet its target due to delays in program start-ups and significant spikes in the prices of oil and other energy products.

**Agriculture.** USAID promotes expanded agricultural trade and market systems and broadened application of scientific and technological advances. In FY 2008, 3.42 million rural households benefited directly from U.S. Government interventions in agriculture, exceeding the target. USAID agricultural assistance also works to lower barriers of trade. USAID increased the



percent change in value of international exports of targeted agricultural commodities to 63.3%, exceeding the target of 37.8%.

**Private Sector Competitiveness.**

USAID’s activities in this program area provide assistance to countries to improve policies, laws, and regulations affecting the private sector’s ability to compete nationally and internationally. The indicator, number of commercial laws put into place with U.S. Government assistance, reflects efforts to put laws in place to streamline business regulations and improve commercial governance. In FY 2008, the target was not met.

**Economic Opportunity.** Activities include efforts to enhance the income-generating prospects of poor households, as well as efforts to ensure that these households can accumulate and protect productive assets. USAID supports microfinance institutions (MFI) that provide financial services to those who would otherwise lack access. The Agency’s performance indicator reflects the share of USAID-assisted MFIs that have attained operational sustainability. The FY 2008 result, 74% of USAID-assisted MFIs reached operational sustainability, exceeded the target.

**Environment.** Environmental issues such as climate change, the protection of natural resources and forests, and trans-boundary pollution continue to play increasingly critical roles in U.S. diplomatic and development agendas. In FY 2008, USAID did not meet the target of 149 million metric tons of greenhouse gas emissions reduced or sequestered. However, 126 million hectares were under improved natural resource or biodiversity management as a result of USAID assistance, exceeding the target.

REPRESENTATIVE PERFORMANCE INDICATOR	2005 RESULTS <sup>1</sup>	2006 RESULTS <sup>1</sup>	2007 RESULTS	2008 TARGET	2008 RESULTS	2008 RATING	2009 PRELIMINARY TARGET <sup>3</sup>
Time Necessary to Comply with Procedures Req. to Export/Import Goods (days)	89.9	36.6	34	33	34	Not Met	28
Credit to Private Sector as a Percent of GDP	54.9%	54.4%	57.7%	58.5%	55.3%	Not Met	59.0%
No. of People with Increased Access to Modern Energy Services <sup>2</sup>	N/A	N/A	1.87M	436,280	371,409	Not Met	450
No. of People with Access to Cellular Service <sup>2</sup>	N/A	N/A	4.8M	5.7M	1.89M	Not Met	2.0
No. of People with Access to Internet Service <sup>2</sup>	N/A	N/A	6.55M	6.68M	1.5M	Not Met	2.0
No. of People Benefiting from U.S. Government-Sponsored Transportation Infrastructure Projects	N/A	N/A	1.77M	459,467	68,758	Not Met	100,000
No. of Rural Households Benefiting Directly from U.S. Interventions in Agriculture	N/A	N/A	1.88M	2.15M	3.42M	Met/ Exceeded	2.20M
Percent Change in Value of International Exports of Targeted Agricultural Commodities	N/A	N/A	41.1%	37.8%	63.3%	Met/ Exceeded	42.0%
No. of Commercial Laws Put into Place that Fall in the II Core Legal Categories for a Healthy Business Environment	N/A	N/A	41	47	30	Not Met	35
Percent of U.S. Government-Assisted Microfinance Institutions that have Reached Operational Sustainability	71%	71%	69%	70%	74%	Met/ Exceeded	70%
Quantity of Greenhouse Gas Emissions Reduced or Sequestered (million metric tons)	117	129	180	149	142 (est.)	Not Met	159
No. of Hectares under Improved National Resource or Biodiversity Management (millions)	N/A	N/A	121.61	113	126	Met/ Exceeded	150

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

2. Program results for this indicator are achieved jointly by USAID and the Department of State.

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

RATING: ■ = met or exceeded; ■ = improved over prior, but not met; ■ = not met target

# STRATEGIC GOAL ON PROVIDING HUMANITARIAN ASSISTANCE

## PUBLIC BENEFIT

The U.S. Government's commitment to humanitarian response demonstrates the Nation's compassion for victims of natural disasters, armed conflict, forced migration, persecution, human rights violations, widespread health and food insecurity, and other threats. Providing humanitarian assistance requires urgent responses to rapid-onset emergencies, concerted efforts to address hunger and protracted crisis situations, and the ability to build capacity to prevent and mitigate the effects of conflict and disasters. The two priority program areas within this strategic goal are: Providing Protection, Assistance, and Solutions; and Disaster Readiness. Regional priorities include addressing the acute and ongoing needs in Burma, Chad, Colombia, Darfur, Iraq, Somalia, and the West Bank/Gaza.

