United States
Department of State

Fiscal Year
2010

Joint Summary of Performance and Financial Information

Partners in Diplomacy and Development
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ABOUT THIS REPORT

This report provides a summary of Department of State and U.S. Agency for International Development (USAID) performance and financial information for Fiscal Year (FY) 2010. The Joint Summary of Performance and Financial Information is one of three annual financial and performance reports that also include the Agency Financial Report and the Annual Performance Report. The Summary provides information on both agencies’ performance in promoting greater accountability and accessibility to Congress, the American public, and other key constituencies. The Department and USAID continue to work toward planning, budgeting, and managing diplomacy and development activities to achieve greater integration and focus to further foreign policy goals and improve people’s lives around the world.

ABOUT THE COVER

Clockwise from upper left: Man with child in Afghanistan, where USAID programs are helping to decrease maternal deaths by encouraging men to become involved in pregnancy and childbirth matters. Save the Children; Iraqis count votes at the Independent High Electoral Commission headquarters in Baghdad, March 2010. ©AFP Image; Tajik youth study the globe at Camp America, a U.S. Embassy Dushanbe-supported summer camp in Hoyt, Tajikistan, July 2010. Department of State; A man and an infant await a departing flight at Haiti’s International airport, March 2010. Department of Defense; Secretary of State Clinton prepares to sign the U.S.-Vietnam PEPFAR Partnership Framework in Hanoi, Vietnam, July 2010. USAID; USAID Administrator Shah visits the Otash camp for internally displaced persons, Nyala, South Darfur, May 2010. USAID
OUR MISSION STATEMENT

Shape and sustain a peaceful, prosperous, just, and democratic world and foster conditions for stability and progress for the benefit of the American people and people everywhere.

OUR VALUES

LOYALTY
Commitment to the United States and the American people.

CHARACTER
Maintenance of high ethical standards and integrity.

SERVICE
Excellence in the formulation of policy and management practices with room for creative dissent. Implementation of policy and management practices, regardless of personal views.

ACCOUNTABILITY
Responsibility for achieving United States foreign policy goals while meeting the highest performance standards.

COMMUNITY
Dedication to teamwork, professionalism, and the customer perspective.

DIVERSITY
Commitment to having a workforce that represents the diversity of America.

“Abroad, we are strengthening alliances, forging new partnerships, and using every tool of American power to advance our objectives—including enhanced diplomatic and development capabilities with the ability both to prevent conflict and to work alongside our military.”

—President Obama, National Security Strategy, May 2010
Message from the Secretary of State

As the President’s chief advisor for foreign affairs and development assistance, I am pleased to present the U.S. Department of State’s joint Summary of Performance and Financial Information for Fiscal Year 2010, created in partnership with the U.S. Agency for International Development (USAID).

In 2010, we faced challenges on almost every front, and our diplomacy and development efforts were put to the test. From the Middle East to the Korean peninsula, old conflicts churned. Natural disasters devastated Haiti and displaced more than 20 million people in Pakistan. Around the world, millions of people suffered the ravages of war, famine, poverty, and disease.

In the face of these challenges, we strengthened our commitment and made bold decisions to lay the foundation for sustained American leadership on behalf of the security and prosperity of the American people. We strengthened our bilateral relationships with countries on every continent, especially our most trusted allies in Europe and the Pacific. We deepened engagement with emerging centers of influence and other key partners. We signed the New START Treaty with Russia, an agreement to further reduce and limit nuclear strategic offensive arms, which was ratified by the Senate on December 22, 2010.

We continued to build up our multilateral relationships, participating in the East Asia Summit for the first time and leveraging our strong support for NATO to secure a new Strategic Concept that will modernize the Alliance for the challenges of the 21st century. We worked with the other major economies on national commitments to curb carbon emissions and, in Cancun, joined with 190 nations to advance a global response to climate change. Working with fellow members of the United Nations Security Council, including Russia and China, we put into place the strongest and most comprehensive set of sanctions ever assembled against Iran, sharpening the choices for its actions.

In our critical engagements in Afghanistan and Pakistan, we have strengthened the capacity of the people and governments to take the lead for their countries’ future, to deny al-Qaeda a safe-haven, and to prevent the ability of the Taliban to overthrow their leadership. Our civilian surge in Afghanistan—growing from 300 to a presence of 1,200 civilians—has supported an integrated military and civilian strategy that is promoting Afghan-led reconciliation to end the conflict. In both countries, we have focused on high-visibility, high-impact projects in infrastructure, agriculture, energy, and health that benefit large segments of the population and lay foundations for political and economic stability.

In Iraq, we are on track in our efforts to promote a democratic Iraq that is sovereign, stable, and self-reliant. In 2010, the U.S. Government fulfilled its commitment to ending the combat mission in Iraq, with almost 100,000 of our troops returning home and civilians poised to keep the peace. Our efforts supported free and fair elections and assisted Iraqi political leadership to form a new government that represents the will of the Iraqi people, helping the Iraqi people build a stable, democratic country in the heart of the Middle East. And in Sudan, our intensified diplomatic efforts with the Northern and Southern Sudanese in 2010 supported a peaceful independence referendum and helped prevent a return to civil war.

In Haiti, we joined with more than 140 nations to mount one of the largest rescue and relief efforts in history. In Pakistan, we launched a response to the floods that ultimately provided some $500 million in relief support, evacuated nearly 23,000 people, and delivered more than 16 million pounds of relief supplies. We continued to advance global health around the world, providing HIV treatment to 3.2 million men, women, and children living with HIV, and protecting 40 million people against malaria. We launched the President’s Feed the Future Initiative, exceeding FY 2010 targets for the number of farmers applying new technologies for improved agricultural productivity by 67%; and we launched the Global Entrepreneurship program in partnership with the private sector to train business leaders in developing countries, connect them with potential markets, and assist them to find financing.

