



THE UNITED STATES AGENCY
FOR INTERNATIONAL DEVELOPMENT

USAID 



FY 2003 Performance and Accountability Report

Transmittal Letter from the Administrator: Andrew S. Natsios



On behalf of the U.S. Agency for International Development (USAID), I am pleased to transmit the Fiscal Year (FY) 2003 Performance and Accountability Report (PAR). The purpose of this report is to offer the Congress, the Administration, and the public an occasion to learn more about USAID and the extent to which we are achieving our program objectives. As the world's leading bilateral foreign assistance agency, we take the responsibility for monitoring our performance—and making the results publicly known—very seriously. We are extremely proud to report that for the first time ever, USAID has achieved an unqualified (or “clean”) opinion on our consolidated financial statements. This audit is just one of the ways in which USAID demonstrates accountability.

Fiscal Year 2003 proved to be one of the most challenging years USAID has ever faced. I am proud to say that our Agency responded in exemplary fashion. We had a dramatic increase in spending, from \$7.9 billion in 2001 to \$14.2 billion in 2003, and accomplished this through reliance on existing Agency systems, but without a similar increase in staff size.

In Iraq, we began preparing months before combat began, and we sent the largest Disaster Assistance Response Team (DART) in history to assess the country's needs. In part because of these careful preparations, no humanitarian emergency took place. Since the end of major combat operations, we have worked under the Coalition Provisional Authority (CPA). In just five months, and despite a difficult security environment, we restored several government ministries, rebuilt more than 1,500 schools, and provided 5 million new textbooks and 1.2 million school kits to Iraqi children. Working with dozens of partners, we repaired the port at Umm Qasr, fixed bridges and sewage treatment plants, and brought electricity back up to prewar levels. We funded vaccinations for 4.2 million Iraqi children, rehabilitated hospitals and health clinics, and—

working with U.S. Army civilian affairs units—established local councils in much of the country.

In Afghanistan, the emergency humanitarian programs we set up two years ago have led to longer-term reconstruction and development projects. Our efforts have strengthened the central government and increased its ability to provide critical services to the Afghan people. We have helped launch a new currency, set up a viable local banking system, and developed a budget and customs system. Our programs have put people to work, encouraged girls to attend school, improved health care, contributed to the new Constitution, increased food production, provided 25 million textbooks, and paved the national road from Kabul to Kandahar.

Concurrently, we have refined and strengthened our programs in more than 100 countries, promoting agriculture, trade, and economic growth; democracy and good governance; and health, education, and environmental stewardship and maintaining our leadership as the world's largest supplier of emergency humanitarian assistance. In fact, this Fiscal Year 2003, working through the Public Law (P.L.) 480, Title II program, USAID provided more food

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assistance to more people than ever before: 3.16 million metric tons.

The nature of foreign assistance has changed dramatically over the past decade, and USAID has changed accordingly. Private capital—from foundations, corporations, universities, non-governmental organizations, and individual remittances—now makes up 60 percent of the funds the United States sends to the developing world. This is why Secretary of State Powell launched the Global Development Alliance (GDA) two years ago and why the GDA is a major focus of our work. Over the past year, USAID helped form some 140 new public-private alliances that brought new energy, new ideas, and \$1.3 billion dollars in private-sector funding for international development.

Relations between the State Department and USAID grew closer this year under Secretary Powell's leadership. One result is the Joint Strategic Plan, unveiled in August 2003, which will enable us to work more effectively together. This is the last year, therefore, that USAID will report on its objectives and performance under the old Strategic Plan.

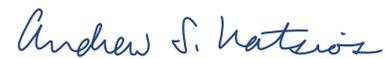
I am also pleased to report that

USAID has made good progress toward meeting the President's Management Agenda (PMA) goals. As FY 2003 ended, we received "green" ratings for progress in human capital; financial performance; E-Government; and Budget and Performance Integration. Our Business Transformation Executive Committee (BTEC), working closely with the PMA, is implementing an ambitious management reform program, introducing new business systems and processes, and developing strategic plans for human capital and knowledge management. These efforts signal our ongoing commitment to management excellence.

Finally, as of September 30, 2003, the management accountability and control systems of the U.S. Agency for International Development provided reasonable assurance that the objectives of the Federal Managers Financial Integrity Act were achieved, with the exception of the material weaknesses and the material nonconformance of the financial management system noted within this report. This statement is based on the results of an Agency-wide management control assessment and input from senior officials. In addition, I hereby certify that the financial and performance

data in the PAR are reliable and complete. A detailed discussion of the material inadequacies and actions that USAID is taking to resolve them is provided in this report.

Signed,



Andrew S. Natsios
Administrator
U.S. Agency for International
Development

November 14, 2003

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Management's Discussion and Analysis (MD&A)



Djeinabou Kante of Conakry, Guinea, who tripled her business, hired more employees, and found export markets for her fabulously dyed cloth with the help of USAID training 11 years ago.

Management's Discussion and Analysis (MD&A)

Mission of USAID

The mission of the United States Agency for International Development (USAID) is to contribute to U.S. national interests by supporting the people of developing and transitional countries in their efforts to achieve enduring economic and social progress and to participate more fully in resolving the problems of their countries and the world.

– USAID Strategic Plan (Revised 2000)

Introduction

The United States Agency for International Development (USAID) plays a vital role in promoting U.S. national security, foreign policy, and the war on terrorism by addressing one of the root causes of violence today: poverty fueled by a lack of economic opportunity. USAID is the principal U.S. agency providing foreign assistance to developing and transitional countries, where the majority of the world's poor reside.

As stated in the President's *National Security Strategy*, USAID joins the U.S. Departments of State and Defense as the three legs of our nation's foreign policy apparatus. USAID promotes peace and stability by fostering economic growth, protecting human health, providing emergency humanitarian assistance, and enhancing democracy in developing countries. These efforts to improve the lives of millions of people worldwide represent U.S.

values and advance U.S. interests in peace and prosperity.

Side by side with concerns for our national security is the recognition that globalization and increased interdependence among nations bring a new urgency to development. There are clearly more opportunities for prosperity in a global economy. Decades of development assistance have achieved great improvements in life expectancy, literacy, and health; yet much remains to be done to assist those in need and to advance and protect U.S. interests. Millions of poor people around the world are not reaping the benefits of globalization: their poverty causes disease, ignorance, migration, conflict, and instability, which affect all Americans.

As the 21st century opens up new possibilities and new threats for all the world's people, USAID's mission is more important than ever. Today,

foreign assistance is both the smart thing to do and the right thing to do.

This report, prepared in accordance with the Reports Consolidation Act of 2000, describes USAID results in economic growth, agricultural development, education, environmental protection, health, population, democracy and governance, and humanitarian assistance. These results are linked to the six strategic goals and one management goal laid out in the Agency's 2000 Strategic Plan and the targets set in the Agency's Fiscal Year (FY) 2003 Annual Performance Plan. Because USAID and the Department of State are preparing to implement a new joint strategy for FYs 2004–2009, this is the final Performance and Accountability Report that will use USAID's 2000 Strategic Plan.

Management's Discussion and Analysis (MD&A)

The FY 2003 Performance and Accountability Report (PAR) is divided into three major sections:

- *This document, the Management's Discussion and Analysis*, introduces USAID and highlights FY 2003 as a "Year of Challenge and Innovation." *Management's Discussion and Analysis* features (1) USAID's performance in Iraq and Afghanistan, (2) USAID's work against the spread of HIV/AIDS, (3) the Global Development Alliance (GDA), and (4) USAID management of the Online Presidential Initiatives Network (OPIN). It also describes USAID highlights and results toward the Agency's six program goals and one management goal in FY 2003, as well as a summary of Agency-wide performance in FY 2002.
- *The Program Performance section* available on CD-ROM describes results achieved and setbacks encountered in FY 2002 for the six USAID program goals and the GDA. This section provides comparative, multiyear data and illustrative examples of FY 2002 performance.

- *The Financial Performance section* available on CD-ROM covers FY 2003 and includes a letter from the Chief Financial Officer (CFO), USAID's financial statements and related auditor's reports, the Inspector General's summary of serious management challenges, and other required financial reports.

Electronic copies of this document will be available through the Agency's website (www.usaid.gov/pubs/par03/) in January 2004.

All comments regarding the content and presentation of this report are welcome. Comments may be addressed to:

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Organization of USAID

USAID is headed by Administrator Andrew Natsios, who is appointed by the President and confirmed by the U.S. Senate. The USAID Administrator reports to Secretary of State Colin Powell. USAID is headquartered in Washington, D.C., and maintains field missions in more than 70 countries and programs in more than 100 countries. USAID works in close partnership with private voluntary organizations (PVOs), non-governmental organizations (NGOs), universities, foundations, private businesses, and other U.S. Government agencies, as well as foreign governments and indigenous organizations. In FY 2003, USAID maintained working relationships with approximately 3,500 American companies and more than 300 U.S.-based PVOs.

As illustrated by the organizational chart in Appendix A, USAID comprises 10 bureaus, each headed by an Assistant Administrator who is appointed by the President and confirmed by the U.S. Senate. (Please see Appendix A for information about each of USAID's functional and regional bureaus.)

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A lively market in Basrah teems with goods.

FY 2003: A Year of Challenge and Innovation at USAID

During FY 2003, USAID responded to immense needs around the world with unsurpassed technical skill and compassion. Despite considerable security constraints and physical danger, USAID staff and implementing partners addressed the challenge of reconstructing Afghanistan and Iraq. Elsewhere around the globe, USAID continued to provide valuable assistance in the fight against the HIV/AIDS pandemic and to forge powerful new alliances to increase development impact and leverage scarce development funds. In recognition of the Agency's global reach, the President assigned USAID the task of managing numerous new Presidential Initiatives, a process that USAID will monitor through a new Internet-based resource, the Online Presidential Initiatives Network (OPIN). The five stories below summarize these remarkable efforts in FY 2003.

Iraq

Before the 1990s, Iraq had one of the best education systems in the Arab world, achieving universal primary enrollment and significantly reducing women's illiteracy. When the Iraq war began in 2003, however, primary school enrollment had dropped to 76.3 percent and secondary school enrollment was down to 33 percent, with nearly twice as many girls out of school as boys. In health care, too, the downward trend was clearly evident. Today, almost a third of the children in the south and central regions of the country suffer from malnutrition. Low breast-feeding rates, high rates of anemia among women, low birth weight, diarrhea, and acute respiratory infections all contribute to Iraq's high child mortality rate: 131 deaths per 1,000 live births. This rate has more than doubled since the 1980s.¹

¹ Testimony of Andrew S. Natsios, Administrator, USAID, before the Committee on Foreign Relations, U.S. Senate, June 4, 2003. Source: U.S. Agency for International Development (USAID).

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When USAID initiated programs in Iraq in 2003, a vacuum of political power coupled with limited infrastructure made for a difficult operating environment. Amid challenges, USAID is working closely with the Coalition Provisional Authority (CPA) in Iraq to provide humanitarian and reconstruction assistance to help the Iraqi people rebuild their country. Thanks to skilled contingency planning, the prepositioning of emergency supplies and a coordinated response avoided a humanitarian crisis in Iraq. USAID

assembled a Disaster Assistance Response Team (DART) of more than 60 doctors; public health professionals; water and sanitation experts; food distribution and agricultural specialists; logisticians; security officers; and specialists in refugees, internally displaced persons (IDPs), and abuse prevention. In the months prior to the war, USAID began stockpiling emergency relief supplies, including water tanks, hygiene kits, health kits, plastic sheeting, and blankets. USAID also provided funding to the World Food

FY 2003 Results USAID – Iraq Reconstruction Progress (as of September 30, 2003)						
Project Area	May 2003 Targets	Progress	October 2003 Targets	Progress	April 2004 Targets	Progress
Capital Construction	Critical power restored	Progress achieved	40% of population has power	Progress achieved	75% of population has power	Progress achieved ahead of schedule
	Urgent water needs met	Progress achieved	15 city water systems functional		45 city water systems functional	
	Major bridge repairs begun	Progress achieved			Baghdad sewage treatment system is functional	
Seaport Rehabilitation	Contractors mobilized	Progress achieved	3 berths functional	Progress achieved	12 berths functional	Progress achieved ahead of schedule
	Dredge up to 12.5 meters deep	Progress achieved	5 days/ship unloading capacity	Progress achieved	2 days/ship unloading capacity	Progress achieved ahead of schedule
	Power and grain facilities operational	Progress achieved	50,000-ton cargo ships can unload	Progress achieved	Iraqi authorities control seaport	
Airport Rehabilitation	Contractors mobilized	Progress achieved	Baghdad International Airport functional	Progress achieved	Three international airports functional	
	Critical air support needs identified	Progress achieved	Basrah International Airport functional	Progress achieved	Scheduled commercial air links restored	
	Transition to civilian air authority begun	Progress achieved	Iraqi participation in air administration		Iraqi authorities control airports	
Health System	Urgent health needs met	Progress achieved	Basic health care for 12.5 million	Progress achieved	Basic health care for 25 million	Progress achieved ahead of schedule
	Critical water needs met	Progress achieved	25 million receive health education	Progress achieved	Health facilities fully operational	
	Iraqi health professionals mobilized	Progress achieved	Advanced surgery available in 21 cities		Iraqi Ministry of Health manages health care system	
Education System	Back-to-school campaign	Progress achieved	3,000 schools refurbished		6,000 schools refurbished	
	4,000 schools surveyed	Progress achieved	25,000 teachers trained	Progress achieved	75,000 teachers trained	
	5 million math and science texts distributed	Progress achieved	School begins October 2003		Iraq Ministry of Education manages education system	
Community Development	Participation in more than 600 "quick impact" grants	Progress achieved	City/Governorate budgets guide decisions	Progress achieved	Inter-Community Cluster networks formed	
	Baghdad Advisory Council formed	Progress achieved	Operations in 18 Governorates	Progress achieved	Committee projects address needs	
	Advisory Councils formed in 7 other Governorates	Progress achieved	250 community projects complete			

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Program (WFP), UNICEF, and NGOs to set up logistics operations, offices, and relief stockpiles.²

Capital Construction and Seaport Rehabilitation –

USAID's reconstruction assistance is rehabilitating critical infrastructure to help maintain stability, ensure the delivery of essential services, and facilitate economic recovery. Iraq's roads and ports will be rehabilitated to facilitate humanitarian assistance, as well as trade. Potable water and sanitation services are being reestablished to prevent disease. USAID is also restoring the power supply to health and educational facilities, water supply facilities, and infrastructure that contribute to the local economy and employment generation.

As of September 2003, USAID is nearly five months ahead of schedule in opening port docking berths. 50,000-ton cargo ships have been able to dock three months ahead of schedule, and more than 500,000 metric tons of cargo passed through the port of Umm Qasr in August 2003.³ The Al Mat bridge bypass, a major transportation link between Amman and Baghdad, is complete.

Iraq's poor water situation is not the result of the war, but of 15 years of failure to properly maintain water plants, causing an increase in child death rates in some parts of

the country.⁴ In response, USAID provided funds to UNICEF to purchase chlorine for water treatment in southern Iraq⁵ and has also accomplished the following water and sanitation infrastructure improvements benefiting more than 14.5 million Iraqis in FY 2003:⁶

- Increased water flow in Baghdad to 200,000 cubic meters per day
- Repaired more than 1,700 pipe breaks in Baghdad's water network
- Rehabilitated 70 of the 90 nonoperational sewer pumping stations in Baghdad
- Began installing generators at 37 Baghdad water facilities and pumping stations
- Repaired two of the large collapsed sewer lines in Baghdad

Repairing Iraq's electrical power plants to provide power to water and sanitation systems, to homes and offices, and to street lighting to help reduce looting is vital to Iraq's reconstruction.⁷ USAID has achieved the following results:

- On September 28, 2003, national electrical generation was at 3,927 megawatts, about 89 percent of the preconflict level.⁸

² Ibid.

³ Testimony of Andrew S. Natsios, Administrator, USAID, before the Subcommittee on Foreign Operations, Appropriations Committee, U.S. House of Representatives, September 30, 2003. Source: U.S. Agency for International Development (USAID).

⁴ http://www.usembassy.it/file2003_04/alia/A3041808.htm.

⁵ Natsios testimony, June 4, 2003, op. cit.

⁶ Natsios testimony, September 30, 2003, op. cit.

⁷ http://www.usembassy.it/file2003_04/alia/A3041808.htm.

⁸ Natsios testimony, September 30, 2003, op. cit.

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- A key 400-kilovolt line from Bayji to Baghdad West failed in June 2003, but has been repaired and reenergized, allowing excess power from the North to be sent to Baghdad.

Health and Education System – USAID assistance is restoring basic health care services to vulnerable people and is strengthening the national education system. USAID programs include delivery of essential drugs, equipment, and supplies to health facilities and assistance for health and disease assessments. USAID is also supplying health information and education to the public, building the management capacity of Iraqi counterparts, and promoting fair and open access to health services. Education assistance increases access to primary and secondary public education for Iraqi children, helps keep children in the classroom, strengthens school administration, and develops reentry programs for out-of-school youth.

To support essential education and health services in FY 2003, USAID:

- Rebuilt 1,595 schools.
- Completed needs assessments for 3,000 of Iraq's 3,900 secondary schools.
- Completed revision of 45 math and science textbooks; reviewed 550 textbooks in all.
- Procured 15 million exam booklets for end-of-the-school-year exams.
- Ordered student kits for 1.2 million students and school kits for 3,900 schools.
- Awarded a grant to the Iraqi Nurses Association to revitalize Iraq's nursing system.

- Purchased and distributed 22.3 million doses of vaccines to cover 4.2 million children and 700,000 pregnant women in North and South/Central Iraq and reestablished routine immunizations.

Community Development – USAID assistance is promoting a competitive private sector, generating employment opportunities, and improving agricultural productivity. Activities include extending credit to small and microenterprise businesses; developing local, regional, and international business networks; and providing workforce development and training. Agricultural assistance supplied agricultural inputs for the spring and winter planting season and addressed livestock and poultry diseases. Farmers will be trained to use modern agricultural technologies to enhance profitability and competitiveness.

USAID is fostering social and political stability by providing Iraqis with the opportunity to participate in public decision making and by helping local government meet citizens' needs. Technical assistance strengthens the capacities of local administrations to manage and deliver services such as potable water, education, and health care. Programming is structured to support the development of local and national non-governmental organizations (NGOs) and civil society organizations. Technical assistance also supports the preparation and implementation of a new legal framework for decentralized government. USAID improved local governance and community institutions by inaugurating the Interim Baghdad Advisory Council on July 7, 2003, and elected members to nine District Advisory Councils. Neighborhood Advisory Councils representing 85 of 87 Baghdad's neighborhoods have also been established in FY 2003.