### USAID-MANAGED RESOURCES (In Thousands)

2008	2007
\$ 927,376	\$ 673,860

## STRATEGIC GOAL PERFORMANCE

In FY 2008, USAID-managed resources supporting the Humanitarian Assistance strategic goal were 6.6% of the total Agency budget. Four indicators illustrate USAID program performance for this goal, one of which exceeded the performance target, two improved performance over the prior year but did not meet the targets, and one did not meet the target. In FY 2008, USAID conducted three evaluations, assessments, and special studies in this strategic goal. For a complete description of performance, data sources, and data

quality, refer to the *2008 Annual Performance Report* strategic goal chapter at [http://www.usaid.gov/policy/budget/apr08/apr08\\_ha.pdf](http://www.usaid.gov/policy/budget/apr08/apr08_ha.pdf).

**Provide Protection, Assistance, and Solutions.** U.S. Government assistance provides life-saving disaster relief, including protection, food aid, and other humanitarian assistance to people affected by natural disasters and complex, human-made crises. Assistance activities include distributing food aid and other relief supplies to affected populations; providing health services, including feeding centers; and providing clean water and shelter materials. Certain displaced populations require support for many years, and humanitarian assistance helps them become as self-supporting as possible.

Nutritional status is a key indicator for assessing the severity of humanitarian crisis. An internationally accepted indicator, the global acute malnutrition (GAM) rate measures the nutritional status of vulnerable populations. The first performance indicator in the table highlights the percent of USAID-monitored sites with dispersed populations (IDPs and victims of conflict) worldwide with a GAM rate of less than 10%. In FY 2008, the result for this indicator, 34%, fell short of the target. The major reason was an increased number of monitored sites in Chad, Ethiopia, Niger, Pakistan, Somalia, and Sudan with GAM levels higher than 10%. Another major contributor is that from 2000-2006 Sudan had an average 16% GAM rate. Achieving a GAM rate below 10% in Sudan requires beating the overall country GAM average in its most vulnerable communities—a highly improbable occurrence.



**USAID dispatched a Disaster Assistance Response Team soon after Cyclone Sidr struck Bangladesh, and provided more than \$19 million for relief and early recovery efforts.**

PHOTO: SUE MCINTYRE / USAID

## VOICES FROM THE FIELD

**Storm Relief.** To date, USAID provided more than \$28 million for emergency relief commodities and programs toward mitigating the impact of Cyclone Nargis in Burma. USAID commodities such as hygiene kits, plastic sheeting, mosquito nets, water containers, water treatment units, Zodiac boats, and water storage bladders benefited at least 445,000 individuals. Additionally, USAID provided \$29 million worth of humanitarian assistance in response to hurricanes in Haiti. In September 2008 alone, USAID air-lift deliveries of emergency relief supplies to Port-au-Prince benefited more than 200,000 people.

From the broadest perspective, all humanitarian assistance has a protection component. Efforts to protect vulnerable populations derive from international refugee, human rights, and humanitarian laws, and include activities to reduce or manage risks to those populations. The second performance indicator highlights the percent of targeted beneficiaries assisted by protection and solution activities funded by USAID. In FY 2008, USAID improved its performance over FY 2007, reaching 77% of beneficiaries. USAID did not meet the target of 80% due to a lack of access to protection and solution activities on the part of beneficiaries, particularly in Afghanistan, Sri Lanka, and Sudan.