Across our work in development and foreign policy, we elevated our focus on women and girls. We have increased women’s access to the opportunities and services our programs make available in recognition of the importance of investing in women not merely as beneficiaries but as leaders who are instrumental to sustainable development. In areas of conflict and transition, we have led efforts to recognize the vital role that women play in peace and security, and led multilateral efforts in the United Nations Security Council to more vigorously combat sexual violence against women in armed conflict. We’ve also recognized the vital role that women entrepreneurs play in accelerating economic growth, bringing a strategic focus to their role in our Feed the Future Initiative and in engagements on the Africa Growth and Opportunity Act and Pathways to Prosperity in Latin America.

We advanced our core values in democracy and freedom, promoting and supporting internet freedom, freedom of assembly, and human rights. We provided protection to 155 human rights defenders and/or non-governmental organizations in 30 countries around the world by providing legal, medical, relocation, and other forms of urgent assistance. We promoted free and fair elections by training more than half a million observers for national elections around the world. We formed new partnerships with industry, academia, and NGOs to advance connection technologies and empower citizens. We announced the creation of a new fund to support civil society and embattled NGOs, which will provide legal representation, communication technology such as cell phone and...
Internet access, and other forms of support to NGOs that are under siege, and deepened our dialogue with civil society organizations, ultimately launching the first-ever Strategic Dialogue with Civil Society.

The Department has elevated economic diplomacy as an essential element of our foreign policy, recognizing that the foundation of America's leadership is a prosperous American economy. We are sharpening our economic statecraft and commercial diplomacy, advocating for fair treatment and a transparent investment climate for U.S. companies, and negotiating agreements to open markets for increased trade, investment, and transportation and communications services. In FY 2010 alone, we concluded seven Open Skies agreements, opening dozens of new markets to American carriers overseas, which will generate billions of dollars in new business.

Together with our achievements in foreign policy and development, we continue to serve, support, and protect U.S. citizens at home and abroad. Consular officers evacuated nearly 17,000 from Haiti after the earthquake, assisted American parents by facilitating the return of or access to children wrongfully taken to or kept in another country, and issued 14 million passports. We strengthened U.S. Government capacity and enhanced screening mechanisms to prevent foreigners from traveling to the United States for terrorist purposes through improved interagency guidance on managing watch lists, creation of a new Visa Revocation and Vetting Unit, and revocation of more than 800 visas based on threat information.

To improve the overall efforts of State and USAID in leveraging diplomacy and development as key pillars of national security alongside defense, I launched the first-ever Quadrennial Diplomacy and Development Review (QDDR). The QDDR provides a blueprint for State and USAID to improve our capacity, focus, efficiency, and impact on current and future challenges, making sure we get the most out of every dollar. It calls on State and USAID to adapt to the diplomatic landscape of the 21st century by empowering chiefs of mission; leveraging connection technologies; deploying assets in line with our current strategic priorities; and deepening capacity in economics, energy, civilian security, and counterterrorism. It elevates and modernizes our development work by focusing our investments, improving aid effectiveness, promoting innovation and strengthening USAID. It identifies conflict prevention and response as a core civilian mission; and reforms contracting and procurement practices, and planning, budgeting, and evaluation processes to deliver better results for the American people.

With only one percent of the federal budget, State and USAID deliver real impact for the American people. The advances we made in 2010 leave us with a full agenda for the future. We will continue to strengthen our bilateral and multilateral ties, and remain focused on our many critical priorities around the world, from rebalancing the global economy, to thwarting international terrorism, to stopping the spread of catastrophic weapons, to advancing democracy and human rights. The FY 2012 budget request is a lean budget for lean times. It contains the funding we need – but only the funding we need – to accomplish our mission and advance America's security interests.

Our priorities are clear and our commitment to deliver has never been stronger. Our progress toward achieving our joint mission and strategic goals provides a solid foundation for the road that lies ahead. In partnership with USAID, I am pleased to offer this summary of key performance and financial information and note that the data herein are complete and reliable in accordance with guidance from the Office of Management and Budget.

I am proud to represent the thousands of employees, including diplomats and development experts, Americans and Foreign Service Nationals, who serve at more than 270 posts worldwide. We will continue to do everything we can to exercise the best traditions of American leadership at home and abroad. If we take this path together and support the missions of our men and women overseas, I have no doubt that we will continue to lead the world toward a more secure, peaceful, and prosperous future.

Hillary Rodham Clinton
Secretary of State
April 18, 2011
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SAID’s motto captures the spirit of our country’s generosity: “From the American People.”
Over the past 50 years, USAID has transformed that generosity into lasting progress for millions in the
developing world. Last year, we continued that tradition, working with partner countries and the development
community to deliver meaningful results.

In Haiti, USAID contributed over half of the $1.14 billion provided by the U.S. Government to help the
country recover from one of the worst natural disasters in recent history. We moved more than 900,000
cubic meters of rubble, vaccinated over one million Haitians, and laid the foundations for long-term economic growth through agricultural
and infrastructure project designs.

And in South Africa, USAID funded a clinical trial provided the first evidence that use of a microbicide gel can prevent HIV infection in
women. This new discovery puts the power of protection against HIV transmission in the hands of women and can fundamentally revolutionize how we prevent the disease.

Our motto captures the spirit of our country’s generosity: “From the
American People.” But our assistance also delivers real benefits for the
American people: it expresses our collective values, strengthens our economic future and keeps our country safe.

In Afghanistan, USAID’s alternative development programs helped improve stability by training 555,000 farmers and providing 40,000
metric tons of fertilizer and vegetable seeds to more than 375,000 farmers. Thanks to our efforts, a plane left Kandahar Airport with
agricultural exports for the first time in 40 years.

And in Southern Sudan, we helped prevent conflict by preparing for
their historic referendum five months before it began—when many doubted it would happen at all. USAID trained Southern Sudanese poll
workers, provided them with registration cards and ballots, and built the data center in Juba that would eventually count the votes. That foresight
allowed voter registration to proceed smoothly, and the referendum to occur peacefully and on-schedule.