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Shopkeeper in the Shahidan market, Afghanistan, rebuilt with USAID assistance, after being razed by the Taliban

Afghanistan

Years of civil war and drought, compounded by Taliban rule, devastated Afghanistan in the 1990s. When the Taliban fell in December 2001, approximately half of Afghanistan's 26.8 million people lived in absolute poverty, malnutrition was widespread, half of the population was unemployed, and 70 percent were illiterate. The Taliban had prevented female access to education, health care, and livelihoods, depriving women of the means to support themselves and their families, and few of the country's institutions or infrastructure were functioning.

In FY 2002, USAID helped prevent humanitarian disaster after the fall of the Taliban by providing humanitarian relief and launching transition programs to establish a legitimate Afghan government. In FY 2003, USAID helped avert famine for 8 million to 10 million Afghans and ensured that 5.9 million Afghans survived the winter by prepositioning food aid and providing emergency shelter kits. USAID also achieved the following results in FY 2003.

FY 2003 Results

Kabul-Kandahar Highway and Other Roads – USAID's major road-building target in Afghanistan is applying the first layer of paving to 389 km of the 482-km Kabul-Kandahar highway by December 31, 2003. As of November 1, 2003, we have completed 272 km of the roads and are on our way to meeting the established target. To help Afghans restart their economy and reinvigorate commerce along these trade routes, USAID also:

- Repaired more than 7,000 km of rural roads through the cash-for-work program.
- Repaired and managed the traffic control system for the Salang Pass, Afghanistan's major north-south route.
- Provided more than 23,300,000 person-days of cash-for-work jobs (the equivalent of one month of employment for a million Afghans).

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- Carried out 250 projects related to road infrastructure (culverts, retaining walls, etc.) and reconstructed 73 bridges in FY 2003.

Agriculture – Because 70 percent of Afghans depend on agriculture for their income, revitalizing the agricultural sector was a pressing need. USAID rose to the challenge by:

- Providing 3,500 metric tons (mt) of seeds and 3,100 mt of fertilizer for the spring 2002 planting season, producing 1,000 mt of wheat that benefited 60,000 farmers and contributed to an 82 percent increase in wheat production over 2001.
- Distributing 5,000 mt of seed and 9,000 mt of fertilizer to 113,000 farmers in spring 2003. The UN Food and Agriculture Organization (FAO) forecast that this could be “the best harvest in 25 years,” with a 60 percent increase in wheat production over 2002 yields. FAO noted that, in addition to good rainfall, more land in production and availability of seed and fertilizer accounted for the increase.
- Implementing 7,400 agricultural irrigation infrastructure projects, including canal cleaning, repair and cleaning of *karezes* (traditional underground irrigation tunnels), and repair of reservoirs and canal-way masonry.

Education – When children are in school, families sense a return to normalcy and can imagine a future for themselves and their communities. Given the destruction of Afghanistan's education sector after decades of civil war and Taliban repression, USAID committed itself to rebuilding Afghanistan's education sector at the community level, achieving the following results:

- USAID provided 15 million textbooks for the start of school in 2002 and 10.2 million in 2003.
- USAID also provided 30,000 basic teacher-training kits and since March 2002 has provided a food salary supplement, equal to 26 percent of income, to 50,000 teachers.
- As of September 30, 2003, USAID has rehabilitated 203 schools, day care centers, vocational schools, and teacher-training colleges.

Health – Afghanistan has the second highest maternal mortality rate in the world and one in four Afghan children die by the age of five, most by preventable causes. In response, USAID has launched a broad range of health programs, saving lives and instructing Afghans in life-saving interventions. In FY 2003, USAID programs:

- Immunized 4.26 million children against measles.
- Provided access to basic health services to an area covering 3.8 million people in 17 provinces.

Access to Clean Water – In FY 2003, USAID rehabilitated the water systems for Kandahar and Kunduz. This benefited 650,000 people by increasing pumping capacity, extending service lines, and eliminating direct discharge of human waste into water sources through provision of sanitary latrines. In addition, USAID launched *Clorin*, a water purification solution now being produced in Afghanistan in partnership with the private sector, to combat child mortality due to diarrhea caused by drinking unclean water. USAID water programs also provided one-quarter of the Kabul water supply, focusing on the poorest districts, and carried out 3,637 potable water supply projects (wells, springs, small distribution systems).

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Institution-Building to Assure Stability – In addition to people-level and community-level programs, USAID's Afghanistan portfolio includes institution-building programs to strengthen Afghanistan's government, media, and other organizations. In FY 2003, USAID provided \$58 million to the Afghan Government for budget support and effectively managed the currency conversion process on behalf of the Central Bank by providing personnel to staff the 52 currency exchange points, counters, and shredders, as well as secure transportation for the currency. The new currency, named the *Afghani*, has maintained value and stabilized against the dollar since its introduction in late autumn 2002. Further, USAID funded the rehabilitation and purchase of equipment for 19 government ministries

and offices and provided daycare centers to enable female civil servants to return to work. USAID provided a satellite phone and pouch mail systems so that the central government in Kabul can communicate with regional offices and established Afghanistan's first private-sector FM radio station. USAID also provided critical assistance to the United Nations for the emergency Afghan parliament, called the *Loya Jirga*, including logisticians who developed the plan for convening the congress, air operations support, educational firms on the *Loya Jirga* process for communities, international observers to ensure transparency in the selection of delegates, and nationwide expansion of Radio Kabul broadcasts about the *Loya Jirga*.

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Diamond miners in Sierra Leone are considered at high risk for HIV/AIDS.

HIV/AIDS

At the end of 2002, an estimated 43 million people around the world were living with HIV/AIDS, including the 5 million people who acquired HIV in 2002. The epidemic claimed an estimated 3.1 million lives in 2002. Sub-Saharan Africa remains the most affected region, with 70 percent of the total number of people worldwide living with HIV/AIDS. AIDS is the leading cause of death among 15–44 year olds in the English-speaking Caribbean region, with 2 percent seroprevalence among the general population. Called a “pandemic” because of its global scope and impact, HIV/AIDS is more than a health emergency. It is a social and economic crisis that is threatening to erase decades of development progress. The pandemic has tended to hit hardest in the most productive age groups and in developing countries that are least able to respond.

USAID's programs aim to reduce HIV transmission and improve access to care, treatment, and support for people living with HIV/AIDS and children affected by HIV/AIDS.

Through ongoing USAID programs, and in response to two Presidential Initiatives—the International Mother and Child HIV Prevention Initiative and the Emergency Plan for AIDS Relief—as well as through USAID support to the Global Fund to Fight AIDS, Tuberculosis, and Malaria (GFATM), USAID is the world's largest bilateral donor of HIV/AIDS assistance.

FY 2003 Results

In FY 2003, with a budget of \$873 million, USAID implemented HIV/AIDS programs in more than 50 countries, 25 of which are considered high priority. USAID contributes staff time, policy advice, and resources to the GFATM. In FY 2003, Dr. Anne Peterson, the Assistant Administrator for USAID's Global Health Bureau, served as the U.S. representative on the GFATM board. USAID provided \$248 million of the \$347 million total U.S. Government contribution to GFATM. Combined U.S. Government (USG) funds accounted for approximately 50 percent of the total funds of the GFATM in FY 2003,

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although there is an effort to lower that percentage. In the January 2003 round of GFATM awards, 99 programs in 73 countries received approval for a total of more than \$887 million in funding over two years. USAID staff and cooperating agencies were instrumental in many of these awards by helping to design national proposals and fill gaps in implementation for many of the countries awarded.

USAID's "Expanded Response" strategy enhances the ability of countries to prevent new HIV/AIDS infections. It also provides services for people infected by HIV or otherwise affected by the epidemic, especially orphans and vulnerable children. Key elements of the strategy and FY 2003 results include greater targeting of HIV/AIDS resources to regions and countries with high HIV prevalence.

Preventing New HIV Infections – USAID's long-term investment in HIV prevention is producing significant country-level results. USAID has been the major donor in two "rapid scale-up" (high-priority) countries that are experiencing significant change. In Uganda, prevalence dropped to an estimated 5 percent in 2001 from an estimated peak of 15 percent in 1991. In Cambodia, HIV prevalence declined from 3.9 percent in 1997 to 2.1 percent in 2001. In FY 2003, USAID distributed more than half a billion condoms worldwide, including more than 150 million for Ethiopia.

Care and Treatment – In FY 2003, USAID initiated antiretroviral treatment sites in Rwanda, Ghana, and Kenya. Lessons learned will be critical for designing and implementing the unprecedented expansion of treatment anticipated in the President's Emergency Plan for AIDS Relief. The respective country programs, with funding from the Global Fund, will scale up the models. At the end of

FY 2003, 1,865 people in these countries have begun comprehensive care for HIV and more than 200 are receiving antiretroviral treatment.

Prevention of Mother-To-Child Transmission (PMTCT)

– In response to the President's International Mother and Child HIV Prevention Initiative and Congressional interest in expanding PMTCT programs, USAID launched a \$100 million agreement with the Elizabeth Glaser Pediatric AIDS Foundation to expand the availability of PMTCT services. In FY 2003, the Glaser Foundation established eight PMTCT sites. USAID has also negotiated an agreement with Columbia University to expand the PMTCT Plus program, which will provide treatment to mothers and families, primarily focused on the 14 PMTCT Presidential Initiative countries.

Support to Children and Families Affected by HIV/AIDS

– USAID developed the initial state-of-the-art approaches to addressing the needs of orphans and children affected by HIV/AIDS and has supported studies that quantified the devastating extent of this problem. In FY 2003, USAID supported 80 activities in 24 countries for children affected by AIDS. Programs focus on strengthening the ability of extended families and communities to cope with problems of children affected by AIDS. One program in Uganda provided nutritious food to approximately 60,000 children and families affected by AIDS during FY 2003.

Future Challenges – The President's initiative provides resources on unprecedented scale for dramatic expansion of care, treatment, and support in 14 of the hardest-hit countries. Implementing the Presidential Initiative requires the best of U.S. and global expertise, as well as a major investment in the strengthening of health human resources and systems in USAID-assisted countries. Significant

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USAID assistance, particularly in HIV/AIDS prevention and in the control and containment of the epidemic, goes to an additional 20 countries. This assistance will continue to be particularly important in Asia, Europe, and Eurasia, where there is strong evidence of a rapidly emerging epidemic affecting millions.

With increased resources from not only the United States but also other international donors, as well as host-country governments, coordination, monitoring, and sharing of experience and results become even more important. As the impacts of HIV/AIDS become clearer, there are also increased opportunities to work with the private sector. Major international and U.S. corporations are now working with USAID to determine ways they can protect and care for their staffs.



With USAID training, monks from the Kien Kes Temple in Cambodia are helping communities overcome their fear of AIDS and meet the needs of their neighbors living with HIV/AIDS.

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Global Development Alliance (GDA)

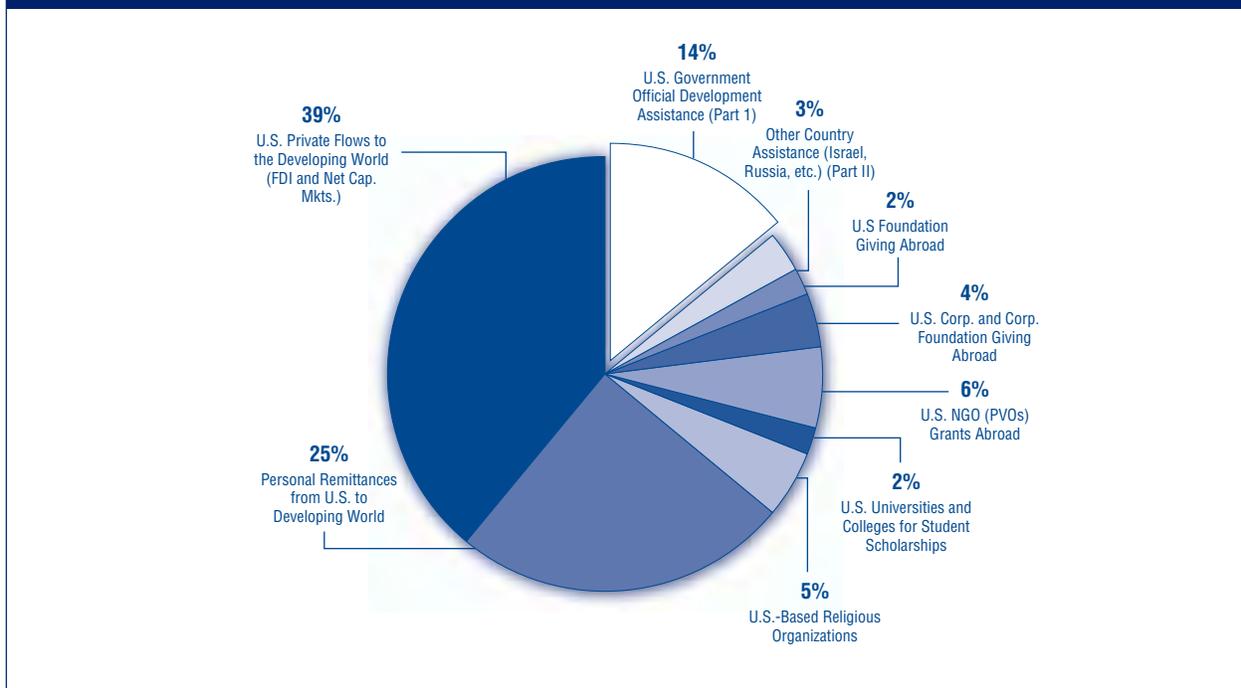
Since its inception, USAID has worked with the private sector and other partners to carry out development and relief programs. Today, the shift in resource flows to developing countries has made public-private alliances central to USAID's business model. In the 1970s, U.S. official development assistance (ODA) accounted for 70 percent of U.S. resource flows to the developing world. As illustrated in Figure A, in 2000, when total U.S. flows to the developing world surpassed \$70.5 billion, private resources dwarfed the U.S. Government's ODA of \$10 billion to the poorest countries and \$2.5 billion to U.S. allies, such as Israel and Russia.

To harness the power of these private resource flows and to underscore the importance of public-private alliances, Secretary of State Powell launched the Global Development Alliance (GDA) Initiative in May 2001. GDA's goal is *to foster increased cooperation between USAID and traditional and new partners and promote the sharing of resources and responsibility to achieve greater impact than any single organization could accomplish on its own.*

FY 2003 Results

Figures B and C help express the growth in alliances and partner inputs over the past two years. In FY 2003, USAID was able to continue its success in developing public-

Figure A: U.S. Resource Flows to the Developing World in 2000: \$70.5 billion⁹



⁹ Sources: Organization for Economic Cooperation and Development; Department of Commerce; Carol Adelman, Hudson Institute; USAID Internal Estimates.

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private alliances by initiating or substantially expanding an estimated 140 alliances with USAID funds equaling approximately \$272.8 million, leveraging an estimated \$1.228 billion in partner contributions.

Figure B: Comparison of Alliance Inputs for FY 2002 and FY 2003

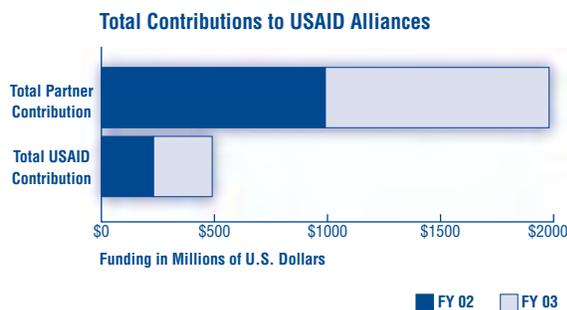
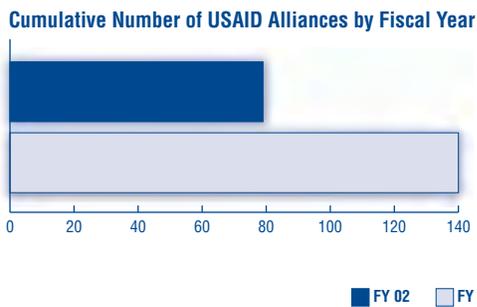


Figure C: USAID Alliances in FY 2002 and FY 2003



For example, in FY 2003, USAID expanded the *Sesame Street Alliance*, building on activities begun in 1997. This alliance produces *Alam Simsim*, a local *Sesame Street* TV series for Egypt, through the collaboration of USAID, Sesame Workshop, Al Karma Edutainment, the Egyptian Ministry of Education, Egyptian Television, Americana, Unilever, local educators, and 20 Egyptian NGOs. The television series promotes girls' education, builds literacy and numeracy skills, promotes desired health and hygiene practices, and encourages mutual respect and understanding. A fan of *Alam Simsim* writes, "I learn so

many new things every day from your programs, things like intelligence, cleanliness, and honesty...the importance of friendship and nature." The Middle East Broadcasting Corporation will soon broadcast *Alam Simsim* to 22 Arab-speaking nations, reaching tens of millions of learners. USAID-sponsored *Sesame Street* programs also air in South Africa and Russia.

Other alliances built upon work begun in FY 2002. For example, the Global Alliance for Vaccines and Immunization (GAVI) leveraged approximately \$149 million in partner contributions, with USAID providing \$53 million in FY 2002. Alliance partners include the Bill & Melinda



USAID's Global Development Alliance brings *Sesame Street* to Egypt.

Gates Foundation, USAID, international institutions (including the World Bank, UNICEF, and the World Health Organization), the pharmaceutical industry, and other governments. Partners have initially focused their efforts on three major areas: moving resources to developing countries to increase immunization, augmenting the generous Gates Foundation commitment, and working with the vaccine industry to modernize the way vaccines are purchased for children in the world's poor countries. At the close of FY 2003, the alliance has expended \$255

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million, delivering more than 260 million doses of vaccine and reaching 30 million children.



In Yerevan, Armenia, an Armenian family prepares to move into a house constructed with the help of a USAID-sponsored housing program.

Also in FY 2002, the Armenia Earthquake Zone Alliance launched a comprehensive reconstruction plan to stimulate the development of a housing market and the removal of temporary shelters in the earthquake-affected region of Armenia. The alliance comprises USAID, the All-Armenian Fund, the United Nations High Commissioner for Refugees (UNHCR), the United Nations Development Program (UNDP), the Norwegian Refugee Council, the Jinishian Memorial Foundation, the A.G. Huntsman Foundation, and the Lincy Foundation. With \$45.3 million in funding, the alliance has issued 3,975 housing vouchers and home improvement grants to eligible families who are still living in temporary shelters 15 years after the quake, allowing families to acquire preexisting homes at market prices and eventually gain title to their property. Alliance home improvement grants have also financed the completion of 650 unfinished houses in rural areas. At the close of FY 2003, the alliance had removed 2,204 temporary shelters, freeing up land to the community for

future construction projects. The alliance is expected to provide homes to more than 10,000 families by mid-2004.