USAID prioritizes emergency food aid to reach the most vulnerable populations. The third performance indicator, which is

also tracked by the PART, measures the percent of planned emergency food aid beneficiaries reached by USAID. In FY 2008, USAID's emergency food aid reached more than 25 million people, or 92% of planned beneficiaries, an improvement in performance over FY 2007. This result is slightly below the target of 93%, which is attributable to dramatic increases of costs to purchase and transport food. USAID is countering the increased costs through selectively purchasing commodities, using pre-positioned stocks, and concentrating resources for greater impact.

The fourth performance indicator illustrates USAID's progress toward providing disaster-affected households with basic inputs for survival, recovery, or restoration of productive capacity. In FY 2008, performance slightly exceeded

the target and was in line with FY 2007 performance. USAID is unable to reach 100% of targeted households due to the lack of access to beneficiary populations by humanitarian agencies and workers, or lack of qualified implementing partners in some relief environments.

**Disaster Readiness.** U.S. Government assistance builds and strengthens the capacity of affected countries, U.S. responders, and the international community to reduce risks, prepare for rapid response, and increase the affected population's ability to cope with and recover from the effects of a disaster. It is estimated that 90% of disaster responders in the Western Hemisphere have been trained through USAID programs that have been ongoing for more than 30 years.

REPRESENTATIVE PERFORMANCE INDICATOR	2005 RESULTS <sup>1</sup>	2006 RESULTS <sup>1</sup>	2007 RESULTS	2008 TARGET	2008 RESULTS	2008 RATING	2009 PRELIMINARY TARGET <sup>2</sup>
Percent of USAID-Monitored Sites with Dispersed Populations ( <i>Internally Displaced Persons, Victims of Conflict</i> ) Worldwide with Less than 10% Global Acute Malnutrition (GAM) Rate	20%	23%	41%	50%	34%	Not Met	55%
Percent of Targeted Beneficiaries Assisted by Protection and Solution Activities Funded by USAID	N/A	N/A	70%	80%	77%	Improved	90%
Percent of Planned Emergency Food Aid Beneficiaries Reached by USAID	85%	84%	86%	93%	92%	Improved	93%
Percent of Targeted Disaster-Affected Households Provided With Basic Inputs for Survival, Recovery, or Restoration of Productive Capacity	N/A	N/A	85%	80%	84%	Met/ Exceeded	85%

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

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

RATING: ■ = met or exceeded; ■ = improved over prior, but not met; ■ = not met target



# REBUILDING IRAQ AND AFGHANISTAN



## IRAQ

The rebuilding of Iraq is the largest reconstruction effort undertaken by the U.S. Government since the Marshall Plan. Since 2003, USAID has been a key player in this effort, working in Iraq to encourage economic growth, support democracy and build the capacity of national and local government, bring agricultural products to market, and provide humanitarian assistance to displaced and vulnerable populations. USAID has also helped to rehabilitate Iraq's critical infrastructure and health and education systems. Many of its activities are implemented by USAID partners working together with provincial reconstruction teams throughout the country.

In areas prone to high levels of insurgency and violence, USAID works with community groups, local government officials, and provincial reconstruction teams to provide stability through activities centering on conflict mitigation and employment generation, such as public works projects, vocational training, and apprenticeships. Micro-grants and business training are also available to encourage small business development. To engage marginalized and vulnerable youth, USAID supports recreational clubs, sports tournaments, drama presentations, and other activities for young Iraqis.

USAID's work in Iraq bridges the transition from the short-term provision of essential services to long-term, integrated, and Iraqi-led development. Providing a focused approach to essential issues, USAID is committed to working closely with the people of Iraq to build the foundation for a prosperous and secure nation.



Summary of USAID's achievements during FY 2008:

- Promoted entrepreneurialism through business skills training to 1,800 entrepreneurs and by opening four new Small Business Development Centers.
- Expanded employment opportunities, including 45,000 short-term jobs and approximately 14,000 long-term jobs.
- Stimulated private sector growth through the establishment of a sustainable micro, small and medium-scale enterprise sector which distributed \$200 million in cumulative loans to more than 95,000 beneficiaries.
- Enhanced the capacity of local government by training 15,000 Iraqi local government officials in development planning and public finance.
- Assisted displaced and vulnerable Iraqis through \$75.3 million in emergency assistance to renovate vital infrastructure, such as schools and roads; improve health facilities; repair water

and sanitation networks; create jobs; and distribute non-food items.