Because development is critical to our national security and future prosperity, we have instituted a series of reforms we call USAID Forward
to the Agency more efficient, more effective and more business-like, freeing our talented staff to deliver real results.

By focusing on procurement reform, talent management, policy
strengthening, program monitoring and evaluation, budget
management, and by embracing science, technology and innovation, we are fundamentally changing USAID,
transforming it from a traditional aid agency into a modern development enterprise.

We established a budget office giving us the flexibility and control to be selective and targeted in our work,
identifying hundreds of millions of potential savings. This office has allowed us to shift resources to critical priorities and regions and reduce our presence elsewhere; by 2015, we believe USAID can graduate away from assistance at least seven countries.

We also established a bureau of Policy, Planning and Learning Policy which is now implementing an evaluation policy that will set a new standard in
our field, using performance evaluations and project designs to ensure our
work delivers value.

But ultimately, the best way we can serve the developing world is to create the conditions where our assistance is no longer necessary, replaced over
time by efficient local governments, thriving civil societies and vibrant private sectors.

As part of our effort to create these conditions, we are implementing aggressive reforms to its contracting and procurement, accelerating our
funding to local NGOs and local entrepreneurs—change agents who have the cultural knowledge and in-country expertise to ensure assistance leads to sustainable growth.

I’m proud of the enormous progress USAID made in the last year for both for the developing world and the American people. And I also look forward to the expanded impact we can deliver this year thanks to the reforms we’ve already made.

I am pleased to certify that the performance and financial data in this report are complete and reliable. USAID maintains a rigorous policy on
data quality to guard against inaccurate reporting. As part of this policy all performance data reported to the American public are assessed against
standards of validity, integrity, precision, reliability, and timeliness to identify strengths and weaknesses of the data and the extent to which they can be trusted for programmatic decisions.

A more expansive discussion of FY 2010 performance and data sources is available in the FY 2010 Foreign Assistance Performance Report published in the FY 2012 Foreign Operations Congressional Budget Justification.

Rajiv Shah
USAID Administrator
April 18, 2011
In 1961, the United States Congress passed the Foreign Assistance Act to administer long-range economic and humanitarian assistance to developing countries. Two months after passage of the act, President John F. Kennedy established the U.S. Agency for International Development (USAID). USAID unified pre-existing U.S. Government assistance programs and served as the U.S. Government’s lead international development and humanitarian assistance agency, a role that it continues today.

USAID is an independent Federal agency that receives overall foreign policy guidance from the Secretary of State. With headquarters in Washington, D.C. and 87 missions worldwide, the Agency provides economic development and humanitarian assistance around the world in support of the foreign policy goals of the United States. USAID accelerates human progress in developing countries by reducing poverty, advancing democracy, building market economies, promoting security, responding to crises, and improving the quality of life. Working with governments, institutions, and civil society, the Agency assists individuals to build their own futures by mobilizing the full range of America’s public and private resources through U.S. expert presence overseas.

For the past three years, USAID has embarked on an aggressive effort to increase and revitalize its workforce. The Development Leadership Initiative strengthened USAID’s overseas workforce, substantially increasing Foreign Service staff to address critical development and humanitarian assistance issues. At the end of FY 2010, USAID employees totaled 8,610 individuals, including 1,811 Foreign Service Officers, 1,353 direct-hire Civil Service Officers, 4,487 Foreign Service Nationals, and 959 other non-direct-hire employees. Of these employees, 2,411 are based in Washington and 6,199 are deployed overseas.

USAID plans its development and assistance programs in close coordination with the Department of State, and collaborates with a variety of other U.S. Government agencies, multilateral and bilateral organizations, private companies, academic institutions, and nongovernmental organizations.

The Department of State is the lead U.S. foreign affairs agency within the Executive Branch and the Secretary of State is the President’s principal foreign policy advisor. Established by Congress in 1789, the Department is the oldest and most senior executive agency of the U.S. Government. Headquartered in Washington, D.C., it implements United States foreign policy worldwide.

The Department of State promotes and protects the interests of American citizens by:

- Promoting peace and stability in regions of vital interest
- Creating jobs at home by opening markets abroad
- Helping developing nations establish investment and export opportunities
- Bringing nations together and forging partnerships to address global problems such as terrorism, the spread of communicable diseases, cross-border pollution, humanitarian crises, nuclear smuggling, and narcotics trafficking

The Department operates more than 270 Embassies, consulates, and other posts worldwide staffed by more than 13,000 Foreign Service officers and 43,000 locally employed staff. In each Embassy, the Chief of Mission (usually an Ambassador) is responsible for executing U.S. foreign policy goals and for coordinating and managing all U.S. Government functions in the host country. The President appoints each Ambassador, who is then confirmed by the Senate. Chiefs of Mission report directly to the President through the Secretary. U.S. Missions are the primary U.S. Government points of contact for Americans overseas and foreign nationals of host countries. Missions serve the needs of Americans traveling, working, and studying abroad, and support Presidential and congressional delegations visiting the country. In addition to Foreign Service officers, a Civil Service corps of over 10,000 employees provides a base of continuity and expertise in performing all aspects of the Department’s mission. The Department’s mission is accomplished through six regional bureaus, each of which is responsible for a specific geographic region of the world, the Bureau of International Organization Affairs, and numerous functional and management bureaus.
These bureaus provide policy guidance, program management, administrative support, and in-depth expertise in diverse matters such as law enforcement, economics, the environment, intelligence, arms control, human rights, counternarcotics, counterterrorism, public diplomacy, humanitarian assistance, security, nonproliferation, and consular services.

In carrying out its responsibilities, the Department of State consults with Congress about foreign policy initiatives and programs, and works in close coordination with other Federal agencies, including the Department of Defense, the U.S. Agency for International Development, the Department of the Treasury, and the Department of Commerce, among others.