In addition to achieving alliance results, USAID worked to mainstream alliances in FY 2003. For example, USAID revised Agency planning and procurement processes to accommodate alliances as resource partners—not just grant recipients. USAID policy now provides guidance and encouragement to activity managers to consider public-private alliances to achieve development results, and the Agency has made creative use of underutilized procurement techniques, such as acceptance of conditional gifts. USAID has also participated in new governance structures to establish and sustain alliances. For example, in November 2002, USAID and ChevronTexaco each committed \$10 million to a new \$20 million public-private alliance to provide support and training for enterprise development in Angola. USAID and ChevronTexaco signed a memorandum of understanding to initiate this alliance, which also involved ChevronTexaco providing a conditional gift to USAID to manage the program.

Presidential Initiatives

The USAID-managed Online Presidential Initiative Network (OPIN) provides real-time performance information on key development initiatives outlined by President Bush. Launched in April 2003, the network is accessible via the OPIN website (http://www.usaid.gov/about_usaid/presidential_initiative/) and provides details on all of the Presidential Initiatives – their purpose, progress, financial data, and results. OPIN supports collaboration among the many participating U.S. Government agencies and will evolve to meet the Initiatives' changing monitoring needs.

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FY 2003 Results

Table 1 presents a snapshot of data on selected Initiatives through October 31, 2003. Overall, OPIN:

- Tracks Initiatives in multiple technical sectors, with work on Presidential Initiatives being carried out in 67 of USAID's 87 overseas operating units by the third quarter of FY 2003.
- Includes success stories, links to more comprehensive monitoring and evaluation (M&E) systems, photos or video clips, and other stories about these Initiatives.
- Reported FY 2003 data primarily at the input and output level; for many of the new Presidential Initiatives, FY 2003 was too early to report impact.

Table 1: OPIN Highlights
Presidential Initiative Highlights Through 4th Quarter FY 2003

Initiative	FY 2003 Results
Trade for Africa Development and Enterprise	11.5 person-months of training, 76 months of technical assistance provided, and \$1.4 million growth in AGOA exports
Water for the Poor	3,048 water user groups established, 868 committees established and trained (water supply and sanitation), 1,034 completed water supply and sanitation projects that meet sustainability standards, 392 stakeholder governance groups supported (watershed management)
Africa Education	24,767 teachers trained
Central America Free Trade	27,922 people trained in trade issues
Clean Energy	Local capacity improved: 14,005 individuals trained; 1,097 institutions strengthened
Global Climate Change	27 energy-sector policies adopted, 43 land-use-sector policies adopted, 17 energy-sector policies implemented, 239 land-use-sector policies implemented, 32 energy-sector policies prepared, 342 land-use-sector policies prepared, 621,427 technical assistance/trainings in the land-use sector
International Mother and Child HIV Prevention	10% of HIV-infected pregnant women receiving treatment; 215 health sites providing services

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Performance Monitoring in USAID

During FY 2003, the Agency pursued its mission through the six strategic goals established in the Agency’s 2000 Strategic Plan, plus one management goal (as illustrated in Table 2):

programs to the wide variety of circumstances in the countries where USAID operates, the framework for performance management in USAID is the individual operating unit’s strategic plan. Country missions and Washington offices use these plans—which are reviewed and cleared by USAID/Washington—to

objectives, lays out specific annual and long-term performance targets.

Whether a strategic objective “exceeds,” “meets,” or “fails to meet” its target is the central performance measure that operating units address in their annual reports. At least nine months ahead of the annual report

Table 2: FY 2003 USAID Goals
USAID FY 2003 Strategic Goals

Table 2: FY 2003 USAID Goals USAID FY 2003 Strategic Goals	
Goal 1	Broad-based economic growth and agricultural development encouraged
Goal 2	Human capacity built through education and training
Goal 3	Global environment protected
Goal 4	World population stabilized and human health protected
Goal 5	Democracy and good governance strengthened
Goal 6	Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development reestablished
Management Goal	USAID’s development goals achieved in the most efficient and effective manner

Operating Unit Strategic Objectives Advance Agency Goals

USAID country missions and Washington offices, called “operating units,” align their programs under selected Agency goals, depending on each operating unit’s mandates, operating environment, and role in advancing U.S. foreign policy and Congressional priorities. Because of these factors and the need to tailor

set strategic objectives relevant to their country or program needs, but these strategic objectives must correspond to an Agency goal in Table 2. A strategic objective (SO) is the highest-level result that a USAID operating unit and its partners can materially affect, given the time and resources available. A Performance Management Plan, a mandatory tool for implementing and monitoring progress on operating unit strategic

deadline, operating units set independently verifiable—and auditable—performance targets. Operating units then report on whether they have exceeded, met, or not met these targets. While full documentation of targets and accomplishments is not submitted to Washington, this information must be maintained and available for review and audit. Missions conduct data quality assessments to ensure that

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the Agency's five data quality standards (validity, integrity, precision, reliability, and timeliness¹⁰) are met. In FY 2003, USAID began rolling out a standardized triennial review process of all operating unit programs to verify results reporting.

For the Agency as a whole, USAID established the following performance targets for FY 2003:

90 percent of reported strategic objectives will have met or exceeded their targets for the year, with no more than 10 percent having failed to meet targets. Those strategic objectives that have been in place for less than one year are not required to report.

Data presented in this report identify the year they originated. In addition to highlighted performance results from FY 2003, this report also describes performance toward the USAID management goal through September 30, 2003. However, Agency-wide data on operating unit performance toward meeting or exceeding SO targets reflect results in FY 2002 as reported in operating unit Annual Reports, supplemented

by May 2003 Bureau Program and Budget Submissions.

As illustrated in Figure D, of the 579 strategic objectives that operating units implemented Agency-wide during FY 2002, 392 (or 68 percent) met or exceeded FY 2002 targets. 29 (or 5 percent) did not meet their targets. 158 strategic objectives (or 27 percent) were not assessed, because they were less than one year old and therefore performance data were not verified.

Overall Agency performance for the strategic objectives required to report in FY 2002: 93 percent met or exceeded FY 2002 targets, and 7 percent did not meet their targets, as shown in Figure E.

USAID met the target in the FY 2003 Annual Performance Plan of 90 percent of USAID strategic objectives met or exceeded.

Figure D: FY 2002 Performance of All Operating Unit SOs

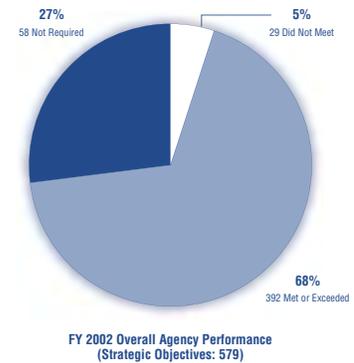
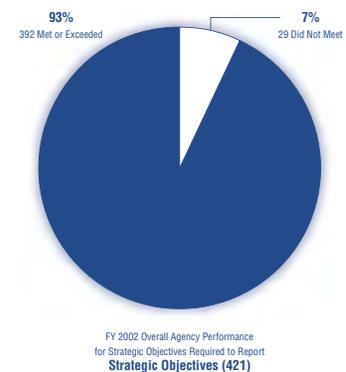


Figure E: FY 2002 Performance of SOs Required to Report



Performance Indicators Track Results

USAID has a country-based mandate to achieve development results in specific country settings. These vary in terms of their level of development, political stability, and the objective(s) for which U.S.

¹⁰ USAID Automated Directives System (ADS) 203.3.5.1, Data Quality Standards.

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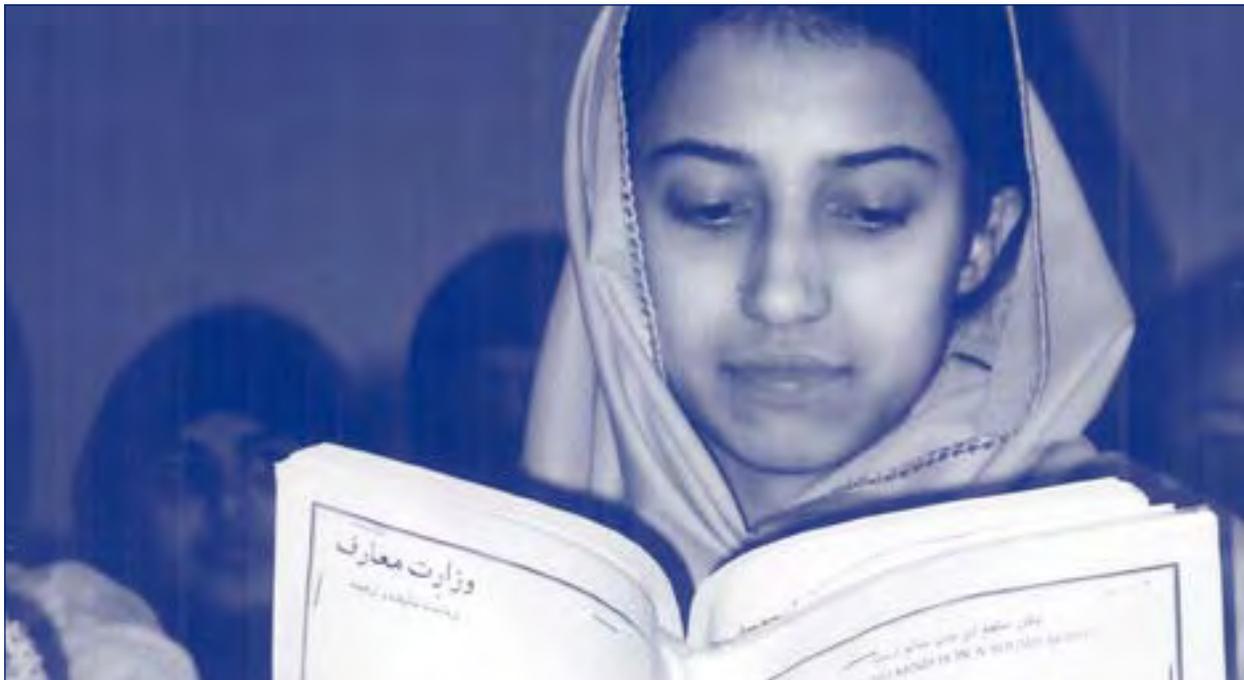
assistance is appropriated.

Therefore, USAID results reporting is done on a country-by-country basis. In some sectors, there is sufficient comparability across country programs for USAID to use common indicators (e.g., in population, health, HIV/AIDS, microenterprise, and basic education programs). In these sectors, USAID missions and other operating units report against specific, common indicators so the Agency can "roll up" the data into an overall Agency presentation. For FY 2004–2005, USAID is moving toward integrating common indicators across sectors, as appropriate. In addition, in all sectors, USAID uses "context"

indicators, which are high-level indicators that track country progress. While USAID is unable to affect the performance of these context indicators using our resources alone, the Agency does achieve some impact against these indicators in partnership with host governments, other bilateral and multilateral donors, and non-governmental development actors. For example, it is important to track changes in per capita Gross Domestic Product (GDP) in countries where USAID has economic growth programs, but USAID's inputs alone are insufficient to change a country's GDP. Context indicators help track

how the environment in which we work is changing over time and are presented in the Program Performance section under each goal area.

To use performance information for management and reporting, USAID requires data quality assessments on data used for management decision making. USAID policy provides guidance on assessing data quality, as do USAID performance management training and other courses. (More information on indicators and data quality is provided in Appendix B.)



USAID announced an initiative to rehabilitate and reconstruct more than 1,000 schools across Afghanistan in the next three years.

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Performance Highlights by Strategic Goal in FY 2003

In FY 2003, USAID pursued strategic objectives through programs in more than 100 countries around the world. These operating unit strategic objectives, which must be approved by USAID headquarters, drive USAID's individual country and regional programs and are tailored to local conditions. Taken as a whole, these operating unit activities, which support the achievement of operating unit SOs linked to the Agency's strategic goals, constitute USAID performance. This section summarizes the Agency's performance with respect to the goals noted in Table 2.

Strategic Goal 1: Broad-Based Economic Growth and Agricultural Development Encouraged

Economic growth and agricultural development are effective means of bringing poor people and marginalized groups into the mainstream of an expanding global economy. By targeting programs directly at poor people and at national institutions and laws that support economic growth, USAID has improved the lives of millions

overseas while serving U.S. economic, humanitarian, and security interests. Economic growth in developing countries matters here at home. In contrast to Europe and Japan, developing countries remain the fastest-growing markets for U.S. exports, which in turn support millions of U.S. jobs.

USAID supports broad-based economic growth and agricultural development through programs aimed at:

- Strengthening and expanding critical private markets.
- Encouraging more rapid and enhanced agricultural development and food security.
- Expanding equitable access to economic opportunity for the rural and urban poor.

USAID invests about \$2.3 billion a year in activities aimed at fostering market-oriented, private-sector-led economic growth. Other areas of focus include financial-sector development, support for fiscal reform and strengthening, development of the laws and institutions needed to enable private-sector growth, and efforts to promote the development and increased competitiveness of the private sector.

In FY 2003, USAID achieved particular success in strengthening the capacity of developing countries to participate in the global trading system.

FY 2003 Results in Trade Capacity Building

The United States is the largest single country donor of Trade Capacity Building (TCB) assistance, with USAID playing a lead role among USG agencies. The United States is also the largest single contributor to the World Bank and other multilateral development banks, which provide TCB assistance related to the Doha Development Agenda.

TCB assistance activities fall into two broad categories:

- Assistance that addresses supply-side obstacles and helps developing countries create conditions conducive to open trade and respond effectively to the opportunities created by trade liberalization
- Assistance related to participation in, and implementation of, the WTO Technical Assistance Plan and regional trade arrangements, including activities that support

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developing-country efforts to implement existing trade commitments

The President's Trade Policy Agenda for 2003 states that the "United States is committed to expanding the circle of nations that benefit from global trade . . ." and to helping " . . . developing economies build the capacity to take part in trade negotiations, implement the rules, and seize opportunities." USAID has responded quickly and decisively to the Doha Development Agenda's call to increase TCB efforts. This response includes:

- Increasing TCB funding and expanding programs.
- Mainstreaming TCB into development strategies.
- Diversifying TCB assistance tools.
- Leveraging assistance by forging alliances with NGOs and the private sector.
- Strengthening collaboration with other donors.

According to the 2003 U.S. Government TCB Survey, USAID funding for TCB activities was \$540

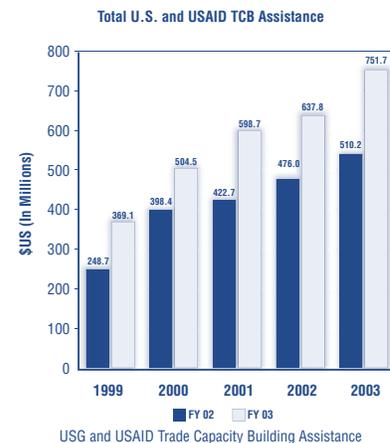
2002 and FY 2003 took place in Afghanistan, Uzbekistan, Colombia, Mali, and Macedonia.¹²

**Table 3: USAID TCB Assistance by Region
USAID Trade Capacity Building Assistance – FY 2003
Total USAID Funding: \$540 million**

Region	Assistance (in millions)
Nontargeted global funding	\$13 million
Sub-Saharan Africa	\$86 million
Central & Eastern Europe	\$49 million
Former Soviet Republics	\$57 million
Asia	\$63 million
Middle East & North Africa	\$170 million
Latin America & Caribbean	\$102 million

million in FY 2003, up from \$369 million in FY 1999.¹¹ (See Table 3 for a regional comparison.) USAID funds 70 percent of total U.S. TCB assistance overseas (as illustrated in Figure F). This reflects the Agency's conviction that trade is a critical factor for development. The geographic distribution of these funds reflects the multiple objectives of the U.S. foreign assistance program. The largest recipient by far is Egypt, followed by West Bank/Gaza, Jordan, the Philippines, and Georgia. The largest increases between FY

Figure F: Total U.S. and USAID TCB Assistance



¹¹ Previous surveys were conducted in 2001 and 2002. Survey methodology can be found in the 2001 report, *United States Government Initiatives to Build Trade-Related Capacity in Developing and Transition Countries – Main Report*. Survey definitions can be found in the U.S. Trade Capacity Building Database, www.usaid.gov, keyword TCB Database. This information is available publicly in a database accompanying the report: <http://qesdb.cdie.org/tcb/index.html>.

¹² USAID Trade Strategy, PD-ABX-241, p. 8.

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USAID/Egypt is increasing agricultural export capacity by assisting farmer organizations and agribusiness in processing and timely shipment of fruits and vegetables to European markets.

The case of USAID assistance to shrimp production in Bangladesh helps illustrate the interventions that USAID uses to build trade capacity. Hindered by a reputation for substandard product quality and environmental practices, Bangladeshi shrimp producers experienced a significant decline in exports in 2001. However, with help from USAID, the industry is changing both its practices and its image. USAID assistance is introducing shrimp exporters to hygienic processing practices and to environmentally friendly freshwater species. Further, through the Seal of Quality Program, USAID has helped the industry establish private third-party testing laboratories to ensure that producers meet quality standards and establish international credibility. Exporters are required to meet international codes.

As a result of implementing these industry "best practices," exports have already grown by roughly 30 percent, to more than \$350 million in FY 2003.

USAID also assisted regional trading consortia in FY 2003. For example, USAID is responsible for implementing the Trade for African Development and Enterprise (TRADE) initiative announced by President Bush at the African Growth and Opportunity Act (AGOA) Forum in October 2001. Funding for the initiative is \$15 million for FY 2003 and \$25 million for FY 2004. USAID works collaboratively with other USG agencies in managing this Presidential Initiative, the objective of which is to increase the African nations' engagement in the multilateral trading system, as well as

African exports and investment flows into and within the continent. The TRADE initiative operates through three Regional Hubs located in USAID regional missions in Botswana (Regional Center for Southern Africa), Ghana (West Africa Regional Program), and Kenya (Regional Economic Development and Services Office). The Hubs have evolved over a short time from a concept to an operational entity. Initial outputs include establishing the operational and management systems to implement the TRADE initiative, developing a strategic plan and contracting mechanisms to fund initiative activities, and the selection of the contractors to conduct the work. FY 2003 activities included technical assistance on AGOA implementation and understanding of the U.S. market, placing Animal and Plant Health Inspection Service (APHIS) advisors to develop sanitary and phytosanitary standards (SPSs) for exports, and addressing trade constraints.

USAID also worked to complement and advance Free Trade Agreement (FTA) negotiations with the countries of Central America and with the Southern African Customs Union by establishing separate TCB Cooperative Groups that met in

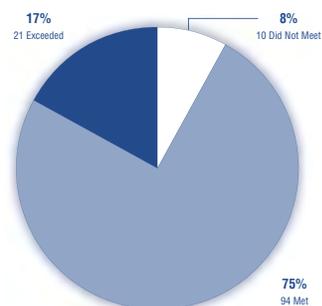
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parallel with the negotiating groups. The TCB Cooperative Groups provided an opportunity for multiple donors to listen and respond to the needs and priorities of FTA partners. In addition, participating countries in the Free Trade Area of the Americas (FTAA) have created the Hemispheric Cooperation Program (HCP) to strengthen the trade capacity of participating countries.