- Assisted over 625,000 victims of war through the Marla Ruzicka Iraqi War Victims Fund.
- Strengthened counterinsurgency efforts by providing over 4.6 million days of employment to Iraqi nationals and involving nearly 170,000 Iraqi youth in soccer, the arts, and life skills programs.

Please refer to the following for additional information:

USAID Iraq website: <http://www.usaid.gov/iraq/>

USAID Office of Inspector General (OIG), Reports to Management, FY 2008: [http://www.usaid.gov/oig/iraq\\_reports\\_fy08.html](http://www.usaid.gov/oig/iraq_reports_fy08.html)

Government Accountability Office (GAO), "Provincial Reconstruction Teams in Afghanistan and Iraq," October 1, 2008: <http://www.gao.gov/new.items/d0986r.pdf>

Special Inspector General for Iraq Reconstruction, “Quarterly Report to the United States Congress,” October 30, 2008: [http://www.sigir.mil/reports/quarterlyreports/Oct08/pdf/Report\\_-\\_October\\_2008.pdf](http://www.sigir.mil/reports/quarterlyreports/Oct08/pdf/Report_-_October_2008.pdf)



## AFGHANISTAN

In 2001, when the Taliban was forced out of power, half of Afghanistan’s people lived in absolute poverty, and virtually all of the country’s institutions and much of its infrastructure were destroyed. To rebuild the country and combat terrorism, USAID provides the largest bilateral civilian assistance program to Afghanistan, working to create economic growth, effective and representative governance, and a healthy, well educated population.

USAID is helping Afghanistan grow its economy through building functioning transportation and electricity networks, developing a market-driven agricultural sector, providing business support services, and strengthening property rights. To promote a just and democratic government, USAID focuses on strengthening governance and civil society and improving the management of human resources, financial resources, and service delivery. In the areas of health and education, USAID is rehabilitating clinics and schools, providing vital vaccines, training teachers, and distributing textbooks to students.

Throughout Afghanistan, USAID works with a team of outstanding local and international partners. Delivery of assistance at the provincial level is assisted through provincial reconstruction teams, which are small, joint civilian-military teams designed to improve security, extend the reach of the Afghan government, and facilitate reconstruction. USAID’s work in Afghanistan is an excellent example of how the American people are helping the people of Afghanistan build a better future.

Summary of USAID’s achievements during FY 2008:

- Expanded the licit economy by providing 109,000 individuals with agricultural, farm management, and business training, benefiting over 123,000 families, including over 3,000 women and 15 women’s organizations. This resulted in almost \$23 million in increased sales of licit farm products.
- Stimulated economic growth by providing over 88,000 loans, for a total of \$55 million, to micro and small businesses in 21 of 34 provinces. Fifty-one percent of these loans went to women.
- Expanded the outreach of the financial sector through the establishment of 12 new credit unions and three micro-finance branches, increasing the total number of financial service outlets to over 115.
- Improved transportation routes by constructing 167 kilometers of roads generating over half a million labor days of local employment and over \$2.9 million in local wages.
- Helped keep the lights on for over 415,000 people in five cities through operational and maintenance support to diesel generators and training to

48 employees of the Afghan electric utilities.

- Improved maternal and child health services by training 224 community midwives who are now assisting women with their deliveries.
- Expanded community-based health services by recruiting over 1,500 new volunteer community health workers, resulting in a total number of 8,445 trained volunteers in USAID-supported provinces.
- Helped Afghanistan improve its management of renewable natural resources by training 5,500 people, including almost 1,000 women, in conservation and protection of natural resources.

Please refer to the following for additional information:

USAID Afghanistan webpage:  
<http://www.usaid.gov/locations/asia/countries/afghanistan/>

USAID OIG, Reports to Management, FY 2008: [http://www.usaid.gov/oig/afghanistan\\_reports\\_fy08.html](http://www.usaid.gov/oig/afghanistan_reports_fy08.html)

GAO, “Provincial Reconstruction Teams in Afghanistan and Iraq,” October 1, 2008: <http://www.gao.gov/new.items/d0986r.pdf>