The Foreign Assistance Dashboard at http://foreignassistance.gov/ was created in response to the principles of the Paris Declaration on Aid Effectiveness and President Obama’s Open Government Initiative to provide a visual presentation of and access to key U.S. Government-wide foreign assistance budget and appropriation data in a user-friendly way. The QDDR highlights the importance of embracing transparency and holding the United States accountable for achieving results. The goal of the Foreign Assistance Dashboard is to give a wide variety of stakeholders, including U.S. citizens, civil society organizations, the Congress, U.S. Government agencies, donors, and partner-country governments the ability to examine, research, and track U.S. foreign assistance investments in an accessible and easy-to-understand format. The Dashboard received over 20,000 site visits in its first month, and continues to be celebrated in the blogosphere by nongovernmental organizations and Government agencies alike. The White House Office of Science and Technology Policy writes in its blog that the Dashboard makes it “easier than ever for policymakers, civil society, and the public to understand U.S. investments and their impact around the globe. . . . Civic-minded developers and researchers can download any and all of the Dashboard’s data in a machine-readable format to mash, visualize, and analyze U.S. budget data in new ways.”

The Dashboard currently contains Department of State and USAID budget and appropriation data, but in the future will include budget, financial, program, and performance data in a standard form from all U.S. Government agencies receiving or implementing foreign assistance. Foreign assistance investments are presented through a variety of user-friendly graphics on this site, including funding by country, by sector, and by year. Users can filter and sort the datasets in other ways by generating their own tables through manual queries and downloading machine-readable data sets.

The late Ambassador Richard C. Holbrooke, Special Representative for Afghanistan and Pakistan from January 2009 to December 2010, meets with Afghan officials and local leaders in Marjah, Helmand Province, Afghanistan, June 2010. Department of State
The Department of State-USAID Joint Strategic Plan for Fiscal Years 2007-2012 provides an agency-level plan for the Department of State and USAID and fulfills requirements of the Government Performance and Results Act of 1993. The Joint Strategic Plan, anchored in the National Security Strategy, defines the primary aims of U.S. foreign policy and development assistance and outlines a Joint Strategic Framework for policy and program goals at the country, regional, and global levels. The Framework, under which the Department and USAID operated in FY 2010 is shown in the figure below, but will change as a result of the QDDR. (Read more about the QDDR on page 16). Learn more about the Joint Strategic Framework at http://www.state.gov/s/d/rm/rls/dosstrat/2007/ or http://www.usaid.gov/policy/coordination/stratplan_fy07-12.html.

**Legend**
- Strategic Goals
- Key Strategic Priorities

**Partnerships in Action**

**United States and Russia: New START Treaty**

President Barack Obama walks with Russian president Dmitry Medvedev, left, and Czech Republic president Vaclav Klaus, center, at the Prague Castle in April 2010, where the United States and the Russian Federation signed the New Strategic Arms Reduction Treaty (START). This treaty with Russia advances the goal of bolstering nuclear nonproliferation by verifiable reduction of deployed strategic nuclear warheads by the world’s largest nuclear powers. (See p. 32 for more information)
Attaining the conditions abroad that ensure American security and prosperity at home demands responsible management of U.S. diplomacy and development efforts. This section presents selected accomplishments and key management challenges of the Department of State and USAID for FY 2010. The achievements highlighted here reflect significant efforts to improve the way both agencies administer resources, deliver services, and manage for results. Challenges identified by the Inspector General of each agency and the U.S. Government Accountability Office (GAO) denote management and performance issues that the Department and USAID take seriously and are actively committed to resolving. In the years ahead, the Department and USAID will continue to strengthen their accountability and capacity to deliver results consistent with the recommendations of the Quadrennial Diplomacy and Development Review (QDDR).

**Management Accomplishments – State**

**Information Technology Consolidation:** Information Technology (IT) Consolidation is a Department of State program to centralize desktop support services from the IT offices of more than 38 bureaus in order to standardize systems and configurations, improve customer service and security, and minimize cost. Once complete, IT responsibility for approximately 37,000 desktops and associated IT infrastructure will be consolidated to the Department’s Bureau of Information Resource Management. During FY 2010, the Department continued centralizing domestic computer desktop support service, and consolidated 82 percent of its bureaus and 75 percent of its desktops.

**American Recovery and Reinvestment Act (ARRA):** In FY 2010, the Department published the American Recovery and Reinvestment Act (ARRA) External Plan, which detailed its commitment to use ARRA funds to create and save jobs, repair and modernize domestic infrastructure crucial to the safety of American citizens, enhance energy independence and reduce global warming by “greening” its facilities, and expand the availability of consular services offered to American taxpayers.

**Greening Diplomacy Initiative:** Launched by Secretary Clinton, the Greening Diplomacy Initiative (GDI) challenges the Department to account for and reduce its environmental footprint to be a responsible environmental steward and business model for the global community. Among the Department’s green accomplishments during FY 2010 are the commencement of several domestic building renovations to reduce overall water and energy consumption; initiation of bicycle loan and commuter reimbursement programs to encourage green commuting; development of an interactive, on-line GDI success story map; continuation of green awareness campaigns and events; and creation of electronic fora for the exchange of best green practices among the worldwide diplomatic community. The Department was recognized by the Green Building Initiative for the resource efficiency of four of its domestic buildings. In addition, several of its domestic and overseas buildings are LEED certified by the U.S. Green Building Council. The Department established an FY 2020 greenhouse gas reduction goal of 20 percent at its domestic facilities for emissions caused by power generation, and by 2 percent for emissions caused by waste, energy transmission loss, and commuter and airline travel.

**Collaborative Management Initiative:** The Department continues implementing its Collaborative Management Initiative (CMI), a quality management system to deliver consistent, cost-effective, and high-quality administrative support services to the Department and other U.S. Government agencies at overseas posts. An essential component of CMI is eServices, a service-request software program for overseas employees to easily obtain support services. The eServices program also improves the quality of support services by capturing and reporting to management performance-related metrics on the volume of services provided, the extent that service performance standards are being met by service providers, and customer satisfaction with services rendered. As a result of feedback from the field and with their continued consultation, eServices will be improved in FY 2011 to deliver even better software performance and capture more meaningful metrics. At the end of FY 2010, 83 percent of the Department’s
Embassies and consulates were using eServices and generating customer feedback to improve support services.