USAID Operating Unit Performance in FY 2002

In FY 2002, 171 operating unit strategic objectives aligned with Strategic Goal 1, *broad-based economic growth and agricultural development encouraged*. (Figure G illustrates their performance.) 46 SOs were less than one year old and therefore were not required to assess performance until next year.

Figure G: FY 2002 Operating Unit SO Performance Linked to Economic Growth and Agriculture



Goal 1: Broad-Based Economic Growth and Agricultural Development Encouraged
Strategic Objectives Required to Report: 125

Strategic Goal 2: Human Capacity Built Through Education and Training

Education contributes to progress in virtually every area of development.

Education is the building block of development; yet today, more than 900 million adults cannot read or write, primarily in developing countries, and more than 125 million school-aged children are not in school. This loss of human potential affects all of us: ignorance leads to poverty, disease, and instability. In contrast, investments in education have been linked to faster and more equitable economic growth and lower birth rates.

USAID pursues its education and training goal through programs aimed at:

- Expanding access to quality basic education for underserved populations, especially girls and women.
- Enhancing the contribution of host-country colleges and universities to the process of

development.

Basic education includes preprimary, primary, and secondary education; adult literacy programs; and training for teachers working in any of these levels. In developing countries, where boys outnumber girls in school, expanding access for girls to basic education is especially critical. Support for increased and improved basic education of girls and women contributes to family health, lower fertility, and the enhanced status of women. USAID's support for female education programs benefit millions of girls and women, while serving as an impetus for national governments and other donors to increase their efforts as well.

Higher education includes universities, community colleges, vocational and training institutions, and research institutes. Colleges and universities produce the educated leaders, skilled professionals, and trained workforce essential to the development of politically and economically sustainable societies, from the teachers who provide quality basic education to the decision makers and practitioners essential to sustained growth and progress in all sectors. Institutions of higher education in developing and transitional countries hold the

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potential to contribute more fully to the resolution of national and local problems through teaching, research, and community service. To help host-country institutions more fully realize their potential, USAID promotes partnerships with U.S. universities, private colleges, and community colleges in support of a wide variety of training, workforce development, and higher education programs. These partnerships strengthen faculties and administrations in developing countries and the United States, providing ongoing benefits to students in both settings. In addition, USAID provides short-term training opportunities to hundreds of thousands of individuals in developing and transition countries.

In FY 2003, President Bush supported USAID assistance to education through initiatives in Latin America and the Caribbean, sub-Saharan Africa, Iraq, Afghanistan, and Pakistan, with a total dollar value of more than \$350 million. Each of the initiatives is designed to improve the quality of basic education through modern teaching methods and materials and to reduce the unmet educational needs of specific groups. The Latin American effort, for example, focuses on teacher training, while the African and Middle East

initiatives provide scholarship programs for underserved populations, especially girls.

FY 2003 Results Through Education Initiatives

The Centers of Excellence for Teacher Training (CETT), created by the Presidential Summit Initiative, made significant progress in Latin America and the Caribbean in FY 2003. USAID supported three centers, one each in Peru, Honduras, and Jamaica, to train teachers on improving reading instruction at early grade levels. Curricula are being designed, and the first teachers have received the in-service training. USAID has also established CETT partnerships to raise funds and provide financial sustainability. To complement efforts to build support for basic education reforms among high-level leaders in Latin America, USAID has launched programs targeting local communities, parents and teachers, and grassroots education groups. USAID also continued to support UNESCO on the *Summit of the Americas Regional Indicators Project* to increase accountability in education by developing region-wide standards and assessment indicators.

The Global Education

Development Alliance formed a worldwide education development alliance, doubling public contributions of \$5,000,000 through equal resources from the private sector and the NGO community in FY 2003. This effort has expanded basic education in Nicaragua, youth training programs are being developed in the delta states of Nigeria, and higher education for Asian women is being planned for a regional program based in Bangladesh. The alliance has also developed a global education Internet portal to serve teachers and education managers worldwide.

The Education for Development and Democracy Initiative (EDDI)

continued to achieve success in FY 2003, with activities implemented in 40 sub-Saharan countries, one more than its goal for 2003. EDDI successes included expansion of the Ambassadors' Girls Scholarship Program; adding new community resource centers, which bring modern information technology, training, and mentoring to school populations and surrounding communities; adding more programs to serve physically disabled students; expanding entrepreneurial training; expanding democracy networks;

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enhancing school and university partnerships; establishing the endowment for the Ronald Brown Institute; communication with African ministers of education through the Association for the Development of Education in Africa; and the graduation of 450 technicians from 30 academies in 30 sub-Saharan countries, where some 2,500 students are enrolled. EDDI also provided scholarships and educational support to several countries emerging from crises, linked 20 African universities to the Internet, and established a Young Farmers Program in Mauritius.

EDDI has worked to ensure that its programming is complementary to other African initiatives, such as the *New Partnership for Africa’s Development (NEPAD)*, multilateral initiatives such as the World Bank’s *Education for All* program, and various U.S foreign policy objectives, including those outlined by the *Millennium Challenge Account (MCA)*. This coordination helped avoid duplication of effort and streamlined program implementation. In fact, EDDI was able to leverage more than 33 percent of its funding with support from implementing partners and the private sector. In addition, EDDI’s experience with

cutting-edge approaches and unique responses to educational needs served as a platform for conceptualizing the President’s Africa Education Initiative.

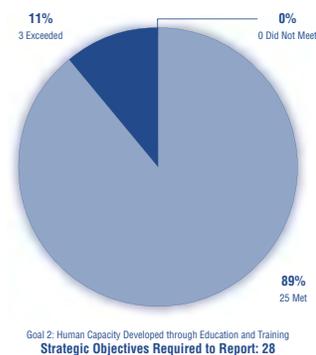
EDDI has also helped countries mobilize more resources to educate girls and women. In FY 2003, 15,000 girls received scholarships, and approximately 10,000 more received mentoring and support through activities—such as workshops, newsletters, and conferences—that EDDI sponsors. Primary- and secondary-level scholarships are not costly, but help ensure that promising children from underprivileged families receive an education. To help reach underserved populations, many of the scholarships have been reserved for girls whose families have been affected by HIV/AIDS; girls who are physically challenged; and those who, for various reasons, have dropped out of school, but want to return to complete their education.

USAID Operating Unit Performance in FY 2002

In FY 2002, 45 USAID operating unit SOs aligned with Strategic Goal 2, *human capacity built through education and training*. (Figure H illustrates their performance.) 15 SOs aligned with this goal were less than

one year old and were therefore not required to report.

Figure H: FY 2002 Operating Unit SO Performance Linked to Education and Training



Strategic Goal 3: Global Environment Protected

Environmental degradation threatens human health, undermines long-term economic growth, and impairs the critical ecological systems upon which sustainable development depends. The loss of biodiversity, spread of pollutants, use of toxic chemicals, and decline of fish stocks directly affect the United States, as well as millions of people in developing countries. No matter where humans live, breathable air, nutritious food, and drinkable water are all dependent on regional or global natural systems. In addition to its direct impacts on health and prosperity, environmental quality also affects migration patterns and peace

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and security: struggles over land, water, and mineral resources are often significant components of civil unrest and armed conflict, which can threaten U.S. interests and require U.S. intervention.

USAID's approaches to addressing environmental problems vary by environmental challenge and regional priorities. Combining policy dialogue and institution building with other development activities, USAID's environmental programs aim to:

- Conserve biological diversity.
- Improve the sustainable management of urbanization, including pollution management.
- Increase the proportion of environmentally sound energy services.
- Increase the sustainability of natural resource management.

USAID's programs in natural resource and pollution management are closely linked with programs to improve health, increase agricultural productivity, mitigate or adapt to climate change, and even to governance—in this case, governance of the environment. Natural resources not only provide the first step up the ladder of



Children enjoy water from a fountain at Naim Frasheri school in Veles municipality, Macedonia.

economic growth for most countries, but equitable access to resources can also serve as a foundation of democratic governance. USAID is working with partner organizations to help countries design and implement development strategies, which reflect the intrinsic linkages connecting sustainable ecosystems, sustainable economies, and equitable societies.

FY 2003 Results in Pollution Control, Energy Efficiency, and Access to Clean Water

USAID works in more than 35 countries to address the issue of global climate change through programs focused on reducing pollution and increasing energy efficiency. Progress is particularly noteworthy in India, where USAID-funded programs have helped prevent millions of tons of

greenhouse gas emissions. FY 2003 activities there focused on energy efficiency and conservation in power plants, industry, and the transportation sector; cogeneration; demand-side management; and other forms of technical assistance.

Working in partnership with private and public entities in both the United States and India, USAID helped promote renewable energy and clean technologies, as well as environmental management systems for Indian industry. For instance, successful U.S.-India joint ventures have resulted in India's first commercial electric car. USAID also helped fund the creation of the Center for Power Efficiency and Environmental Protection (CenPEEP) in India's National Thermal Power

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Corporation to improve the operating efficiency of the nation's coal-fired power plants. This effort saves millions of dollars annually in coal costs and continues to increase technology transfer and cooperation with the U.S. Department of Energy's National Energy Technology Laboratory. CenPEEP received the U.S. Environmental Protection Agency's Climate Protection Award in 2003, in recognition of the Center's outstanding contributions to mitigating the effects of global climate change.

USAID is also a leader of the Global Village Energy Partnership (GVEP), a key component of the Presidential Clean Energy Initiative that provides energy access to underserved populations. As a result of USAID support to GVEP in 2003, 28 countries are working on national plans to increase energy access for all. These action plans are an integrated effort by the energy, health, water, agriculture, and education ministries of each GVEP partner country. In FY 2003, USAID assistance to GVEP has directly increased availability of clean energy and provided a means of income generation to rural populations. For example, the Government of Zambia has developed a Rural Electrification

Road Map that focuses on policy and institutional reform, building a regulatory framework, and access to finances. Implementation of the road map will improve and increase energy services to rural areas. Through a World Bank loan made possible by the national action plan, the Zambian government made an initial investment of \$120 million that will increase electricity access to more than 100,000 households, or 500,000 rural poor, utilizing micro-hydro power and solar technologies. Also in FY 2003, USAID installed solar power equipment in 10 rural "telesecundaria" schools in Chihuahua State, Mexico, to provide lights and computers in classrooms for more than 1,000 students. This project has provided power to more than 60 schools thus far and will enable students to participate in distance education opportunities, even while in remote areas.

USAID has long supported potable water and sanitation programs, as well as efforts to increase the availability of water for farming and commercial use. These programs help to ensure results in other development sectors, from child survival and environmental health to decreased reliance on rain-fed agriculture. In FY 2003, USAID

continued its ongoing work and began implementing the President's Water for the Poor Initiative.

Over the years, USAID-supported water and sanitation projects in 50 countries have provided more than 16 million people with improved access to water supply and sanitation. In FY 2003, for example, USAID's Water Efficiency Team (WET) project in Indonesia worked with financially troubled water authorities to help them achieve economic self-reliance without additional capital. As a result of this work, at least a million Indonesians received access to piped water, and \$10 million of local and provincial government investment has gone to improvements in distribution. Similar efforts in El Salvador in FY 2003 to promote recycling and wastewater treatment plants leveraged an additional 50 percent of non-USAID funding, thereby permitting construction of new demonstration plants in other locations.

In the important area of watershed management, USAID/El Salvador also supported stream and groundwater protection and physical implementation of watersheds and supported the participation of 9,000 farmers in watershed improvement

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activities. These farmers are now implementing water conservation practices on 67,000 acres to increase water table recharge and decrease soil erosion. Also in FY 2003, USAID provided equipment, renovated facilities, training, and technical assistance to restore and enhance monitoring capabilities in Armenia at 65 key sites in the Lake Sevan-Hrazdan River basin system. This information will support local initiatives to address water management problems and will provide the information needed to evaluate and improve the national policies for water management.

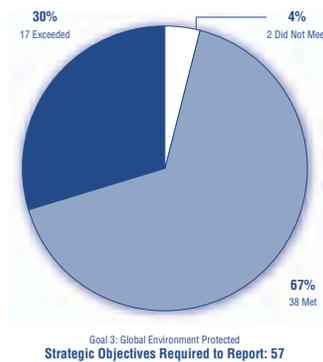
To increase the productivity of water, USAID supported the establishment of more than 200 water user groups in FY 2003 to promote more equitable allocation and sustainable use of water for agriculture. In Romania, irrigated land managed by water users' associations increased by 110,000 hectares, which led to the transfer of state-owned equipment to users' groups and the rehabilitation of outdated irrigation systems by business associations. In Mali, a USAID-supported assessment of principal irrigation systems identified sustainable agriculture activities that will be implemented under USAID/Mali's new Country Strategic

Plan for the period 2003–2012. The strategy aims to increase economic growth and reduce poverty by combining increased agricultural productivity with production risk reduction and trade enhancement. Improved irrigation will both increase agricultural productivity and reduce risk by diversifying the irrigated food crops for which Mali has comparative advantage.

USAID Operating Unit Performance in FY 2002

In FY 2002, 74 operating unit strategic objectives aligned with USAID Strategic Goal 3, *global environment protected* (with performance illustrated in Figure 1). 17 SOs were less than one year old and therefore were not required to assess performance until next year.

**Figure 1: FY 2002 Operating Unit
SO Performance Linked to
Environment**



Strategic Goal 4: World Population Stabilized and Human Health Protected

Improving health and nutrition and stabilizing population size are essential to sustainable development. Healthy citizens can contribute to their own progress and to national prosperity. Efforts to combat HIV/AIDS, malaria, tuberculosis, and other infectious diseases constitute an enormous public health challenge, in which USAID distinguished itself in 2003. When people can control the size of their own families, resources are made available for enduring improvements in the quality of life. Improving women's and girls' health plays a critical role in child survival, family welfare, and economic productivity.

USAID is a global leader in improving the health and livelihoods of millions of people around the world. Investing in the health of the world's population contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security. In addition to enhancing the lives of people overseas, with special emphasis on breadwinners, women, children, and families, protecting human health in developing and transitional countries

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affects public health in the United States by preventing the spread of HIV/AIDS and other infectious diseases.

USAID's strategy for global health seeks to stabilize world population and protect human health through programs in maternal and child health, HIV/AIDS, family planning and reproductive health, infectious diseases, environmental health, nutrition, and other life-saving areas. While this report describes performance against the FY 2000 USAID strategy, the Agency's Global Health programs are already moving toward the future. Under the new Department of State and USAID Strategic Plan for FYs 2004–2009, the performance goal is stated as "Improved global health, including child, maternal, and reproductive health and the reduction of abortion and disease, especially HIV/AIDS, malaria, and tuberculosis."

***FY 2003 Results Highlight:
Reducing Malaria and
Tuberculosis***

Malaria. In FY 2003, USAID was successful in expanding access to effective treatment and prevention measures for people at risk of malaria. Access and use of insecticide-treated nets (ITNs) is a key prevention strategy. Proper use

of ITNs can reduce overall child mortality by up to 30 percent and significantly reduce morbidity in children and pregnant women. In FY 2003, USAID expanded the innovative public-private partnership for ITNs—called *NetMark*—from a five-year, four-country, \$15.4 million program to an eight-year, sub-Saharan-Africa-wide, \$65.4 million *NetMark Plus* program. Uganda, Ghana, and Mali have joined Nigeria, Senegal, and Zambia with national-level efforts. *NetMark* has been successful in leveraging \$0.40 of private resources from partners for each \$1 of public resources expended. In the first year since products were launched, *NetMark* partners have sold more than a million ITNs in Ghana, Nigeria, Senegal, and Zambia and an additional million retreatment kits. As a consequence of *NetMark* activities, more than 2.5 million young children and pregnant mothers living in malarious areas are protected from the threat of malaria.

Each year, 22 million pregnant women in Africa are at risk of malaria. Women in areas of seasonal malaria are at high risk of severe malaria. Placental malaria increases the risk of low birth weight and other adverse birth outcomes. Intermittent

preventive treatment (IPT) of malaria as part of regular antenatal care can significantly reduce this risk to the newborn, as well as the mother's risk of anemia. In FY 2003, USAID technical assistance doubled the number of countries with IPT policies from 6 to 12. More than 7 million pregnant women and countless children will benefit from these revised policies.

In the Democratic Republic of the Congo (DRC), for example, an outdated treatment policy (along with poor diagnostic capacity and environmental degradation) was contributing to more severe malaria infections. USAID support focused on improving the capacity of the national program to develop and disseminate effective treatment and clinical management policies. With USAID's help, the DRC has developed a national malaria policy and new treatment guidelines have been distributed. In response to reports of high chloroquine resistance, a new drug policy has replaced chloroquine with sulfadoxine/pyrimethamine.

Tuberculosis. One way to improve tuberculosis treatment and to expand the Directly Observed Treatment Strategy (DOTS) is to expand the number of partners working in

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Tuberculosis (TB). In FY 2003, USAID made great strides in this direction by broadening the mandate of our PVO Child Survival and Health (CSH) Grants Program (CSHGP) to include TB and by awarding a new contract: TASC2 – TB. The new CSH grants will expand the reach of national TB programs and the number of partners active in TB control and DOTS expansion. These three- to four-year grants in Romania, Ukraine, and Indonesia address key elements of the WHO-recommended DOTS, including advocacy for policy reform, training, strengthened monitoring and evaluation of treatment outcomes and program performance, improved case detection and diagnosis, and community awareness and education.

Partners in these efforts include U.S.-based PVOs, as well as in-country

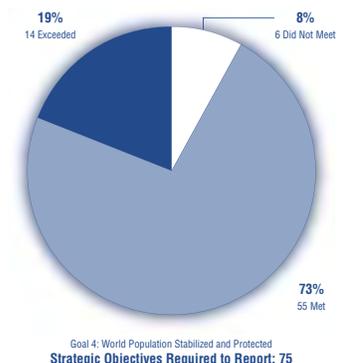
NGOs, Ministries of Health, and international organizations such as the Royal Netherlands TB Foundation and WHO. The total population in the areas that will be assisted by these three projects is approximately 10.4 million people. These grants were awarded at the end of FY 2003, and recipients are now developing detailed implementation plans for their respective programs. To further strengthen PVO capacity to implement DOTS, the PVO CORE Group is developing a website of TB resource materials and has conducted a training workshop for PVOs interested in working on TB control. USAID plans to award CSH grants for TB on an annual basis. Finally, three new partners in TB control—Management Sciences for Health, University Research Corporation, and PATH—were awarded TB contracts under this

mechanism. Each organization has brought together a variety of subcontractors, PVOs, organizations, and universities to work with them in responding to TB task orders prepared by USAID missions and bureaus. This five-year contract has a ceiling of \$100 million and was awarded at the end of FY 2003.