Special Inspector General for Afghanistan Reconstruction, “Quarterly Report to the United States Congress,” October 30, 2008: [http://www.sigir.mil/reports/quarterlyreports/Oct08/pdf/Report\\_-\\_October\\_2008.pdf](http://www.sigir.mil/reports/quarterlyreports/Oct08/pdf/Report_-_October_2008.pdf)

# MANAGEMENT HIGHLIGHTS

## MANAGEMENT ACCOMPLISHMENTS

To meet the challenges of transformational diplomacy, USAID is strengthening its management capabilities. In FY 2008, the Agency demonstrated significant improvements in key management systems. For more detailed information, see [http://www.usaid.gov/policy/budget/apr08/apr08\\_ma.pdf](http://www.usaid.gov/policy/budget/apr08/apr08_ma.pdf).

### HUMAN CAPITAL

In FY 2008, USAID released its *Human Capital Strategic Plan for FY 2009-FY 2013*. This plan focuses on achieving the Agency's goal to "advance freedom for the benefit of the American people and the international community by helping to build and sustain a more democratic, secure, and prosperous world composed of well-governed states that respond to the needs of their people, reduce widespread poverty, and act responsibly within the international system." This strategy will drive USAID's human capital activities on all fronts, such as talent management, succession planning, and diversity.

The Development Leadership Initiative is a new program to enable the Agency to achieve its development and national security objectives through a strong workforce. The goal is to double the USAID Foreign Service workforce by hiring 1,200 junior and mid-level FSOs by 2012. USAID received funding for this Initiative because of the strong support from the Secretary of State and the U.S. Congress. In FY 2008, the Agency hired 157 FSOs.

According to OMB's PART, USAID is meeting its human capital goals. For 2008, USAID met 100% of its Agency-wide recruitment goals and 90% of its

critical staffing needs. Furthermore, 100% of its employees' performance approval plans incorporate the Agency's mission, goals, and outcomes. On the September 30, 2008 PMA scorecard, USAID was upgraded to "green," or successful status for Human Capital.

USAID strives to increase diversity in its workforce. In FY 2008, applications from minority-serving colleges rose from 50 to over 1,100. USAID also launched a new diversity-focused internship program that recruited 14 interns in its first year. Seven hundred thirty-five employees received diversity training to build a vibrant and accountable Federal agency.

### ELECTRONIC GOVERNMENT (E-Gov)

In support of the PMA, the USAID E-Gov program strengthens the Agency's management capabilities by expanding electronic activities and reducing redundancy in Agency Information Technology systems.

Introduced in FY 2008, the Electronic Official Personnel Folder (eOPF) automates the paper Official Personnel Folder. Employees now access their own personnel record online from any Agency or secure Government workstation. USAID also implemented the webTA Electronic Time Keeping System (webTA) for all direct-hire employees. webTA provides web-based access to the Agency's time keeping system, allowing timecards to be completed from anywhere in the world.

USAID launched the web-based E2 Solutions Travel System (E2), a Federal Government-wide system that reduces costs

because there are no software licensing fees or hardware maintenance costs. The system allows unlimited access to users from any Internet connected computer. E2 is fully deployed in USAID/Washington. Deployment to overseas offices will be completed in FY 2009.

To support the management of business transactions, USAID is merging its acquisition and assistance functionalities into an integrated system. The new GLobal Acquisition and Assistance System (GLAAS) has real-time integration with the Agency's financial management system and is fully interfaced with other Federal Electronic Government procurement systems. Preparations for worldwide deployment of GLAAS began in FY 2008 and testing occurred in December 2008.

### MANAGE TO BUDGET

USAID established the Manage to Budget initiative to improve the transparency and accountability of the cost of its operations. FY 2008 was the first full year of implementation, and the Agency made notable progress in budgeting and managing costs. Accomplishments include a new standard set of codes to capture operating expenses and program-funded administrative costs (to improve understanding of the full cost of doing business at USAID) and a compensation tracking system to report on the USDH budgets of each operating unit (to provide transparency on budgets and surpluses). As a result, USAID delegated full control to the operating units over their human resource budgets, increasing the flexibility on the number, type, and mix of staffing they can recruit to meet their needs.