**Human Resources Shared Services:** Implementation of the Department’s Human Resources Shared Services (HRSS) initiative continued during FY 2010 and had been adopted by 100 percent of bureaus by November 2010. By establishing a single, integrated human resources delivery system throughout the Department, HRSS enhances customer service, reduces processing times, decreases overall costs, and makes better use of increasingly scarce resources.

**Management Accomplishments – USAID**

In FY 2010, USAID launched USAID FORWARD, an integrated package of operational reforms to modernize the Agency and strengthen its capacity to achieve high-impact development. Each of the reforms supports the Agency’s capacity to make difficult but vital tradeoffs and set priorities. The result will be greater value-for-money in the development programs managed by the Agency. Following are specific areas of reform and some accomplishments to date. For more information on USAID FORWARD, please visit [http://forward.usaid.gov/](http://forward.usaid.gov/).

**Procurement:** USAID is strengthening partnerships with host-country institutions to create sustainable development conditions. This year, the Agency piloted a process to assess risk and identify risk mitigation measures for partner country financial management and procurement systems for delivering foreign assistance. The Agency also revised policy on the use of Fixed Obligation Grants to include new eligibility requirements and corresponding pre-award survey checklists to facilitate the use of direct awards to local organizations.

**Talent Management:** USAID is improving its human resource functions to meet the development challenges of the 21st century, and attract and retain the best development professionals. The goal of the Development Leadership Initiative is to double the Agency’s Foreign Service Officer Corps and expand recruitment to attract a diverse range of professionals including mid-career talent into the Foreign Service. Adequately staffing missions in Africa and ensuring that countries benefitting from the Global Health and Feed the Future initiatives have sufficient technical staff in place to effectively implement the associated programs are both priorities. USAID is also more effectively using the expertise of its Foreign Service National (FSN) staff through a fellowship program and an FSN Senior Advisory Corps. Further, the Agency is extending benefits to same-sex domestic partners of its gay and lesbian employees.

**High-Priority Performance Goals**

As a basis of the President’s performance agenda, the Department and USAID selected eight outcome-focused High Priority Performance Goals (HPPGs), listed below, that reflect the Secretary and Administrator’s highest priorities.

- **Iraq:** A Sovereign, Stable and Self-Reliant Iraq
- **Global Health:** By FY 2011, countries receiving health assistance will better address priority health needs of women and children, with progress measured by U.S. Government and UNICEF-collected data and indicators. In the longer term, the Global Health Initiative aims to reduce mortality of mothers and children under five by FY 2015, saving millions of lives, averting millions of unintended pregnancies, prevent millions of new HIV infections, and eliminate some neglected tropical diseases.
- **Climate Change:** By the end of FY 2011, U.S. assistance will have supported the establishment of at least 12 work programs to support the development of Low-Emission Development Strategies (LEDS) that contain concrete actions. This effort will lay the groundwork for at least 20 completed LEDS by the end of FY 2013, and meaningful reductions in national emissions trajectories through FY 2020.
- **Food Security – Feed the Future:** By FY 2011, up to five countries will demonstrate the necessary political commitment and implementation capacities effectively to launch implementation of comprehensive food security plans that will track progress towards the country’s Millennium Development Goal to halve poverty and hunger by FY 2015.
- **Democracy, Good Governance, and Human Rights:** Promote greater adherence to universal standards of human rights, strengthen democratic institutions, and facilitate accountable governance through diplomacy and assistance by supporting activists in 14 authoritarian and closed societies and by providing training assistance to 120,000 civil society and government officials in 23 priority emerging and consolidating democracies between October 1, 2009, and September 30, 2011.
- **Global Security – Nuclear Nonproliferation:** Improve global controls to prevent the spread of nuclear weapons and enable the secure, peaceful use of nuclear energy.
- **Management – Building Civilian Capacity:** Strengthen the civilian capacity of the Department of State and USAID to conduct diplomacy and development activities in support of the Nation’s foreign policy goals by strategic management of personnel, effective skills training, and targeted hiring.
**Rebuilding Policy Capacity:** A new Bureau for Policy, Planning, and Learning was created to promulgate evidence-based development policies and strategies for the Agency. Key priorities for the bureau include supporting the preparation of Country Development Cooperation Strategies, which were initiated in 20 countries in FY 2010; developing key policy and strategy documents to bring the best available evidence to bear in guiding Agency actions; and bringing the development voice to interagency policy discussions.

**Budget Management:** A new Office of Budget and Resource Management in the Office of the Administrator will better link budget allocations to program planning. The Office will support preparation of budget recommendations to the Department of State and improved execution of appropriations. This renewed capacity will increase the efficient use of the Agency’s resources at a time of constrained foreign affairs budgets.

**Monitoring and Evaluation:** USAID is enhancing its capacity to assess, learn, and be accountable for its results. This year the Agency updated its evaluation policy to raise its rigorous standards of methodology, objectivity, transparency, and learning. The enhanced monitoring and evaluation process better links these efforts to program design, budgeting, and strategic planning. In addition, together with State, USAID initiated a comprehensive Streamlining Initiative to reduce the internal reporting burden and improve the efficiency of external performance reporting processes.

**Innovation:** USAID launched the Development Innovation Ventures grant program to develop scalable solutions to development challenges. The first recipients are improving rural solar access, creating an affordable fuel-cell powered bicycle, and developing a new way to measure the effectiveness of a cellular text messaging election-monitoring platform in reducing election fraud in Afghanistan.

**Science and Technology (S&T):** USAID is enhancing its capabilities through better use of Geospatial Information Systems, a framework of Grand Challenges for Development focusing on key scientific and technical barriers to development, funding cooperative research grants, and improving access to scientific knowledge and resources. The S&T reforms were launched through a conference called Transforming Development through Science, Technology, and Innovation that engaged more than 65 of the world’s leaders from academia, the private sector, and the Federal Government.