USAID Operating Unit Performance in FY 2002

In FY 2002, 98 operating unit SOs aligned with USAID's Strategic Goal 4, *world population stabilized and human health protected* (with performance summarized in Figure J). 23 SOs were less than one year old and therefore were not required to assess performance until next year.

Figure J: FY 2002 Operating Unit SO Performance Linked to Population and Health



Women's ward in Thailand. Tuberculosis causes more than a third of all fatalities in HIV-positive people.

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Strategic Goal 5: Democracy and Good Governance Strengthened

As noted in President Bush's address to the National Endowment for Democracy in November 2003, expanding the global community of democracies is a key objective of U.S. foreign policy. At the same time, broad-based participation and democratic processes are key elements of sustainable development: they foster informed civic participation, encourage individuals and societies to take responsibility for their own progress, and ensure the protection of human rights. Democracy requires transparent and accountable government; fair and effective judicial systems; open access to, and use of, information; and citizen participation in the policymaking process.

Democracy and good governance help guarantee that government policy reflects popular will. This contributes to fairer uses of public resources across development sectors—including access to education, improved health care, and more effective management of natural resources. USAID invests in democracy programs not only because of their intrinsic importance but also because democracy

provides a platform for success in other development activities. Economic growth and free enterprise, corruption-free governance, sound environmental management, and quality health care and other services all benefit from the popular participation, access to information, and emphasis on public accountability that democracy portends.

Democracy, respect for human rights, and transparent and accountable government also reflect the fundamental values of the American people and advance U.S. interests in global stability and prosperity. By building trust in government and preventing political destabilization, democracy programs help prevent armed conflict, massive flights of people from their homelands, destruction of the environment, and the spread of disease and epidemics.

USAID's efforts to promote democracy and good governance have five distinct, but related, aims:

1. Strengthening the rule of law and respect for human rights
2. Promoting more genuine and competitive elections and political processes

3. Increased development of a politically active civil society
4. More transparent and accountable governance
5. Mitigating conflict

FY 2003 Results Highlight: Kenya

In watershed elections on December 27, 2002, Kenyans voted to end the 24-year reign of former President Daniel Arap Moi and his KANU party. In an important democratic advance, Kenyans elected Mwai Kibaki, head of a broad opposition coalition, who has emphasized a platform of free education and anticorruption.

USAID/Kenya's democracy assistance played an important role in ensuring that Kenya's elections were free and fair through true political competition and enabled the newly elected government to take immediate steps in implementing priority reforms. These FY 2003 accomplishments represent the fruition of several years of USAID democracy investments in Kenya and open the door for even greater progress in the future.

As the third-largest economy in sub-Saharan Africa, Kenya is the dominant economy in the Greater Horn of Africa. As a center for commercial and economic activity in

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a regional market of nearly 200 million people, the country also has the potential to promote economic growth and stability throughout the region.

USAID/Kenya's FY 2003 elections program provided technical support to the Election Commission of Kenya (ECK) that enabled significant improvements in the administration of the election at a time when the international community was very concerned about the ECK's independence. USAID-funded election monitoring ensured transparent documentation and reporting of the entire election process—from voter registration through ballot tabulation.

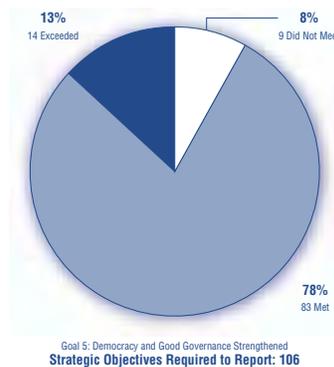
In the postelection environment, USAID's earlier democracy and governance investments paid off when the new government enacted key bills, such as anticorruption measures, whose drafting had been supported through a parliamentary strengthening program in 2003. In addition, USAID responded quickly to the new government's desire for judicial reform by funding a judicial strategic planning retreat in the immediate postelection environment, kick-starting the reform process and

providing a blueprint to garner broader donor support.

USAID Operating Unit Performance in FY 2002

In FY 2002, 138 operating units aligned with Strategic Goal 5, *democracy and good governance strengthened* (with performance illustrated in Figure K). 32 SOs were less than one year old and therefore were not required to assess performance until next year.

Figure K: FY 2002 Operating Unit SO Performance Linked to Democracy and Governance



Strategic Goal 6: Lives Saved, Suffering Associated with Natural or Man-Made Disasters Reduced, and Conditions Necessary for Political and/or Economic Development Reestablished

A hurricane tears through Central America. Civil war creates refugees

in the Balkans. Famine strikes the Horn of Africa. Two decades of war in Afghanistan leave its new government unable to deliver basic services. In these and similar situations around the world, USAID is proud to deliver life-saving humanitarian assistance on behalf of the American people.

True to our humanitarian tradition, the United States gives more to people and nations in crisis than any other country in the world. USAID is responsible for providing our nation's foreign disaster and humanitarian assistance, which we program through grants and transfers to private voluntary organizations and international organizations like the World Food Program and the United Nations Children's Fund (UNICEF).

USAID provides essential food, shelter, water, and health services to keep people alive during disasters. While providing the basics for survival, USAID also works to improve developing countries' capacity to plan and prepare for disasters, mitigate their impact, and respond when disaster strikes. In addition, USAID supports longer-term rehabilitation and recovery for countries in transition, such as Afghanistan and Iraq. Such transition

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Citizens attend a town meeting in Honduras.

programs address the special needs of countries emerging from crises caused by political and ethnic strife and help local institutions promote economic, political, and social stability.

USAID implements humanitarian assistance programs in pursuit of two broad aims:

- Meeting urgent needs in times of crisis
- Reestablishing personal security and basic institutions to meet critical needs and protect basic human rights

FY 2003 Results Highlight: ***Sudan***

For the past 19 years, Sudan has been embroiled in a complicated civil war. Since 1983, more than 2 million Sudanese people have died, and

more than 4 million have been displaced from their homes—the largest displaced population group in the world. Sudan has also experienced three periods of famine since 1990. Since the civil war began in 1983, the United States has provided more than \$1.7 billion in humanitarian assistance to the Sudanese people.

In May 2001, President Bush appointed USAID Administrator Andrew Natsios as U.S. Special Humanitarian Coordinator for Sudan and former U.S. Senator John Danforth as Special Envoy for Peace to Sudan. In July 2001, the Administrator led a high-level USG delegation to North and South Sudan. Mr. Natsios was able to expand the “humanitarian space” in the devastated Nuba Mountains of central Sudan, which established the

platform for expanded U.S. diplomacy for peace in the country.

USAID continues to be at the forefront of sustained international engagement to increase humanitarian access to war-affected areas in Sudan and to support the peace process. By the end of 2002, this involvement helped bring about a formal cease-fire agreement for the Nuba Mountains, a negotiated agreement for the cessation of attacks against civilians, the establishment of periods of tranquility for special humanitarian programs, and an international inquiry on slavery in Sudan. U.S. involvement also helped create a favorable environment for peace talks under the auspices of the regional Intergovernmental Authority on Development (IGAD). These peace talks produced (1) the Machakos Protocol, signed by the Government of Sudan (GOS) and the Sudan Peoples' Liberation Movement (SPLM) on July 20, 2002, which establishes an overall framework for peace, and (2) a memorandum of understanding signed in Machakos on October 15, 2002, which calls for the cessation of hostilities between the two sides and unimpeded humanitarian access throughout the

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country. The peace talks continued in May and June 2003.

As of August 2003, the total USAID assistance to Sudan in FY 2003 was \$157,323,715. This included 124,180 metric tons of Title II Emergency Food Assistance valued at \$113.8 million and distributed through the World Food Program and several non-governmental organizations.¹³ In FY 2003, USAID approved its new three-year strategic plan for Sudan. This \$473 million strategy focuses on the areas of education, health, economic recovery, and governance and highlights USAID's approach of transitioning from relief to development in Sudan. With peace

on the horizon, an active planning-for-peace process is under way involving both parties to the conflict, as well as the international community. Throughout FY 2003, USAID has been at the forefront of facilitating negotiations between donors, the SPLM, and the GOS. These donor meetings led to the development of the Joint Planning Mechanism (JPM), with the SPLM and the GOS coming together to discuss the shape of the Sudanese government after the conflict. USAID has also been actively supporting the six preinterim task forces that will transition into more permanent planning bodies once a final peace is negotiated.

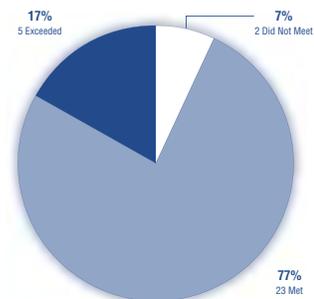


Iraqi child shows humanitarian food rations.

USAID Operating Unit Performance in FY 2002

In FY 2002, 55 USAID operating unit strategic objectives aligned with the Agency's Strategic Goal 6, *lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development reestablished* (with performance illustrated in Figure L). 25 SOs were less than one year old and therefore were not required to assess performance until next year.

Figure L: FY 2002 Operating Unit SO Performance Linked to Goal 6



Goal 6: Lives Saved, Suffering Associated with Natural or Man-Made Disasters Reduced, and Conditions Necessary for Political and/or Economic Development Reestablished
Strategic Objectives Required to Report: 30

¹³ USAID/DCHA/OFDA Sudan Complex Emergency Situation Report #4, FY 2003, August 13, 2003.

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Management Goal: USAID Development Goals Achieved in the Most Efficient and Effective Manner

USAID's management goal provides the foundation for all of the Agency's development achievements. To achieve the best possible results in assisted countries, our business processes and management systems must utilize modern management approaches and technology. The Administrator has challenged Agency leadership to transform USAID into a smarter, faster, and more responsive foreign policy agency. The management objectives under this goal focus on the following management priorities:

- Installation of a worldwide financial management system that meets Federal accounting standards and provides the breadth of cost information to enable effective management of our programs worldwide
- Development and installation of secure information and knowledge management capability for USAID's worldwide operations
- Development of enhanced workforce planning, recruitment,

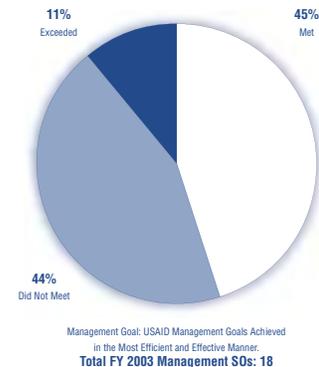
and training efforts to address the decline in the number of personnel with critical expertise to fill overseas posts and to improve the effectiveness of our staff

- Improvement in our ability to procure and deliver services worldwide in a more timely manner
- Improvements in the logistical and administrative services that support Agency operations in Washington and field missions

USAID FY 2003 achievements under this goal are also reported as accomplishments under our Agency Business Transformation Initiative and under the President's Management Agenda (PMA). This information is further detailed in the section that follows, titled "Business and Management Transformation of USAID," and in the Performance Section.

Figure M provides a summary of results for FY 2003 management targets. Detailed information is provided in the Performance Section. (These results are taken from the table of Management Results for FY 2003 and are included in Appendix C.)

Figure M: FY 2002 Management Bureau Performance Linked to the Management Goal



Business and Management Transformation of USAID

In FY 2003, USAID continued to implement broad management reforms aligned with its Management goal, "USAID's development goals achieved in the most efficient and effective manner," as well as the President's Management Agenda (PMA).

Business Transformation Executive Committee

The Administrator established the Business Transformation Executive Committee (BTEC) to guide transformation activities and ensure broad-based leadership, participation, and ownership throughout the Agency. Six subcommittees are chaired by BTEC members, with representatives from

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Washington organizations and missions.

Meeting foreign policy and program management challenges requires a modern, flexible, and well-disciplined organization. In close alignment with the PMA, USAID is aggressively implementing an ambitious management reform program to introduce new business systems, processes, and changes to our organizational structures.

Management reforms under way include development of strategic plans for human capital and knowledge management. We will also procure new acquisition and assistance software, begin pilot testing our Phoenix financial management system overseas, and reintroduce the International Development Intern program for recruitment and training of junior Foreign Service Officers.

The BTEC oversees these management reforms in accordance with the Agency's Business Transformation Plan, structured around the following four interrelated initiatives that are consistent with the five goals in the President's Management Agenda (PMA):

- **Strategic Management of Human Capital** – During FY 2003, the BTEC approved the strategic objectives for USAID's human capital strategy, identified the short-term priorities, and endorsed criteria for competitive sourcing decisions. In addition, criteria were developed and applied to rationalize the deployment of Foreign Service Officers overseas. The Agency's *Development Readiness Initiative (DRI)*, which parallels the State Department's *Diplomatic Readiness Initiative*, is the cornerstone of the Agency succession planning efforts. The human capital strategy will be carried out in the context of an overall "rightsizing" and a competitive sourcing plan that will improve our ability to do comprehensive workforce planning. The rightsizing effort will consider regionalizing USAID processes to perform work more efficiently. It will also address our need to have surge capacity to meet crises such as in Afghanistan and Iraq. We have also developed an electronic database (e-World) that provides current high-quality data regarding the

Agency's workforce. This information allows knowledge of the number, skills, and deployment of Agency personnel to meet our future programmatic needs and to develop strategies for succession planning and leadership continuity. This accountability tool facilitates workforce planning and resource reallocation decision making.

- **Business Systems Modernization (BSM)** – In FY 2003, under the direction and guidance of the Administrator, USAID began the process of BSM, with the goals of increasing the speed, efficiency, program integrity, and responsiveness of management systems serving the Agency, its customers, and its partners. The BSM initiative includes three major, closely related projects:
 - **Deployment of the Agency's financial management system to the field.** In FY 2003, USAID finalized plans to deploy the *Phoenix* accounting system to our field missions. The rollout will begin with the piloting

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of the Phoenix financial management system in three missions (Egypt, Peru, and Ghana) in FY 2004. Following successful piloting and cutover to production, Phoenix will replace the existing Mission Accounting and Control System (MACS) worldwide by the end of FY 2005 and will be expanded for usage beyond Controllers' offices in and after 2006.

- **Deployment of a new global procurement system.** As part of our BSM reform efforts, we are evaluating, with the Department of State, the feasibility of more closely linking our procurement systems to achieve operating efficiencies.
- **Development of the Agency's enterprise architecture.** USAID began its enterprise architecture (EA) initiative in close collaboration with the Department of State (DoS) in FY 2003 as a part of the Agency's Business Systems Modernization

agenda and in response to guidance from the Office of Management and Budget (OMB) and the Chief Information Officers (CIO) Council. During FY 2003, the BTEC also approved procedures for capital planning and investment control (CPIC) to ensure that we spend our information technology (IT) resources efficiently. The CPIC process has proved to be quite effective. OMB rated our FY 2005 business cases as excellent and described our CPIC process as a "best practice."

BSM directly addresses the PMA areas of expanded e-government and improved financial management. USAID is a partner on six of the President's e-government initiatives, collaborating on projects where standardization and integration of similar business processes and systems are more cost-effective.

- **Knowledge for Development** – USAID's strength derives from our rich field experience and extensive knowledge of

development issues. Managing our knowledge as a critical asset allows us to improve strategy, operations, and results. This initiative directly addresses objectives for knowledge management and organizational learning in the PMA human capital initiative, as well as PMA e-government objectives for technology-enabled business transformation. During FY 2003, the BTEC approved the objectives and overall direction of USAID's Knowledge for Development strategy. Access to knowledge resources was enhanced and pilot communities of practice were initiated to facilitate knowledge sharing among groups of employees with common program interests.

- **Strategic Budgeting** – This overarching initiative includes reforms to improve the Agency's strategic planning and resource allocation process in ways that incorporate such factors as country and program performance, country need, and foreign policy priorities, while directly addressing the PMA goal for performance and budget integration. We have developed a strategic budgeting model to enable us to link

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performance and resource allocation more efficiently.

The President’s Management Agenda – Getting to Green

USAID has fully embraced the President’s Management Agenda (PMA) since President Bush first announced it in the summer of 2001. In close coordination with the PMA, USAID is aggressively implementing its own ambitious management reform program.

Like all agencies, we started with a mostly “red” scorecard on the PMA. However, during FY 2003, we have moved to “green” on progress for all PMA initiatives except Competitive Sourcing. We will continue to work on these initiatives, as we have established specific goals and milestones to be achieved during FY 2004. Following is a discussion regarding the status of each area as of the end of FY 2003. (See Table 4

for a summary of our status and progress towards all PMA initiatives.)

Human Capital

Like many Federal agencies, USAID is experiencing serious human capital challenges. As a result of new program demands around the world, deep staffing cuts, and decisions to effectively shut down recruiting in the 1990s, our workforce is stretched thin, rapidly “graying” and approaching a retirement exodus, and lacking in critical skills.

To meet these challenges, we are undertaking a comprehensive and integrated workforce planning analysis, building on competency-related work already performed by many parts of USAID to establish the basis upon which further workforce planning and general human capital strategic management can be developed. When completed, we will address skill gaps through new

recruitment initiatives, training, and career development plans.

We are ramping up recruitment initiatives at entry and midcareer levels. To meet the critical need to create the 21st-century Foreign Service corps, we are undertaking a *Development Readiness Initiative (DRI)* that parallels the Department of State’s *Diplomatic Readiness Initiative*; this will include the recruitment of junior officers, called International Development Interns (IDIs), to assure a regular infusion of new blood into our system. The DRI is the cornerstone to Agency succession planning efforts for the Foreign Service and Civil Service.

We are finalizing a comprehensive Human Capital Strategic Plan that will describe the specific core competencies needed by our overseas staff to make the Agency operate effectively and efficiently. In

Table 4: USAID September 30, 2003, PMA Scorecard

U.S. Agency for International Development
President’s Management Agenda Scorecard

Initiative	Current Status (as of September 30, 2003)	Progress in Implementing the PMA (as of September 30, 2003)
Human Capital	RED	GREEN
Competitive Sourcing	RED	RED
Financial Performance	RED	GREEN
E-Government	RED	GREEN
Budget & Performance Integration	RED	GREEN

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developing this plan, we considered the recommendations from a report by the National Policy Association that contains 25 recommendations for reforming personnel practices at USAID.

Competitive Sourcing

We have provided training for our procurement staff on performance-based contracting to focus on desired results and outcomes. We are developing comprehensive USAID Competitive Sourcing and Action Plans to achieve efficient and effective competition between public and private sources that will generate savings and performance improvements.

Financial Performance

We are very proud of USAID's progress on this PMA initiative. We achieved a green progress score for continuing progress in our collaboration with the Department of State on a shared financial management system; submitting the Performance and Accountability Report and audited financial statements in a timely manner; closing a material weakness in financial reporting; and addressing most of the audit recommendations and weaknesses from the FY 2002 GMRA audit. We are optimistic that

USAID's financial management rating will continue to improve in FY 2004 and FY 2005 as our financial system is deployed worldwide.