# MANAGEMENT CHALLENGES

Every year, USAID’s OIG identifies Management Challenges that affect the ability of the Agency to deliver foreign assistance. The challenges relate to collecting and maintaining performance and financial data, streamlining the procurement process, meeting human resource needs, and creating secure information technology systems. In response to OIG’s recommendations, the Agency takes immediate remedial actions and develops plans to address longer term challenges. See [http://www.usaid.gov/policy/af08/usaify08afr\\_lowres\\_508.pdf](http://www.usaid.gov/policy/af08/usaify08afr_lowres_508.pdf) (page 106), for the OIG’s memorandum on this subject, dated October 16, 2008.

<b>MANAGEMENT CHALLENGES</b>	
<b>FINANCIAL MANAGEMENT—ACCRUAL ACCOUNTING AND REPORTING</b>	
Management Challenge/ Significant Issue	Despite past efforts to strengthen its financial management process, USAID’s accrual expenditures and accounts payable system continues to contain inaccuracies.
Actions Taken	Three thousand staff, including all Cognizant Technical Officers (CTO), completed mandatory training on the online web-based Phoenix Accruals system. Action completed on September 15, 2008.
Actions Remaining	The Agency will provide ongoing accruals training and hold CTOs accountable for estimating accruals.
<b>MANAGING FOR RESULTS—PERFORMANCE IMPROVEMENT INITIATIVE</b>	
Management Challenge/ Significant Issue	Managing a complex and diverse portfolio of worldwide activities carried out with multiple partners and stakeholders is an inherent challenge for USAID.
Actions Taken	USAID made significant progress in its Performance Improvement Initiative, earning a score of “green” in both status and progress from OMB, an improvement over FY 2007.
Actions Remaining	The OIG will continue to monitor USAID’s progress in improving its performance management and reporting systems worldwide.
<b>ACQUISITION AND ASSISTANCE—PROCUREMENT PROCESSES AND SYSTEMS</b>	
Management Challenge/ Significant Issue	Acquiring supplies and services remains a challenge that affects the Agency’s delivery of foreign assistance.
Actions Taken	USAID began to roll out GLAAS, an online system that automatically links all transactions to Phoenix, the Agency’s central financial system, reducing the need for manual data entry.
Actions Remaining	The OIG will assess the risks associated with rolling out GLAAS and is planning an audit for FY 2009. The system is being piloted in two regions with full deployment planned for June 2011.
<b>HUMAN CAPITAL MANAGEMENT</b>	
Management Challenge/ Significant Issue	USAID faces ongoing workforce and competency gaps that arise from increased demands on the Agency. These demands include intensified efforts to combat HIV/AIDS and malaria and rebuilding efforts following conflicts in Afghanistan, Iraq, Lebanon, and parts of Africa.
Actions Taken	In response to the PMA initiative on human capital and to address internal challenges, USAID developed the 2009-2013 Human Capital Strategic Plan, including a major effort to double the size of foreign service staff by 2012. USAID earned a score of “green” in status and progress from OMB on the initiative, a significant improvement over FY 2007. USAID is on track to hire 300 FSOs by 2012 through its Development Leadership Initiative.
Actions Remaining	The OIG plans to audit USAID’s 2009-2013 Human Capital Strategic Plan in FY 2009.
Management Challenge/ Significant Issue	In FY 2008, GAO issued an audit finding that USAID’s acquisition and assistance staff competencies are uneven across overseas offices.
Actions Taken	Strategic workforce planning efforts addressing this issue are underway.
Actions Remaining	Under the Development Leadership Initiative, 175 Contracting Officers will be recruited to increase staff capacities in Acquisition and Assistance through 2012.
<b>INFORMATION TECHNOLOGY—STRATEGIC PLANNING</b>	
Management Challenge/ Significant Issue	USAID lacks the resources to implement HSPD-12 and faces challenges in coordinating efforts with other Federal agencies.
Actions Taken	USAID issued 2,050 identification cards to domestic employees and contractors.
Actions Remaining	USAID will develop an Agency-specific implementation plan for HSPD-12.

# FINANCIAL HIGHLIGHTS

## OVERVIEW

Since the enactment of the 1990 Chief Financial Officer (CFO) Act, there has been a clear cultural change in how financial management is viewed or carried out and a recognition of the value and need for sound financial management. Transparent reporting on USAID's stewardship and management of public funds is an integral part of USAID's efforts to improve accountability to its customers, constituents, and the public. The Agency's CFO staff has consistently improved USAID's financial performance and will strive to maintain higher financial management standards in FY 2009.