In addition to the USAID FORWARD accomplishments, the Agency developed the following plans to improve its efficiency and effectiveness as a premier development agency:

- The Cost Savings and Innovation Plan for Real Property to increase income generated through disposals, reduce annual operating costs by leveraging information technology and other “green” innovation, and better utilize real property by undertaking space realignment efforts, including optimization or consolidation of existing space within Government-owned buildings
- The Agency Sustainability Plan to enable the Agency to reduce greenhouse gas emissions and contribute towards a clean energy economy, and promote energy security and a healthy environment
- The Open Government Plan to make information and data on its foreign assistance programs more transparent and accessible to the American public, host-country partners, and other stakeholders

Taken together, these management accomplishments and reforms are enabling USAID to reclaim its position as the preeminent leader of development assistance in the U.S. Government and to more effectively meet the challenges of the 21st century.

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**PARTNERSHIPS IN ACTION**

**Afghanistan: A Woman in a “Man’s Job”**

The U.S. Ambassador’s Small Grant Program is strengthening the capacity of women-focused civil society organizations to contribute to the social, economic, and political development of women throughout Afghanistan. With funding and support from USAID, women learn vocational skills at the Afghan Women’s Initiatives organization. Most of the participants of this project are widows or have disabled husbands, and will soon be able to supply the local market with cabinets, chairs, tables, and desks. The sale of the furniture produced will improve each woman’s economic situation and raise her standing within her family and community.
In FY 2010, the Department of State OIG and GAO identified significant challenges in the areas of contracting and procurement, coordinating and overseeing foreign assistance, human resources, public diplomacy, protection of people and facilities, information security, financial management, counterterrorism and border security, and transitioning from a military to a civilian presence in Iraq. The Department promptly takes corrective actions in response to OIG and GAO findings and recommendations. Highlights are summarized below. See the FY 2010 Department of State Agency Financial Report at http://www.state.gov/documents/organization/150505.pdf (p. 136-141) for the OIG’s full statement.

**FY 2010 STATE MANAGEMENT CHALLENGES**

<table>
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<th>CONTRACTING AND PROCUREMENT</th>
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<td><strong>OIG/GAO</strong>&lt;sup&gt;1&lt;/sup&gt; Challenge</td>
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<tr>
<td><strong>Actions Taken</strong></td>
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<td><strong>Actions Remaining</strong></td>
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<tr>
<th>COORDINATING AND OVERSEEING FOREIGN ASSISTANCE</th>
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<td><strong>OIG/GAO</strong>&lt;sup&gt;2&lt;/sup&gt; Challenge</td>
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<td><strong>OIG Challenge</strong></td>
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<th>INFORMATION SECURITY</th>
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<tr>
<td><strong>OIG Challenge</strong></td>
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<td><strong>Actions Taken</strong></td>
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<td><strong>Actions Remaining</strong></td>
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<sup>1,2</sup> For more information, go to [http://www.gao.gov/new.items/d10357.pdf](http://www.gao.gov/new.items/d10357.pdf).
### PUBLIC DIPLOMACY

**Challenge:** Training and Planning: The Department needs to improve mentoring of new public diplomacy officers, development of Embassy-level strategic communications plans, and its websites’ compliance with its social media guidance.

**Actions Taken:**
The Department is developing a plan for providing support to entry-level public diplomacy officers, to include mentoring, professional development events, and clearer guidance for new officers. The Department is currently working to leverage existing tools and processes to create mission-level strategic communications plans and continues to reach out to foreign audiences through a variety of interactive multimedia platforms. It is also undertaking a world-wide assessment of overseas outreach platforms and has increased the staffing of its Office of Innovative Engagement.

**Actions Remaining:**
The Department will re-design its training curriculum and integrate into its operations the latest tools and technologies, as well as the innovators behind them, to extend public diplomacy beyond traditional constituencies and engage new actors.

### PROTECTION OF PEOPLE AND FACILITIES

**Challenge:** Security of Facilities: The Department needs to continue to identify and implement interim protective security measures until it replaces all facilities not meeting security standards.

**Actions Taken:**
Since 2001, the Department has constructed 72 new buildings overseas and moved over 21,000 people into safer facilities. The Department has also instituted more high-threat training for post personnel and more rigorous security procedures at posts.

**Actions Remaining:**
The Department will continue to replace all facilities not meeting security standards and to identify and implement interim security measures.

**Challenge:** Repairs and Improvements: The Department needs to improve its process to prioritize overseas maintenance and improvement needs.

**Actions Taken:**
In March 2010, the Department issued the first Long-Range Overseas Maintenance Plan (LROMP), a $3.7-billion, 3,500-project strategic document focused on the management of deferred and planned maintenance.

**Actions Remaining:**
The Department will execute the LROMP upon receipt of the funding required, and will establish a timeline concurrent with the availability of funds.

### FINANCIAL MANAGEMENT

**Challenge:** Reporting: Continue to improve internal controls over financial management and reporting.

**Actions Taken:**
The Department issued its FY 2010 audited agency-wide financial statements by the mandatory deadline with an unqualified opinion and no material weaknesses. In order to do so, the Department expanded its process to analyze leases; performed a reconciliation of real property information and modified its financial reporting process; expanded the estimation process for overseas, domestic, and intergovernmental accounts payable; and worked to address weaknesses related to unliquidated obligations.

**Actions Remaining:**
The Department will enhance the process for estimating the overseas, domestic, and intra-governmental accounts payable; and continue to improve controls over financial reporting and accounting for capitalized property.

### COUNTERTERRORISM AND BORDER SECURITY

**Challenge:** Cross-border issues including illegal immigration, alien smuggling, environmental issues, and U.S. business interests, continue to challenge the Department, either directly or indirectly.