Electronic Government

We are partners on several of the President's 25 e-Government initiatives, collaborating on projects where standardization and integration of similar business processes and systems make sense and are more cost-effective. Our efforts are directed at ensuring high-quality services for citizens while reducing the cost of delivery of these services. We are developing a joint enterprise architecture with the Department of State that will serve as a strategic management tool to identify information technology redundancies and duplications and inform decisions about program implementation and information technology investments. We have established procedures for capital planning and investment control to ensure that we spend our resources efficiently. We have greatly enhanced our computer security efforts. We are providing training for the Agency's project managers to ensure that appropriate best practices and standards are adhered to in order to reduce redundant spending and

improve the return on information technology investments.

Budget and Performance Integration

The joint State/USAID Strategic Plan containing performance indicators and functional goals was vetted with our stakeholders and finalized. An overseas workforce template was developed to rationalize our Foreign Service positions in the field. We have initiated a process for verifying operating unit performance reporting during our triennial reviews of mission programs.

New Joint USAID/Department of State Strategy

In FY 2003, USAID and the Department of State worked together to prepare a joint Strategic Plan. This strategy will take effect in FY 2004 and ensure that U.S. foreign policy and development programs are fully aligned to advance the *National Security Strategy* that President Bush issued in 2002. This strategy recognizes that both diplomacy and development assistance are critical tools for building a safer, freer, and more prosperous world. The joint strategy lays out foreign policy and development assistance priorities for the FYs 2004–2009 period and promotes an organizational culture

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More than 90 percent of registered voters went to the polls in East Timor's first national election in August 2001.

within the Department of State and USAID that values effectiveness and accountability.

At an operational level, USAID and the Department of State will collaborate more closely through integrated financial management and procurement systems, ongoing work on joint enterprise architecture, shared information infrastructure, coordinated human capital strategies, and better interagency support services.

Joint USAID/State Financial Systems Integration Collaboration Project

The Department of State and USAID are working together to implement a shared financial management system for the beginning of FY 2006, as recommended by a study

commissioned by DoS and USAID. The Joint Financial Management System (JFMS) will combine the State Global Financial Management System (GFMS) and USAID Phoenix system into one common financial management platform.

During the transition period to the joint platform, both State and USAID will continue deployment of their respective financial systems, in conjunction with establishment of the joint platform for FY 2006. Any redundancies will be minimized, and all investments during the interim period will be scrutinized for compliance with the joint platform.

This will result in each agency being better equipped to reach its financial performance goals for its respective

projects during FY 2004 and FY 2005, while at the same time moving forward on the deployment of the collaborative system for FY 2006. The State Department's business case will reflect the impact of the State/USAID interagency collaboration project by modifying the previously submitted business case for FYs 2006–2015.

In addition, through a unique agreement with the commercial off-the-shelf (COTS) software supplier, many of the custom State/USAID features developed as part of this project have been integrated into the software for use by other Federal departments. This will reduce both State and USAID long-term maintenance costs, as well as provide other Federal agencies with these capabilities.

Joint USAID/State Enterprise Architecture

Implementation of the joint USAID/State enterprise architecture (EA) provides a rational means for accruing cost savings through the simplification and unification of information technology (IT) investments across the two agencies and among bureaus. From a business perspective, the target section of the EA is being developed

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with selected segments of each agency's business functions. Savings will be accrued as similar business functions currently performed separately by each agency are integrated into unified or integrated systems that are responsible for both agencies. Financial and acquisition systems are an example.

USAID, in conjunction with the State Department, met the joint EA goal of providing a joint EA plan with a modernization blueprint to the Office of Management and Budget by September 2003. USAID, in partnership with the State Department, is on track to develop a complete modernization blueprint (for all business functions) mapped to the Federal enterprise architecture by end of FY 2005.

The lines of business to be pursued following the financial management initiative will be decided by the Joint Management Council, with representatives from both USAID and State. Given the importance to, and impact on, both agencies, such decisions must be made in a senior-level forum with participation by both agencies. Our initial EA strategy is focused on the convergence of HIV/AIDS and financial management. This critical program and

management system intersection addresses USAID plans to overcome a long-standing problem to report timely and accurate information.

Joint USAID/State Policy and Management Councils

The joint State/USAID Strategic Plan and its implementation is well under way and provides the opportunity for greater collaboration between the agencies on a number of policy and management issues. As part of this coordination effort, USAID has established the USAID/State Joint Management and Policy Councils, to include the implementation of joint policy recommendations into USAID operations and to explore the integration of State/USAID's annual planning processes and systems.

Financial Highlights

USAID prepares consolidated financial statements that include a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, a Statement of Budgetary Resources, and a Statement of Financing. These statements summarize the financial activity and position of the agency. Highlights of the financial information presented on the principal statements are provided below.

Balance Sheet

The Balance Sheet presents amounts available for use by USAID: Assets; the amounts owed (Liabilities); and amounts that constitute the difference between assets and liabilities, which is the Agency's Net Financial Position or Equity.

Assets. Consistent with the prior year, Fund Balance with Treasury and Loans Receivable represent the vast majority of USAID Assets. Together, they account for 91.2 percent (\$19.9 billion) of the \$21.8 billion in Total Assets, as of September 30, 2003. USAID maintains funds with Treasury to pay its operating and program expenses. These funds increased by about \$2.3 billion (19.5 percent) from \$11.9 billion to \$14.2 billion during FY 2003. This increase is due to an increase in the FY 2003 appropriation for Economic Support, as well as a supplemental appropriation bill for Iraq relief and reconstruction, signed into law on April 16, 2003.

Loans Receivable, resulting from disbursement of funds under the Direct Loan Programs, totaled \$5.7 billion at year-end, net of estimated write-offs due to loan defaults. This

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balance is \$301 million, or 5 percent, lower than the preceding year's ending balance because of routine collection during the year of outstanding amounts owed.

The largest percentage change in assets from FY 2002 to FY 2003 occurred in Accounts Receivable. Intragovernmental Accounts Receivable increased by \$638 million, or 128.5 percent, primarily because of the increase in Disbursing Authority Receivable from the Department of Agriculture's Commodity Credit Corporation. Net Accounts Receivable with the Public increased by \$35 million, or 113.1 percent, mainly because of Credit Program Accounts Receivable activity.

Liabilities. Total USAID Liabilities amount to \$9.3 billion at year-end. This amount represents an \$840 million, or 9.9 percent, increase in Total Liabilities from the prior year.

Credit Program Liabilities, consisting mainly of amounts payable to the U.S. Treasury, account for most of USAID's Total Liabilities. The amount payable to the Treasury decreased by \$189 million (3.2 percent) from \$5.9 billion to \$5.7 billion during FY 2003. The remaining Credit Program

Liabilities of \$1.2 billion represent the estimated liability associated with USAID's guarantees of loans made by private lending institutions. The Loan Guarantee Liability increased by \$111 million (10.6 percent) from last year. To calculate this liability, USAID uses prescribed post-1991 and pre-1992 methods, both of which are prescribed by Federal regulation.

The largest percentage change in Liabilities occurred in Intragovernmental Debt, which increased by \$62 million, or 372.8 percent, because of an increase in net borrowing in the Direct Loan Programs.

Net Position. USAID's Net Position or Equity totals \$12.5 billion as of September 30, 2003. Most of this amount—\$11.8 billion, or 94.3 percent—represents funds appropriated by the Congress for use over multiple years that were not expended by the end of FY 2003.

Statement of Net Cost

This statement provides the reader with an understanding of the full cost of operating USAID programs. The majority of costs incurred by USAID is in direct support of its programs. The Agency's indirect costs relate to general operations such as salaries,

training, and support for the Office of Inspector General. Overall, costs increased by \$2.1 billion, or 26.2 percent, from FY 2002. This increase is consistent with the increase in appropriated funds for additional program and operational activity.

During FY 2003, USAID made further improvements to the Statement of Net Cost. A detailed analysis of the linkage between strategic objectives and Agency goals was conducted, and several linkages were updated to reflect the current focus of program activities. This review results in a more refined depiction of costs associated with Agency goals. In addition, the Statement of Net Cost is now presented by responsibility segment. Federal financial accounting standards require that agencies define and establish responsibility segments for reporting an agency's net cost. A responsibility segment carries out a mission or conducts a major line of activity. Managers of responsibility segments usually report to the top management directly, and their resources and the results of their operations can be clearly distinguished from those of other organizational segments. USAID's functional and geographic bureaus meet the criteria of a responsibility segment. The Agency's

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net cost by responsibility segment is presented in Footnote 17 of the financial statements.

bill for Iraq relief and reconstruction authorizing new funding in April 2003.

available for the year and what the status of budgetary resources was at year-end. During FY 2003, USAID received more than \$10.8 billion in direct appropriations, less \$437 million in net appropriations transfers

Following is a breakout of net cost by outcome goal for FY 2003:

Cumulative Results of Operations amounts to \$714 million as of

Program Costs and Percentage of Costs by Outcome Goal U.S. Agency for International Development			
Outcome Goal		Net Cost (in thousands)	Percentage
Goal 1	Broad-Based Economic Growth and Agricultural Development	\$ 3,702,625	37%
Goal 2	Human Capacity Built Through Education and Training	331,251	3%
Goal 3	Protect the Environment for Long-Term Sustainability	757,063	8%
Goal 4	Stabilizing World Population and Protecting Human Health	2,163,167	22%
Goal 5	Strengthen Democracy and Good Governance	972,366	10%
Goal 6	Lives Saved Through Humanitarian Assistance	2,067,093	20%
Totals		\$ 9,993,565	100%

Statement of Changes in Net Position

This statement identifies those items that caused USAID's Net Position to change from the beginning to the end of the reporting period. The statement comprises two major components: Unexpended Appropriations and Cumulative Results of Operations.

Unexpended Appropriations increased by \$1.7 billion, or 17 percent, from FY 2002 to FY 2003. This increase is principally the result of the supplemental appropriations

September 30, 2003, an increase of 23.5 percent from the \$578 million balance a year earlier. This balance is the cumulative difference, for all previous fiscal years through 2003, between funds available to USAID from all financing sources and the net cost of USAID programs and operations.

Statement of Budgetary Resources

The Statement of Budgetary Resources provides information on how budgetary resources were made

to other agencies. USAID obligated more than 81 percent of all available budgetary resources for the year. Among the unobligated funds, more than 93 percent are available for new programming and obligating in future years.

Appropriations received from the U.S. Treasury increased by 33 percent from FY 2002, primarily because of increased funding in the following major appropriations:

- \$2 billion for the Economic Support Fund

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The American Bank of Kosovo, established with the USAID mission's support, gave more than 500 loans to small businesses.

- \$393 million for the Child Survival and Health Programs
- \$221 million for the Development Assistance Fund
- \$108 million for the International Disaster Assistance Fund

Consequently, the increase in appropriated funds also caused increases in the Obligations Incurred and Net Outlays.

Statement of Financing

The Statement of Financing reconciles net obligations reported on the Statement of Budgetary Resources to net costs reported on the Statement of Net Costs. Net obligations increased by \$2.1 billion, or 26.5 percent, from FY 2002. This increase is due to increased appropriations received for FY 2003.

Limitations to the Financial Statements

The financial statements have been prepared to report the financial position and results of operations of USAID, pursuant to the requirements of 31 U.S.C. 3515(b). While the statements have been prepared from the books and records of USAID, in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget (OMB), the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that USAID is a component of the U.S. Government, a sovereign entity.

Systems, Controls, and Legal Compliance

USAID has an aggressive management controls program, which implements the Federal Managers Financial Integrity Act (FMFIA), an internal program for reviewing management controls, identifying risks and deficiencies, and establishing corrective action plans to address the issues. There is also a strong audit management program in place, in accordance with OMB Circular A-50. This program monitors and responds to audit recommendations issued by the Office of Inspector General (OIG) and the General Accounting Office (GAO). Policies and procedures related to financial systems and controls are covered in the automated directives system (ADS) 500 and 600 series, which include management and financial and budget policies.

The Federal Financial Management Improvement Act (FFMIA) requires USAID to implement and maintain a financial management system that complies substantially with:

- Federal requirements for an integrated financial management system.

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- Applicable Federal accounting standards.
- U.S. Standard General Ledger at the transaction level.

The OIG is required under FFMIA to report on compliance with these requirements as part of the annual audit of USAID's financial statements. In successive audits, the OIG has determined that USAID's financial management systems do not substantially comply with FFMIA accounting and system requirements. The USAID Administrator has also reported the material nonconformance of the financial management systems.

The current target date for substantial compliance with FFMIA is the end of FY 2005, which coincides with our worldwide deployment of the financial management system.

Additional information regarding the status of material weaknesses and noncompliance issues, as well as the Agency's audit management and management controls program, is contained in the Financial Section.

Improper and Erroneous Payments

USAID has taken steps to review and analyze programs that might be subject to the provisions and thresholds established by the Improper Payments Information Act of 2002 (P.L. 17-300). The Agency has not identified any particular programs as being susceptible to significant erroneous payments. USAID does not have entitlement programs, but administers its programs through contracts and grants. Because the total dollar value of the Agency's grants and contracts currently exceeds \$500 million, this is the basis for the program. Potential improper payments are identified through questioned costs from annual financial audits of our contractors and grantees. To determine whether USAID meets the threshold, FY 2002 data were analyzed, which revealed that out of \$2 billion of grants and contracts, sustained questioned costs were less than \$4 million. This is approximately 0.2 percent, which is far below the 2.5 percent threshold requirement for establishing recovery audits. The Agency does not believe that it will meet the reporting thresholds for the Improper Payments Act, but will further develop this methodology and implement a system for annual

review of questioned costs from contracts and grants to verify the amounts. If either criterion for review and reporting under the Act is met, USAID will comply. In addition, Agency staff will continue to monitor recovery efforts under audits. For FY 2003, the total amount of questioned costs recovered was \$3,238,966.

Discussion of Purchase and Travel Card Usage *Purchase Cards*

On average, 242 employees, or 3 percent, had active purchase card accounts in FY 2003. Approximately 33 purchase card accounts were canceled in FY 2003. Approximately 79 new purchase card accounts were activated.

On average, the ratio of approving officials to cardholders is 1:6. The total dollars spent in FY 2003 using purchase cards was \$9,515,791. USAID earned approximately \$24,000 in total rebates in FY 2003.

There were neither disciplinary actions taken nor cases reported to the Agency Inspector General for fraudulent, improper, or unauthorized use of the purchase card. The purchase card dispute process between USAID and Citibank that is outlined in the Worldwide Purchase

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Card Program Manual minimizes losses from possible erroneous payments.

Travel Cards

There are 2,542 active Individual Billed Accounts (IBA) travel cards. The USAID policy is to issue travel cards to travelers who travel two or more times a year. There are about

62 Centrally Billed Account (CBA) travel cards used to purchase airline tickets only.

USAID spent \$18,887,416 in FY 2003 with travel cards. The rebates earned on travel cards equaled \$53,357 in FY 2003. Monthly delinquency rates for travel cards ranged from a low of 2.9 percent to a

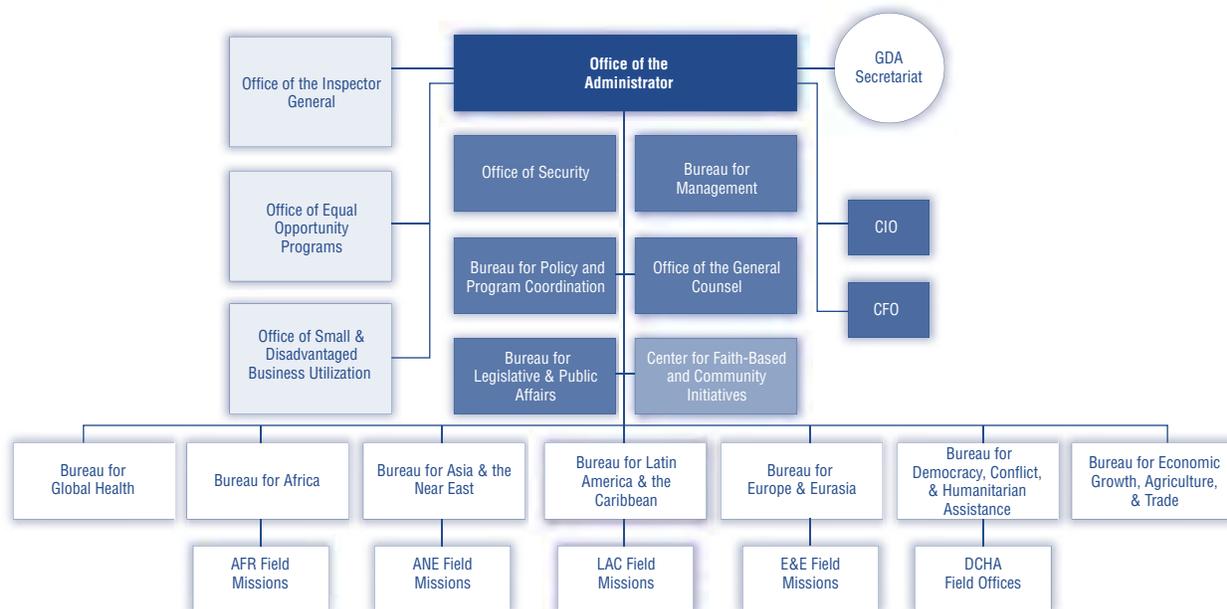
high of 16 percent for the IBA, and from 0.004 percent to 11 percent for the CBA. There were no disciplinary actions taken during FY 2003 related to the travel card.



Colombians gather at a meeting house or cabildo built as part of a USAID project in Villa Garzan, Department of Putumayo, Colombia.

Appendix A: Organizational Structure of USAID

Figure A-1: Organizational Structure of USAID



Organizational Description of USAID

Three *pillar bureaus* support the delivery of technical services to overseas missions and promote leading-edge research on new approaches and technologies for development: €

- Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA)
- Bureau for Economic Growth, Agriculture, and Trade (EGAT)
- Bureau for Global Health (GH)

In addition to these pillar bureaus, the Global Development Alliance (GDA) Secretariat is a temporary entity that develops and supports headquarters and mission work to develop public-private alliances.

Four *geographic bureaus* oversee USAID mission and overseas field office activities, including bilateral relations with host governments, and coordinate the Agency's work with the Department of State and other U.S. Government entities in their respective regions:

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- Bureau for Latin America and the Caribbean (LAC)
- Bureau for Africa (AFR)
- Bureau for Europe and Eurasia (E&E)
- Bureau for Asia and the Near East (ANE)

Three *functional bureaus* provide support to the Agency as a whole: the Bureau for Management (M), the Bureau for Policy and Program Coordination (PPC), and the Bureau for Legislative and Public Affairs (LPA). In addition, six offices and centers support USAID's security, business, compliance, and diversity initiatives:

- Office of Security (SEC)
- Office of Equal Opportunity Programs
- Office of the General Counsel (GC)
- Office of the Inspector General
- Office of Small and Disadvantaged Business Utilization/Minority Resource Center (OSDBU/MRC)
- Center for Faith-Based and Community Initiatives

Appendix B: Indicator Data Sources and Data Quality Issues

Real GDP per capita growth rates - Data sources for estimates of real GDP growth are from IMF World Economic Outlook, 2003. Population growth rates were calculated from population figures from the World Bank, World Development Indicators, 2003. Rolling averages were calculated for both indicators using geometric mean based on endpoints (assuming year 1 = 100). Corresponding averages of population and GDP were used to calculate the per capita rate. USAID has established four ranges of per capita growth performance: 5% or more, 1%-5%, 0%-1%, and negative growth.