USAID's financial statements are audited by the Agency's OIG. For the sixth consecutive year, USAID received an unquali-

fied opinion, affirming that USAID's financial statements for the year ended September 30, 2008, were presented fairly in all material aspects, and in conformity with U.S. generally accepted accounting principles (GAAP). The Independent Auditor's Report can be found at <http://www.usaid.gov/oig/public/fy09rpts/0-000-09-001-c.pdf>. The auditor identified one material weakness (see table on the next page) related to unreconciled differences between the Agency's Fund Balance and its cash balance reported by the U.S. Treasury, and four significant deficiencies. See page 24 of USAID's *FY 2008 Agency Financial Report* (AFR) at [http://www.usaid.gov/policy/afr08/usaidfj08afr\\_lowres\\_508.pdf](http://www.usaid.gov/policy/afr08/usaidfj08afr_lowres_508.pdf). As indicated in the CFO Letter, see [http://www.usaid.gov/policy/afr08/usaidfj08afr\\_lowres\\_508.pdf](http://www.usaid.gov/policy/afr08/usaidfj08afr_lowres_508.pdf) (page 25), corrective action plans are in place to resolve these findings and related audit recommendations by September 30, 2009.

Complete details on relevant financial results are reported in USAID's AFR at <http://www.usaid.gov/policy/afr08/>. The following presents summarized financial statement information based on the same underlying data as the financial statements presented in the AFR. This condensed information provides a high level analysis of the Agency's financial performance and should not be viewed as a substitute for the financial statements and notes contained in the AFR.

## BALANCE SHEET SUMMARY

The table on the right presents the Agency's assets, liabilities, and net position. The data reflect intra-agency eliminations. USAID's total assets are \$24.3 billion as of September 30, 2008. The most significant assets are Fund Balance with Treasury and Loans Receivable which represent 79% and 16% of current period assets, respectively. The Agency's liabilities are \$8.4 billion of which 50%, or \$4.2 billion, are Debt Due to U.S. Treasury. Accounts payable make up 23%, or \$1.9 billion, of the total liabilities. USAID's net position, as shown on the Consolidated Balance Sheet in the AFR ([http://www.usaid.gov/policy/afr08/usaidfj08afr\\_lowres\\_508.pdf](http://www.usaid.gov/policy/afr08/usaidfj08afr_lowres_508.pdf), page 63) and the Consolidated Statement of Changes in Net Position ([http://www.usaid.gov/policy/afr08/usaidfj08afr\\_lowres\\_508.pdf](http://www.usaid.gov/policy/afr08/usaidfj08afr_lowres_508.pdf), page 24), increased by \$781.6 million, or 5%, from FY 2007. The variance was due to a reduction in the Agency's operating expenses.

CONDENSED BALANCE SHEET AS OF SEPTEMBER 30, 2008		
(In Thousands)	Total	Percentage of Total
Fund Balance with Treasury	\$ 19,181,073	79%
Loans Receivable, Net	3,988,662	16%
Accounts Receivable, Net	267,249	1%
Cash, Advances, and Other Assets	801,604	3%
Property, Plant and Equipment and Inventory, Net	126,998	1%
<b>Total Assets</b>	<b>\$24,365,586</b>	<b>100%</b>
Debt and Due to U.S. Treasury	4,215,289	50%
Accounts Payable	1,918,263	23%
Loan Guarantee Liability	1,606,876	19%
Other Liabilities	640,683	8%
<b>Total Liabilities</b>	<b>\$ 8,381,111</b>	<b>100%</b>
Unexpended Appropriations	14,982,084	
Cumulative Results of Operations	\$ 1,002,391	
<b>Net Position</b>	<b>\$ 15,984,475</b>	