**Actions Taken:**
With the implementation of the Western Hemisphere Travel Initiative, the Department added passport agencies and a new passport card to meet the demand for documents. The Department also deployed an online visa application form to improve information sharing and prevent fraud in the visa application process.

**Actions Remaining:**
The Department continues to make steady progress toward completely eliminating paper applications and records while increasing its capacity to obtain and store data electronically. The Department is also expanding use of online fee collection and appointment systems, and incorporating streamlined fraud tracking and statistical reporting into new consular systems that will result in more effective and efficient service provision and more secure document issuance. As part of its Biometric Screening Program, the Department will supplement facial recognition with iris scanning to combat document substitution while screening applicants for fraud, criminal activity, and terrorist ties.

(continued on next page)
FY 2010 STATE MANAGEMENT CHALLENGES (continued)

IRAQ TRANSITION FROM MILITARY TO CIVILIAN PRESENCE

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<tr>
<th>OIG/GAO Challenge</th>
<th>Action Taken</th>
<th>Actions Remaining</th>
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<tbody>
<tr>
<td>Security and Budget:</td>
<td>In preparation for the end of the U.S. military presence, the Department needs to expand its security responsibilities. It also needs to pay close attention to the cost projections for its future civilian presence.</td>
<td>The Department will absorb many of the support roles and activities currently undertaken by the military. The Department is coordinating closely with DOD to transfer the security and support tasks that must continue as the military prepares to leave Iraq.</td>
</tr>
<tr>
<td>The Department requested $1.9 billion to provide for security and is considering with the Department of Defense (DOD) options and potential funding sources for a large U.S. Office of Security Cooperation. The Department also requested $4.7 billion in the FY 2010 supplemental and FY 2011 budget.</td>
<td>The Department is coordinating closely with DOD to transfer the security and support tasks that must continue as the military prepares to leave Iraq.</td>
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FEED THE FUTURE INITIATIVE

More than 1 billion people—one-sixth of the world’s population—suffer from chronic hunger, and more than 3.5 million children die from undernutrition each year. At the G8 Summit in L’Aquila, Italy, in July 2009, global leaders committed to “act with the scale and urgency needed to achieve sustainable global food security.”

As the lead U.S. Government agency for food security, USAID is working with partners and stakeholders to advance action that addresses the needs of small-scale farmers and agribusinesses, and harnesses the power of women to drive economic growth. The Agency’s efforts build on its comparative advantage in research, innovation, and private sector-led growth. It will increase its investment in nutrition and agriculture development while maintaining the Agency’s support for humanitarian food assistance. As a result of U.S. efforts so far, several developing countries have raised incomes, reduced poverty, and boosted food security through agriculture-led growth, and are beginning to incorporate climate change adaptation into agricultural planning for more sustainable growth.


The question is not whether we can end hunger, it’s whether we will.” — Secretary of State Hillary Clinton

Feed the Future (FTF) is President Obama’s signature initiative on global food security. It renews the United States commitment to combat chronic hunger and poverty by investing at least $3.5 billion to support the goals established in L’Aquila.

The strategy for implementing FTF recognizes that food security is not just about food, but is also closely linked to economic, environmental, and human security. It is critical to the sustainable development of individuals, communities, and nations.

Road rehabilitation in Madagascar facilitates community access to markets and greatly improves the chance to develop income-generating activities. USAID
 MANAGEMENT CHALLENGES – USAID

Every year, USAID’s OIG identifies management challenges that affect the ability of the Agency to deliver foreign assistance. The FY 2010 challenges relate to working in critical priority countries, managing for results, acquisition and assistance, human capital management, and IT management. The Agency takes immediate remedial actions in response to OIG recommendations, which are summarized below. See the FY 2010 USAID Agency Financial Report at http://www.usaid.gov/performance/afr/afr10.pdf (p. 122) for the OIG’s October 15, 2010 memorandum on this subject, and the full Agency response.

FY 2010 USAID MANAGEMENT CHALLENGES

<table>
<thead>
<tr>
<th>OIG Challenge</th>
<th>Working in Critical Priority Countries and Disaster Areas</th>
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<tbody>
<tr>
<td>Challenge</td>
<td>Security concerns, weak governance, and corruption are persistent problems as USAID implements its programs in Afghanistan, Pakistan, Iraq, Sudan, and Haiti.</td>
</tr>
<tr>
<td>Actions Taken</td>
<td>USAID established a Policy Task Team on counterinsurgency and hosted the “Development to Counterinsurgency” Evidence Summit. USAID/Sudan established procedures for security, medical emergencies, and communications. USAID/Afghanistan and USAID/Pakistan require Contract/Agreement Officer Technical Representatives to conduct site visits to verify the progress of activities. USAID led an interagency review of the U.S. Government response to the Haiti earthquake.</td>
</tr>
<tr>
<td>Actions Remaining</td>
<td>Establish Agency Coordinating Committee on Reconstruction and Stabilization. In consultation with the Office of Security, designate posts as High Threat Environments and educate staff. USAID/Haiti will recruit a sufficient number of staff to plan and implement the large-scale reconstruction and development program.</td>
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MANAGING FOR RESULTS