Data Quality - Data from the IMF World Economic Outlook (WEO) are maintained jointly by the IMF's Research Department and area departments, with the latter regularly updating country projections based on consistent global assumptions.

For developing countries, figures for recent years are IMF staff estimates. Data for some countries are for fiscal years. For countries in transition, data for some countries refer to real net material product (NMP) or are estimates based on NMP. For many countries, figures for recent years are IMF staff estimates. The figures should be interpreted only as indicative of broad orders of magnitude because reliable, comparable data are not generally available. In particular, the growth of output of new private enterprises or of the informal economy is not fully reflected in the recent figures. - IMF WEO

Assumptions: The IMF estimates and projections are based on the assumption that established policies of national authorities are to be maintained. In addition, other financial assumptions concern the future price of oil, and levels of interest rates for U.S., Japanese, and Euro deposits. For more detailed information on the IMF's methodology, see Fund's website at: <http://www.imf.org>.

World Bank estimates of mid-year population are generally based on extrapolations from the most recent national census. The estimates do not include refugees not permanently settled in the country of asylum. These estimates are produced by its Human Development Network and Development Data Group in consultation with its operational staff and country offices and include inputs from census reports and other statistical publications from the UN, CDC, and U.S. Bureau of the Census.

Economic Freedom Index - The source for the Economic Freedom Index is the annual publication Index of Economic Freedom, co-published by the Heritage Foundation and the *Wall Street Journal*. Economic freedom is defined in the publication as "the absence of government coercion or constraint on the production, distribution, or consumption of goods and services beyond the extent necessary for citizens to protect and maintain liberty itself." The overall score is the average of ten factors. The data included in this report include the latest report (2002). USAID has established four ranges of Economic Freedom Index scores: 4-5, 3-3.95, 2-2.95, and 1-1.95.

Data Quality - Countries are scored using 50 independent variables, classified into 10 broad economic factors:

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- Trade policy (based on tariff rates and existence of non-tariff barriers)
- Fiscal burden of government (based on the existence and levels of income and flat taxes, corporate taxes, and levels of government expenditures)
- Government intervention in the economy (based on levels of government consumption and ownership of businesses and industries)
- Monetary policy (inflation rates)
- Capital flows and foreign investment (includes the levels of restrictions on foreign ownership of business, restrictions on foreign companies, restrictions on repatriation of earnings)
- Banking and finance (government control of banks, allocation of credit, and regulation of financial services and insurance policies)
- Wages and prices (existence of minimum wage laws, government price controls, and government subsidies)
- Property rights (includes levels of freedom of the judicial system, contracts, and protection of private property)
- Regulation (includes ease of business licensing, levels of labor and environmental regulations)
- Black market (includes levels of piracy of intellectual property and levels of goods and services supplied to the black market)

The scale runs from 1 to 5 with 1 being the most free and 5 the least free. The higher the score, the less supportive of private markets are institutions and policies. For more, see the 2002 edition of Index of Economic Freedom or visit:

<http://www.heritage.org/bookstore/2001/index2002/>

Agriculture production per capita growth rates - Agriculture, value added, is defined as the net output of all agricultural goods after adding up all outputs and subtracting intermediate inputs. Agriculture includes forestry and fishing. Data sources for estimates of real agricultural-sector growth and population are from the World Bank, World Development Indicators, 2003. Rolling averages were calculated for both indicators using geometric mean based on endpoints (assuming year 1 = 100). Corresponding averages of population and agriculture were used to calculate the per capita rate. USAID has established four ranges of per capita growth performance: 5% or more, 1%-5%, 0%-1%, and negative growth.

Data Quality - World Bank agricultural-sector data are based on ISIC divisions 1-5 and include forestry and fishing. "Value added" is the net output after adding up all outputs and subtracting intermediate inputs.

National account data are collected from national statistical organizations and central banks by World Bank missions and from UN national accounts publications. Among the difficulties using data from compiled national accounts is the extent of

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unreported informal economic activity. In developing countries, large shares of agricultural output are either not exchanged (consumed in households) or not exchanged for money. Agricultural production has to be estimated based on yields and cultivation areas. For more about the World Bank's methodology, see its website at:

<http://www.worldbank.org/data/wdi2001/index.htm>

For population data, see the above discussion under GDP per capita.

Total fertility rate - Sources: Demographic and Health Surveys (DHS), Reproductive Health Surveys from the Centers for Disease Control (CDC), and U.S. Bureau of the Census, International Database, May 2000. The total fertility rate represents the number of children that would be born to a woman if she were to live to the end of her childbearing years and bear children in accordance with prevailing, age-specific fertility rates.

Methodology - USAID calculated fertility rate trends based on the available survey data augmented by BUCEN estimates. Three methods were used:

- For countries with at least two survey data points, a growth trend was derived from the slope between the two points.
- Where only one survey data point existed, the trend was calculated based on BUCEN's average annual growth rate for the period of analysis (1989-2001). This rate was used to estimate the data points before and after the single survey observation.
- Where no survey data were available, the actual BUCEN estimates were used.

USAID established six ranges of fertility reduction performance: under 2, 2-2.9, 3-3.9, 4-4.9, 5-5.9, and 6 and over.

Data Quality - See DHS, CDC, and US BUCEN descriptions below.

Contraceptive prevalence rate - Sources: Demographic and Health Surveys (DHS) and U.S. Bureau of the Census, International Database, May 2000. The percentage of married women, ages 15-49, who are practicing, or whose sexual partners are practicing, any modern method of contraceptive. Modern methods include birth control pills, IUDs, injections, condoms, both female and male sterilization, and implants.

Methodology - All countries in the analysis had at least two survey data points from either DHS or BUCEN-reported sources. Annual rates were calculated from the slope between data points. For 2000 and 2001 estimates, the most recent growth rate was applied to the last survey point. USAID established four ranges of contraceptive prevalence performance: 50% and over, 35-49%, 16%-34%, and 15% and under.

Data Quality - See DHS and US BUCEN descriptions below.

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Under-5 mortality rate - Sources: Demographic and Health Surveys (DHS), Reproductive Health Surveys from the Centers for Disease Control (CDC), and U.S. Bureau of the Census, International Database, May 2000.

The under-5 mortality rate is the probability that a newborn baby will die before reaching age 5, if subject to current age-specific mortality rates. It is expressed as the number of deaths per 1,000 live births. Methodology: USAID calculated mortality rate trends based on the available survey data, augmented by BUCEN estimates. Three methods were used:

- For countries with at least two survey data points, a growth trend was derived from the slope between the two points.
- Where only one survey data point existed, the trend was calculated based on BUCEN's average annual growth rate for the period of analysis (1989-2001). This rate was used to estimate the data points before and after the single survey observation.
- Where no survey data were available, the actual BUCEN estimates were used.

USAID established six ranges of mortality reduction performance: under 50, 50-99, 100-149, 150-199, and 200 and over.

Data Quality - See DHS, CDC, and US BUCEN descriptions below.

DPT vaccination coverage - Source: Demographic and Health Surveys (DHS). This rate is the percentage of children 12 months or less who have received their third dose of DPT vaccine. To show vaccination trends, the available DHS data were divided into two time periods, 1990-1994 and 1995 and after. Only those countries that had data points in both periods were included (15).

Data Quality - See DHS description below.

Oral rehydration therapy use - Sources: Demographic and Health Surveys (DHS) and Reproductive Health Surveys from the Centers for Disease Control (CDC). This rate is the percentage of children ages 6-59 months who had a case of diarrhea in the last two weeks and received oral rehydration therapy. To show therapy trends, the available DHS data were divided into two time periods, 1990-1994 and 1995 and after. Only those countries that had data points in both periods were included (13).

Data Quality - See DHS and CDC descriptions below.

Maternal mortality rate - The World Health Organization and UNICEF and UNDP have collaborated on two studies of maternal mortality in the last decade. For 1990 estimates, the source is WHO/UNICEF, Revised 1990 Estimates of Maternal Mortality, 1996. For 1995 data, WHO, UNICEF, and UNDP produced Maternal Mortality in 1995, 2001. Maternal mortality rate is the number of women who die during pregnancy and childbirth, per 100,000 live births.

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Data Quality - Maternal mortality is complex and very difficult to measure. Few developing countries have reliable national estimates of maternal mortality. Country-level estimates are based on vital registration data, direct sisterhood estimates (DHS method), Reproductive Age Mortality Studies (RAMOS, which involved identifying and investigating the causes of all deaths of women), verbal autopsy techniques, census data, and estimates generated from WHO/UNICEF models. For a complete report on maternal mortality and difficulties inherent in measurement, see the 2003 report mentioned above at:

http://www.who.int/reproductive-health/publications/RHR_01_9_maternal_mortality_estimates/index.en.html

Births attended by medically trained personnel - Sources: Demographic and Health Surveys (DHS) and CDC Reproductive Health Surveys. Medically trained personnel include doctors and trained nurses/midwives or other health professionals. It does not include nontrained birth attendants. To show attendance trends, the available DHS data were divided into two time periods, 1990-1994 and 1995 and after. Only those countries that had data points in both periods were included (12).

Data Quality - See DHS and CDC descriptions below.

Adult HIV prevalence rates - The sources for 1997 and 1999 estimates are from UNAIDS. UNAIDS estimates country-level prevalence rates on a biennial basis. Source: *Report on the Global HIV/AIDS Epidemic - June 1998, and June 2000*. The rate is the estimated number of adults living with HIV/AIDS divided by the adult population. Adults are defined as ages 15-49. USAID established six ranges of HIV prevalence levels: under 1 percent, 1-4.9 percent, 5-9.9 percent, 10-14.9 percent, 15-20 percent and more than 20 percent.

Data Quality - Estimates of HIV prevalence for 1997 were compiled from individual Epidemiological Fact Sheets and from methodologies detailed in UNAIDS, *Country-specific estimates and models of HIV and AIDS: methods and limitations* (Schwartlander B, Stanecki KA), which “describes and discusses the processes and obstacles that were encountered in this multi-partner collaboration including national and international experts. The 1997 estimates required two basic steps. First, point prevalence estimates for 1994 and 1997 were carried out and the starting year of the epidemic was determined for each country. The procedures used to calculate the estimates of prevalence differed according to the assumed type of the epidemic and the available data. The second step involved using these estimates of prevalence over time and the starting date of the epidemic to determine the epidemic curve that best described the spread of HIV in each particular country. A simple epidemiological program (EPIMODEL) was used for the calculation of estimates on incidence and mortality from this epidemic curve. ...The result of this first country-specific estimation process yielded higher estimates of HIV infection than previously thought likely, with more than 30 million people estimated to be living with HIV/AIDS. The application of survival times that are specific to countries and regions also resulted in higher estimates of mortality, which more accurately describe the impact of the epidemics....There are, however, shortcomings in the current systems of monitoring the epidemic. Improvements in HIV surveillance systems are needed in many parts of the world. In addition, further research is needed to understand fully the effects of the fertility reduction as a result of HIV, differing sex ratios in HIV infection and other factors influencing the course and measurement of the epidemic.” - abstract of the report from PubMed, National Library of Medicine.

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Demographic and Health Surveys - Funded by USAID, Demographic and Health Surveys provide information on family planning, maternal and child health, child survival, HIV/AIDS/STIs (sexually transmitted infections), and reproductive health.

DHS are nationally representative household surveys with large sample sizes of between 5,000 and 30,000 households, typically. DHS provide data for a wide range of monitoring and impact evaluation indicators in the areas of population, health, and nutrition.

The core questionnaire for MEASURE DHS+ emphasizes basic indicators and flexibility. It allows for the addition of special modules so that questionnaires can be tailored to meet host-country and USAID data needs. The standard DHS survey consists of a household questionnaire and women's questionnaire. A nationally representative sample of women ages 15-49 are interviewed. For more on DHS survey methods and processes, see: <http://www.measuredhs.com/>

CDC International Reproductive Health Surveys (IRHS) - The Centers for Disease Control and Prevention (CDC) provides technical assistance with population-based surveys that help USAID to assess program needs and monitor program performance and impact over time. CDC has been providing technical assistance for such surveys since 1975, and has helped to carry out reproductive health surveys in Latin America, the Caribbean, Central and Eastern Europe, the former Soviet Union, Africa, and the Middle East. CDC trains its host counterparts in all aspects of survey implementation.

IRHS are conducted at a national, and occasionally at the sub-national, level. These surveys measure a wide variety of health and demographic indicators such as fertility, contraceptive use, infant and child mortality, child health, maternal morbidity and mortality, and knowledge and attitudes about HIV/AIDS and sexually transmitted infections. For more on the IRHS, see the CDC website: http://www.cdc.gov/nccdphp/drh/logistics/global_rhs.htm

U.S. Bureau of the Census - The Bureau's International Programs Center (IPC) maintains the International Database (IDB). The IDB combines data from country sources with IPC's estimates and projections to provide information dating back as far as 1950 and as far ahead as 2050. The estimates are based on data from national statistics offices, survey data, and UN publications.

For most developing countries, various techniques have been developed to evaluate and correct information on deaths and fertility in relation to information on population. Data are collected either directly from vital statistics registers, when available, or indirectly from census, survey information or statistics from international organizations such as the UN's World Population Prospects. Underregistration of deaths is adjusted based on the stability of the country populations. For an in-depth review of the IPC's methodology for estimating and projecting fertility and mortality, see the Center's World Population Profile 1998 (see Appendix B Population Projections and Availability of Data) available online at: <http://www.census.gov/ipc/www/wp9>

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Appendix C: FY 2003 Management Goal Results Data

Management Goal: Achieve USAID's Goals in the Most Efficient and Effective Manner FY 2003 Performance Data			
Performance Goals & Indicators	FY 2003 Target	Assessment	Linkage to President's Management Agenda
Objective #1: Accurate Financial Information Available for Agency Decisions			
Goal 1.1: USAID's core financial management system certified compliant with Federal requirements. Indicator 1.1.1: Integrated, automated financial systems worldwide	1. Plans finalized for worldwide deployment of core accounting system	Met	Financial Performance
1.1.2: A fully operational, secure and compliant core financial system installed with interfaces to major feeder systems	1. Mission accounting system security certification completed at all (38) overseas accounting stations.	Not Met	Financial Performance
	2. Select priority enhancements to core financial system implemented (e.g., credit card processing, grantee advances, Agency-wide cash reconciliation system, core financial system upgrade, and application integration tools).	Met	Financial Performance; Electronic-Government
Goal 1.2: A system to allocate administrative costs fully to Agency strategic goals installed in Washington and the field. Indicator 1.2.1: Administrative costs allocated to strategic objectives.	1. Plan developed for implementing the cost accounting system Agency-wide.	Met	Budget & Performance Integration; Financial Performance
Objective #2: USAID Staff Skills, Agency Goals, Core Values and Organizational Structures Better Aligned to Achieve Results Efficiently			
Goal 2.1: Human capital management capabilities strengthened. Indicator 2.1.1: Recruitment efforts result in rapid deployment of staff in all labor categories and services.	1. All FS and CS staffing requirements met i.e., Agency ends the fiscal year at on-board funded target for FY 2003.	Not Met	Human Capital
	2. A refined restructuring plan issued based on annual Washington Portfolio Reviews.	Met	Human Capital
	3. Recruitment efforts evaluated as excellent, based on indicators. Efforts to rationalize staff evaluated as fair to good based on performance indicators.	Not Met	Human Capital
	4. Comprehensive Civil Service recruitment plan in place similar to Foreign Service recruitment plan.	Not Met	Human Capital
	5. Web-enhanced human resource management tools available to Agency human resource management staff, which will, among other things, increase the number of job applications received and processed because of increased advertisement of job openings.	Met	Human Capital; Electronic-Government
Indicator 2.2: In-house training on critical operational skills continued.	1. A total of 2,500 employees trained in leadership, operations, financial management, and overall managing for results.	Target Exceeded	Human Capital

Appendices

Management Goal: Achieve USAID's Goals in the Most Efficient and Effective Manner FY 2003 Performance Data (Cont.)			
Performance Goals & Indicators	FY 2003 Target	Assessment	Linkage to President's Management Agenda
Objective #3: Agency Goals and Objectives Served by Well-Planned and Managed Acquisition and Assistance			
Goal 3.1: Acquisition and assistance planning integrated with program development. Indicator 3.1.1: Increased use of performance-based contracts.	30% of contracts valued at over \$25,000 are performance based.	Target Exceeded	Competitive Sourcing
Goal 3.2: A&A competencies of technical and contract staff strengthened. Indicator 3.2.1: Percentage of Cognizant Technical Officers (CTOs) and Contract Officers (COs) certified.	1. A total of 250 CTOs certified, subject to available funding.	Not Met	Human Capital
	2. 90 % of COs with procurement authority of \$2.5 million or more certified by the end of FY 2003.	Not Met	Human Capital
Goal 3.3: Partnerships among USAID technical contract offices and contractors and recipients improved. Indicator 3.3.1: Contract administration simplified.	Process and baseline established for changes in contracting officer approvals.	Met	Budget & Performance Integration
Goal 3.4: Improved consistency in application of A&A procurement policies and procedures. Indicator 3.4.1: Uniform implementation of contracting policies.	20% improvement over the baseline set in first quarter FY 2002.	Met	N/A
Objective #4: Agency Goals and Objectives Supported by Better Information Management and Technology			
Goal 4: Information technology improves Agency efficiency and effectiveness. Indicator 4.1: Enhanced compliance with Federal requirements and regulations.	1. Agency-wide systems deployed at selected missions.	Not Met	Financial Performance
	2. Telecommunications network equipment upgraded at 21 missions.	Met	Financial Performance; Electronic-Government
	3. Execution of actions to reduce risks in general control environment continued and detailed targets established for the activities to strengthen the general control environment.	Not Met	Financial Performance; Electronic-Government

Appendix D: Status of Selected Agency Evaluations

Midterm Evaluation of the South Asia Regional Initiative/Energy (SARI/Energy) Program

Date:	01/03
Sector/s:	Economic Growth
Geographic Area/s:	South Asia (India, Bangladesh, Nepal, Sri Lanka)
Organization/s:	Checchi and Company Consulting/Louis Berger Joint Venture
Author/s:	Niels de Terra, Shawkat Ali Ferdousi, Joanta Green, and Mahendra P. Lama
Catalog No.:	PD-ABX-772
Hyperlink:	http://www.dec.org/pdf_docs/PDABX772.pdf

Summary: The slow pace of reform in South Asia's electricity sector and regional instability are tremendous obstacles to attracting private capital, both foreign and domestic, for development. Civil society groups in the SARI/Energy countries consider energy issues to be important and have been receptive to regional energy initiatives. USAID-provided technical assistance has had mixed results, relying largely upon the inconsistent participation and support of government actors who control almost all energy assets.