## NET COST SUMMARY

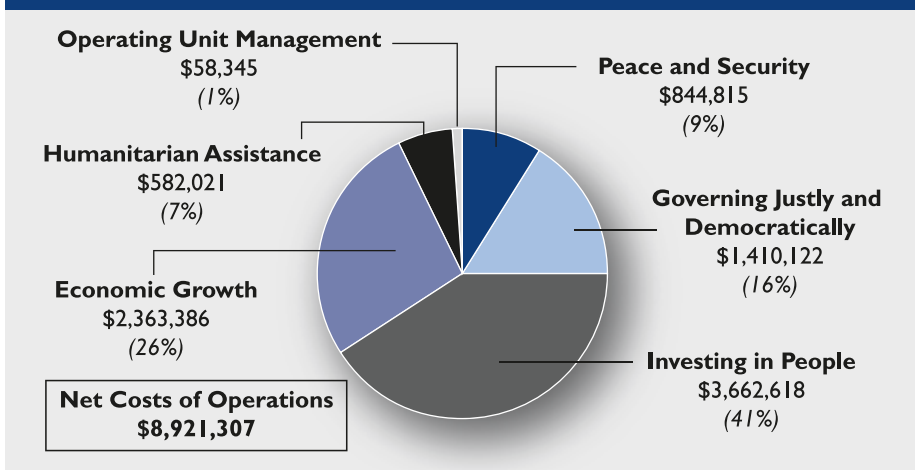
The charts on the right show USAID's net cost, which represents the cost (net of earned revenues) of implementing the Agency's six objectives of the Foreign Assistance Framework. Complete details on the net cost of program areas linked to these objectives are reported in the AFR ([http://www.usaid.gov/policy/afr08/usaify08afr\\_lowres\\_508.pdf](http://www.usaid.gov/policy/afr08/usaify08afr_lowres_508.pdf), page 16). The first five objectives correspond to the Agency's strategic goals presented in the *FY 2007-2012 Department of State-USAID Strategic Plan* ([http://www.usaid.gov/policy/afr08/usaify08afr\\_lowres\\_508.pdf](http://www.usaid.gov/policy/afr08/usaify08afr_lowres_508.pdf), page 10), reflecting the integrated nature of the work of the two organizations. Two objectives, Investing in People and Economic Growth, represent the largest investments at 41% and 26% of net cost of operations, respectively. The objective related to Operating Unit Management includes costs that cannot be directly traced or reasonably allocated to strategic goals. However, these costs were captured and included in the total net cost of operations. Total net cost decreased by 8% from the prior fiscal year due to a reduction in the Agency's operating expenses.

### NET COST OF OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 2008

(In Thousands)

Strategic Goals	Net Cost	Percentage of Total
Peace and Security	\$ 844,815	9%
Governing Justly and Democratically	1,410,122	16%
Investing in People	3,662,618	41%
Economic Growth	2,363,386	26%
Humanitarian Assistance	582,021	7%
Operating Unit Management	58,345	1%
<b>Grand Total</b>	<b>\$ 8,921,307</b>	<b>100%</b>

### FY 2008 NET COST OF OPERATIONS (In Thousands)



## SUMMARY OF FINANCIAL STATEMENTS AUDIT

### SUMMARY OF FINANCIAL STATEMENTS AUDIT

**Audit Opinion: Unqualified**

**Restatement: No**

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Reconciliations of Fund Balance with the U.S. Treasury	0	1	0	0	1
<b>Total Material Weaknesses</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>



## CONTACT INFORMATION

**Comments.** USAID welcomes your comments about how it can improve this Citizens' Report. Please provide comments to the relevant offices or the individual listed below:

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SECTION	USAID OFFICE	
Snapshot	Office of Management Policy, Budget and Performance	(202) 712-4092
Performance and Budget Highlights	Office of Management Policy, Budget and Performance	(202) 712-4092
Management Highlights	Office of Management Policy, Budget and Performance	(202) 712-4092
Financial Highlights	Office of the Chief Financial Officer, Audit Performance and Compliance	(202) 712-5339

An electronic version of this report is available on the Internet at <http://www.usaid.gov/policy/budget/citrep08/>.

## ACKNOWLEDGMENTS

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- The Bureaus for Asia and the Middle East for the updates on Afghanistan and Iraq;
- The Bureau for Legislative and Public Affairs for assistance with the photos, web posting, and the podcast;
- The Office of the Chief Operating Officer for the Message from the Administrator and the podcast;
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