Key Findings: The program's most important impact has been human capital development through training, workshops, seminars and study trips. Participants, including senior governmental officials, repeatedly commented on the usefulness and high quality of the activities. Noticeable results include the establishment of cross-border relationships between senior officials and executives; capacity building that is relevant to the management of power sector reform; and the implementation of energy efficiency programs.

Key Recommendations:

- Continue to provide energy sector expertise. The program will continue to need the same range of resources as is now offered by the partners, including socioeconomic analysis skills.
- Strengthen USAID program management capability to monitor deliverables for quality and relevance, including improvements in performance monitoring indicators.

Increase emphasis on sustainability via centers of excellence, academic institutions and the use of local consulting firms, and expand the transfer of lessons learned to include Latin America and other Asian countries.

Appendices

Final Evaluation: The OTI Program in East Timor

Date:	02/03
Sector/s:	Democracy and Governance
Geographic Area/s:	East Timor
Organization/s:	Development Associates, Inc.
Author/s:	Jeffrey Clark, Ann von Briesen Lewis, and Lia Juliani
Catalog No.:	PD-ABX-987
Hyperlink:	http://www.dec.org/pdf_docs/PDABX987.pdf

Summary: East Timor emerged from the political violence of 1999 facing the huge challenges of constructing a new government and in defining a new nation. USAID's Office of Transition Initiatives (OTI) has worked in East Timor since 1999 to promote economic recovery and strengthen democratic development. OTI's principal objectives are increasing public access to information on the establishment of government; strengthening political institutions; increasing citizen participation in the governance of the country; and solidifying the rule of law and strengthening the justice sector.

Key Findings: OTI's experience in East Timor has had a significant impact, and has promoted U. S. foreign policy goals. Measurable impacts to strengthen the NGO and media sectors were observed, yet more could have been realized if there had been greater care in the selection of local entities to assist, and if there had been earlier emphasis on capacity building and less on commodity transfers. OTI's procurement mechanisms and small grant authorities were key to its success, because of flexibility and quick disbursement of funds, making OTI a highly effective player when most other donors remained stymied and inactive.

Key Recommendations:

- OTI should deepen its economic recovery expertise, through external consultants, to improve the conceptualization and implementation of economic recovery initiatives.
- OTI's well-placed emphasis on civil society and NGOs should not preclude OTI to seize opportunities to support local government structures through training and technical assistance.

OTI staff worldwide should emulate the cooperation and inclusiveness that were hallmarks of its presence in East Timor.

Evaluation of the FINCA/NIS Regional Technical Assistance Program

Date:	04/03
Sector/s:	Economic Growth
Geographic Area/s:	Eastern Europe and the Caucasus
Organization/s:	Development Associates, Inc.
Author/s:	D.E. Dembowski, Team Leader; Joshua Badach; Richard Chitwood; and Ron Bielen
Catalog No.:	PD-ABY-008
Hyperlink:	http://www.dec.org/pdf_docs/PDABY008.pdf

Summary: The Foundation for International Community Assistance (FINCA) was founded in 1984 with the goal of raising incomes of the poor through “village banking programs.” FINCA manages 20 micro-credit programs throughout the world. Under its New Independent States (NIS) regional technical assistance program, FINCA established a network of seven regional micro-finance affiliates located in Russia, Kyrgyzstan, Armenia, Georgia, Azerbaijan, and Kosovo. The question addressed by this evaluation was whether a Moscow hub has enabled FINCA to operate successfully in the NIS region.

Key Findings: FINCA has implemented the strategic plan for the hub effectively, generating a steady demand by affiliates who are generally satisfied with the hub’s performance and support services. Financial sustainability of the current operational structure is feasible, with FINCA having moderate success in diversifying funding sources for the NIS program. Hub services have generally been adequate in meeting the technical assistance needs of affiliates, placing it at the forefront of efforts to promote reform of the legal and regulatory environment for non-bank financial institutions in Russia and the NIS.

Key Recommendations:

- USAID assistance to the hub be continued; however, future assistance should be conditioned upon FINCA’s agreeing to dramatically improve operating expense ratios and loan-to-asset ratios.
- USAID should encourage and monitor the hub’s efforts to improve affiliates’ productive use of assets.

USAID should bolster ongoing lobbying efforts to strengthen the legal services that the hub provides to affiliates.

Appendices

Journalism Training and Institution Building in Central American Countries – PPC Evaluation Working Paper No. 5

Date:	06/03
Sector/s:	Democracy and Governance; Education
Geographic Area/s:	Central America
Organization/s:	USAID Bureau for Policy and Program Coordination (PPC)
Author/s:	Rick Rockwell and Krishna Kumar
Catalog No.:	PN-ACR-755
Hyperlink:	http://www.dec.org/pdf_docs/PNACR755.pdf

Summary: The Center for Latin American Journalism (CELAP) is a private, self-supporting institution that provides journalism training in Latin American. CELAP is an offshoot of the Latin American Journalism Project (LAJP), which was USAID's first major media initiative in Central America from 1988 to 1997. This evaluation assessed the contribution that LAJP and CELAP have made to the growth of independent media in Central America and to the democratization process.

Key Findings: LAJP and CELAP contributed to upgrading journalists' professional skills and competence, strengthening ethical standards, and contributing to the democratic process. The initiatives made major contributions toward improving the skills of journalists and the design, layout, and coverage of many prominent newspapers in the region. LAJP brought media owners and journalists together to produce the first regional journalism code of ethics for Central America. LAJP and CELAP also provided intensive training for journalists covering the post-conflict elections that were to pave the way for peace and democracy.

Key Recommendations:

- Journalism projects should include safeguards to ensure their transparency and allay doubts about USAID's intentions.
- USAID and its partner institutions should consider raising sufficient funds for an endowment that will subsidize training costs when USAID support is not available.

The recruitment process for journalism training should be transparent and ensure the participation of different ethnic groups and minorities.

USAID's Approach to Poverty Reduction, The Case of Honduras – Evaluation Brief Number 5

Date:	03/03
Sector/s:	All
Geographic Area/s:	Honduras
Organization/s:	USAID Bureau for Policy and Program Coordination (PPC)
Author/s:	Jonathan Sleeper, Clarence Zuvekas, and John Thomas
Catalog No.:	PN-ACR-351
Hyperlink:	http://www.dec.org/pdf_docs/PNACR351.pdf

Summary: Honduras, one of the poorest countries in Latin America, has focused on strategies to reconstruct and transform its economy after the devastating impact of Hurricane Mitch in 1998. USAID/Honduras has an annual program of about \$31 million that emphasizes health and education, economic growth and natural resource management, decentralization and municipal government, and democratic governance. This evaluation compared USAID/Honduras' sustainable development approach with the poverty reduction paradigm evolving in the World Bank, IMF, and other development agencies.

Key Findings: USAID/Honduras is one of the few Agency operating units that comes close to adopting poverty reduction as its overarching goal by emphasizing economic policy reform. However, over half of its portfolio supports the direct delivery of social services because of Congressional earmarks that necessitate spending in such areas. The program is focused on the poor, especially in health and education, and incorporates many poverty reduction objectives, including microenterprise initiatives. USAID played a key role in the development of Honduras' Poverty Reduction Strategy Plan (PRSP) and a high level of donor coordination, contributing greatly to its success.

Key Recommendations:

- Poverty reduction strategies in Latin America should give high priority to strengthening the human capital of poor households and increasing their access to infrastructure and assets.
- Honduras needs additional policy and institutional reforms in many areas, particularly in public sector salary policy, rule of law, and modernization of the state.

Greater improvements in education indicators will be especially important for poverty reduction in Honduras.

Appendices

USAID's Approach to Poverty Reduction, The Case of Mali – Evaluation Brief Number 6

Date:	01/03
Sector/s:	All
Geographic Area/s:	Mali
Organization/s:	USAID Bureau for Policy and Program Coordination (PPC)
Author/s:	Joseph Lieberman, Diane Ray, Dirck Stryker, Lane Vanderslice
Catalog No.:	PN-ACR-352
Hyperlink:	http://www.dec.org/pdf_docs/PNACR352.pdf

Summary: Mali has an effective poverty reduction approach, but one that still needs to do more to enable economic growth and opportunity.

Key Findings: USAID's program is generally focused on the rural poor and incorporates many poverty reduction objectives, creating an impressive synergy among programs in different sectors. The USAID program is heavily skewed toward delivery of direct social services, with proportionately less allocated to activities emphasizing broader economic or policy reforms that have an indirect effect on all of the poor. Commitment of a large proportion of the portfolio to PVO projects may reflect a relative lack of engagement with the government. This may reduce USAID's visibility and influence at the national level on key policy issues, especially those having to do with economic growth strategy development.

Key Recommendations:

- USAID/Mali should give more attention to the enabling environment for poverty reduction.
- USAID should stay fully engaged in the PRSP process to stimulate donor coordination and leverage on development issues and preserve its influence on the spending of HIPC debt-reduction funds.

USAID should be careful not to allow its concentration on PVO development partners to jeopardize its participation in the national policy dialog.

Evaluation of IFES Civic Education Programs in Kazakhstan, Kyrgyz Republic and Tajikistan

Date:	06/03
Sector/s:	Democracy and Governance
Geographic Area/s:	Central Asia
Organization/s:	Checchi and Company Consulting, Inc./The Louis Berger Group, Inc. Joint Venture
Author/s:	Gina Gilbreath Holdar and David B. Ogle
Catalog No.:	PD-ABY-347
Hyperlink:	http://www.dec.org/pdf_docs/PDABY347.pdf

Summary: Beginning in 2000, the primary focus of USAID-funded activities of the International Foundation for Election Systems (IFES) in Central Asia shifted from the organization's traditional mission of political party development and election reform to civic education. Today, IFES has an active civic education program in the Central Asian republics of Kazakhstan, Kyrgyzstan, and Tajikistan, including such activities as the production of high school civics textbooks, democracy summer camps, Student Action Committees (SACs), and adult civic education programs. The purpose of this evaluation was to determine whether or not to extend this Cooperative Agreement.

Key Findings: The IFES-CAR civic education program is making a significant contribution to building strong foundations for sustainable democratic systems in Kazakhstan, Kyrgyzstan and Tajikistan. The program has been highly successful in increasing understanding of the principles of democracy and in encouraging active participation in civil society by students. There is every reason to anticipate continued success on an incrementally greater basis if the USAID-IFES Cooperative Agreement is extended.

Key Recommendations:

- USAID should review the adequacy of staffing levels in each country office and encourage more exchange of personnel, resources and information among them.
- IFES should continue to actively pursue its efforts in each country to expand use of the civic education textbook in schools, by working more intensively to encourage each country's Ministry of Education to approve the IFES civic education course as an official part of the country's national school curriculum.

IFES should work to increase summer camp participation by students from all areas of each country, and coordinate the establishment of information-exchange networks of established Student Action Committees.

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USAID's Approach to Poverty Reduction, The Case of Uganda – Evaluation Brief Number 8

Date:	01/03
Sector/s:	All
Geographic Area/s:	Uganda
Organization/s:	USAID Bureau for Policy and Program Coordination (PPC)
Author/s:	Joseph Lieberman, Diane Ray, Dirck Stryker, and Lane Vanderslice
Catalog No.:	PN-ACR-354
Hyperlink:	http://www.dec.org/pdf_docs/PNACR354.pdf

Summary: Uganda is one of the few African countries that is succeeding with economic policy reforms designed to accelerate growth and reduce poverty. USAID responded to the Ugandan Government's approach with a new strategic plan (2002-2007) centering on poverty reduction. This evaluation assessed the impact on poverty of sound economic policies and poverty reduction as a central organizing principle.

Key Findings: Government, NGO, and donor coordination, organized around a central theme of poverty reduction, improves overall efforts and makes it easier for donors to encourage a broad range of policy reforms. Impressive results are possible when a government is committed to poverty reduction, and economic policy reform that leads to strong economic growth is essential to increasing income and reducing poverty. USAID supported Uganda's efforts, but at times Congressional earmarks reduced USAID's flexibility, making it difficult to support certain programs.

Key Recommendations:

- Because direct assistance may deflect attention and resources from the need to promote enabling environments for economic reform and poverty reduction, USAID should consider putting more resources into indirect assistance that expands opportunities for the poor.
- Although HIV/AIDS is a serious problem in Uganda, high USAID funding levels may be creating institutional capacity problems in absorbing that much money. Based on need and U.S. comparative advantage, non-health programs should be larger than they now are.

USAID should monitor Uganda's exchange rate situation closely and encourage the government, private sector, and other donors to address the issue. Currency appreciation can harm private-sector, export-oriented activities that USAID supports.

Appendices

Appendix E: Involvement of Non-Federal Parties

IBM Business Consulting Services is a contractor to the Bureau for Policy and Program Coordination. IBM has experience assisting USAID and other Federal agencies with the preparation of agency performance reports, in compliance with the Government Performance and Results Act and guidance from the Office of Management and Budget. For this report, IBM suggested timelines and provided editorial direction and logistical support.

Appendices

Appendix F: Acronyms Used in This Document

A&A	Acquisition and Assistance	CIO	Chief Information Officer
ABS	Agency Budget Submission	CMM	Conflict Management and Mitigation
ADP	Alternative Development Program	CO	Contract Officer
ADS	Automated Directives System	COOP	Continuity of Operations Plan
AEEB	Assistance for Eastern Europe and Baltic States	COTS	Commercial off-the-Shelf
AFR	Bureau for Africa	CPA	Coalition Provisional Authority
AGOA	African Growth and Opportunity Act	CPR	Contraceptive Prevalence Rate
AIDS	Acquired Immunodeficiency Syndrome	CRB	Contract Review Board
ANE	Bureau for Asia and the Near East	CS	Civil Service
APHIS	Animal and Plant Health Inspection Service	CSH	Child Survival and Health Funds
APP	Annual Performance Plan	CTO	Cognizant Technical Officer
APR	Annual Performance Report	DA	Development Assistance Funds
ASP	Agency Strategic Plan	DART	Disaster Assistance Response Team
BSM	Business Systems Modernization	DCHA	Bureau for Democracy, Conflict, and Humanitarian Assistance
BTEC	Business Transformation Executive Committee	DFI	Direct Foreign Investment
BUCEN	U.S. Bureau of the Census	DHS	Demographic and Health Survey
CARPE	Central Africa Regional Program for the Environment	DG	Democracy and Governance
CBA	Centrally Billed Account	DoS	Department of State
CenPEEP	Centers for Power Efficiency and Environmental Protection	DRI	Development Readiness Initiative
CETT	Centers of Excellence for Teacher Training	E&E	Europe and Eurasia
CFO	Chief Financial Officer	EA	Enterprise Architecture
CIF	Capital Investment Fund	EDDI	Education for Development and Democracy Initiative
		EGAT	Economic Growth, Agriculture, and Trade

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ESF	Economic Support Funds	HC	Human Capital
FACS	Financial Accounting and Control System	HCD	Human Capacity Development
FAO	Food and Agriculture Organization	HCP	Hemispheric Cooperation Program
FBO	Faith-Based Organization	HIV	Human Immunodeficiency Virus
FFMIA ¹	Federal Financial Management Improvement Act	IBA	Individually Billed Account
FFP	Office of Food for Peace	IDA	International Development Assistance
FMFIA	Federal Managers Financial Integrity Act	IDI	International Development Intern
FP	Family Planning	IDP	Internally Displaced Person
FS	Foreign Service	IG	Inspector General
FSA ¹	FREEDOM Support Act (Assistance for the Independent States of the Former Soviet Union)	IGAD	Intergovernmental Authority on Development
FSI	Financial Systems Integration	IM	Information Management
FTA	Free Trade Agreement	IQC	Indefinite Quantity Contract
FTAA	Free Trade Area of the Americas	IT	Information Technology
FY	Fiscal Year	JFMIP ¹	Joint Financial Management Improvement Program
GAO	General Accounting Office	JFMS	Joint Financial Management System
GAAP	Generally Accepted Accounting Principles	JPM	Joint Planning Mechanism
GDA	Global Development Alliance Secretariat	KV	Kilovolt
GDP	Gross Domestic Product	LAC	Latin America and Caribbean
GFATM ¹	Global Fund to Fight AIDS, Tuberculosis, and Malaria	MACS	Mission Accounting and Control System
GFMS	Global Financial Management System	MCA	Millennium Challenge Account
GH	Bureau for Global Health	MCTC	Mother-to-Child Transmission
GPRA	Government Performance and Results Act	MD&A	Management Discussion and Analysis
GVEP	Global Village Energy Partnership	MFI	Microfinance Institution
		MoH	Ministry of Health
		MT	Metric Ton

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MW	Megawatts	RIF	Reduction in Force
NEP	New Entry Professional	SME	Small and Medium Enterprise
NEPAD	New Partnership for Africa's Development	SO	Strategic Objective
NGO	Non-Governmental Organization	SPS	Sanitary and Phytosanitary Standards
NIS	Newly Independent States	STATE	U.S. Department of State
NMS	New Management System	TB	Tuberculosis
ODA	Official Development Assistance	TCB	Trade Capacity Building
OFDA	Office of U.S. Foreign Disaster Assistance	TFR	Total Fertility Rate
OIG	Office of the Inspector General	TRADE	Trade for African Development and Enterprise
OMB	Office of Management and Budget	UNAIDS	Joint United Nations Programme on HIV/AIDS
OPIN	Online Presidential Initiative Network	UNDP	United Nations Development Programme
OTI	Office of Transition Initiatives	UNEP	United Nations Environment Programme
OU	Operating Unit	UNESCO	United Nations Educational, Scientific, and Cultural Organization
OYB	Operating Year Budget	UNFCCC	United Nations Framework Convention on Climate Change
PAR	Performance and Accountability Report	UNHCR	United Nations High Commissioner for Refugees
PART	Program Assessment and Rating Tool	UNICEF	United Nations Children's Fund
P.L.	Public Law	USAID	U.S. Agency for International Development
PMA	President's Management Agenda	USDH	United States Direct Hire
PMI	Presidential Management Intern	USG	United States Government
PMP	Performance Monitoring Plan	VCT	Voluntary Counseling and Testing
PMTCT	Prevention of Mother-to-Child Transmission	WARP	West Africa Regional Program
PPC	Bureau of Policy and Program Coordination	WET	Water Efficiency Team
PVC	Private and Voluntary Cooperation	WHO	World Health Organization
PVO	Private Voluntary Organization		
RCSA	Regional Center for South Africa		
REDSO	Regional Economic Development Services Office		



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FY 2003 Performance and Accountability Report
1) Management's Discussion and Analysis
2) Program Performance Section
3) Financial Performance Section



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