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<thead>
<tr>
<th>OIG Challenge</th>
<th>Managing for Results</th>
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<tbody>
<tr>
<td>Challenge</td>
<td>The OIG identified that program performance indicators needed improvement, and performance targets were inconsistent.</td>
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<tr>
<td>Actions Taken</td>
<td>The Agency delivered four Managing for Results workshops, and piloted a new workshop called the Training of Technical Advisors in Managing for Results. The Administrator established the Bureau for Policy, Planning, and Learning to lead USAID’s efforts on enhanced monitoring and evaluation processes. The Agency’s guidance on the new Country Development Cooperation Strategy emphasizes the development of indicators and targets.</td>
</tr>
<tr>
<td>Actions Remaining</td>
<td>Additional training is planned in Washington and regional hubs in FY 2011 and an effort to revise and improve the suite of foreign assistance indicators is underway in partnership with the State Department.</td>
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<tr>
<th>OIG Challenge</th>
<th>Acquisition and Assistance</th>
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<tbody>
<tr>
<td>Challenge</td>
<td>USAID must set up appropriate mechanisms to ensure that local systems provide accountability for U.S. Government funds before the funds are provided to host-country institutions.</td>
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<tr>
<td>Actions Taken</td>
<td>USAID has formed a Procurement Reform Group to explore possible changes in how USAID’s assistance is designed and delivered to build local capacity.</td>
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<tr>
<td>Actions Remaining</td>
<td>The Group will propose reforms to increase competition, broaden the Agency’s partner base, and strengthen host-country financial, management, and procurement systems.</td>
</tr>
<tr>
<td>Challenge</td>
<td>USAID is facing challenges in the ongoing multi-year implementation and deployment of the Global Acquisition and Assistance System (GLAAS) including: meeting the system deployment plan and schedule, improving earned value management (EVM) processes, and developing a comprehensive disaster recovery plan.</td>
</tr>
<tr>
<td>Actions Taken</td>
<td>The GLAAS project is completing deployment to all relevant Missions. A comprehensive recovery plan has been executed for GLAAS and is currently in effect.</td>
</tr>
<tr>
<td>Actions Remaining</td>
<td>The EVM process is being evaluated to determine where adjustments may be required for GLAAS. GLAAS will continuously monitor earned value and its schedule through completion of the project.</td>
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**FY 2010 USAID MANAGEMENT CHALLENGES (continued)**

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<thead>
<tr>
<th>OIG Challenge</th>
<th>ACQUISITION AND ASSISTANCE (continued)</th>
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<tbody>
<tr>
<td><strong>Actions Taken</strong></td>
<td>The timeline for implementation of performance-based objectives is under review. Meetings to discuss coordination, identification, and responsibilities for all the procurement reform initiatives, including elements of performance-based contracting, have been initiated.</td>
</tr>
<tr>
<td><strong>Actions Remaining</strong></td>
<td>Action items related to greater emphasis and use of performance-based methodologies will be part of the procurement reform efforts in FY 2011.</td>
</tr>
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<table>
<thead>
<tr>
<th>OIG Challenge</th>
<th><strong>USAID</strong> commonly uses cost reimbursement contracts that place a heavy burden on Operating Units to provide the monitoring necessary to reasonably ensure that American taxpayer funds are efficiently and effectively spent.</th>
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<tbody>
<tr>
<td><strong>Actions Taken</strong></td>
<td>It is now USAID policy to report to Congress the use of high-risk contracts prior to solicitation, including time and material-type indefinite quantity contracts. USAID established the Board for Acquisition and Assistance Review to support this effort.</td>
</tr>
<tr>
<td><strong>Actions Remaining</strong></td>
<td>USAID intends to manage and monitor the use of high-risk contracting through the establishment of high-risk acquisition performance indicators.</td>
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### HUMAN CAPITAL MANAGEMENT

<table>
<thead>
<tr>
<th>OIG Challenge</th>
<th>USAID needs to re-build expertise within its workforce.</th>
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<tr>
<td><strong>Actions Taken</strong></td>
<td>USAID expanded the workforce-planning model to cover all types of staff and adjusted the consolidated workforce-planning model (CWPM) to add institutional support contractors. USAID now has a comprehensive, automated Competency Management System (CMS), and is developing a five-year Tactical Plan.</td>
</tr>
<tr>
<td><strong>Actions Remaining</strong></td>
<td>USAID’s goal is to have the complete CMS operational by FY 2013. The five-year Tactical Plan will be updated on an annual basis. The web tool for CWPM will be deployed to the field in the winter of 2011. The migration to a more modern Shared Service Center is expected to be completed by the end of FY 2013.</td>
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### INFORMATION TECHNOLOGY MANAGEMENT

<table>
<thead>
<tr>
<th>OIG Challenge</th>
<th>USAID has yet to implement the Homeland Security Presidential Directive-12’s (HSPD-12) capabilities to access USAID information systems.</th>
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<tr>
<td><strong>Actions Taken</strong></td>
<td>Funding has been identified which will allow USAID to begin planning a solution for logical access controls.</td>
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<tr>
<td><strong>Actions Remaining</strong></td>
<td>Full compliance for physical access controls overseas is contingent on Department of State implementation. USAID will use existing funding to begin defining requirements to meet HSPD-12 requirements.</td>
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</table>

**OIG Challenge** | Should USAID and the Department of State decide to integrate their IT infrastructures and services on a worldwide basis, USAID could face significant management challenges. |
| **Actions Taken** | Based on a USAID-State study of IT business requirements, the current IT status of both organizations, and the costs and benefits of alternative operational models, the agencies agreed to launch a new IT Transformation initiative in 70 co-located and non-co-located posts. |
| **Actions Remaining** | Rigorous testing for USAID corporate and shared applications; targeted IT investments at each agency within the next six months; a Memorandum of Understanding detailing initial milestones and agreements; and an integrated human resources plan to refine the impact on personnel. |

### PARTNERSHIPS IN ACTION

**Iraq: Roadmap to Future Development**

USAID assisted the Government of Iraq’s Ministry of Planning in facilitating a constructive dialogue among all stakeholders in the formulation of Iraq’s first National Development Plan (NDP). The NDP calls for comprehensive development in Iraq with the goal of generating 9.8 percent annual GDP growth and 3.5 million new jobs over the next five years. “Never in Iraq’s recent history has everyone’s point of view been so represented and accounted for within one plan,” noted Iraq’s Minister of Planning.
The Quadrennial Diplomacy and Development Review (QDDR) is a sweeping assessment of how the Department of State and the U.S. Agency for International Development (USAID) can become more efficient, accountable, and effective in a world in which rising powers, growing instability, and technological transformation create new threats, but also new opportunities. At its core, the QDDR provides a blueprint for elevating American “civilian power” to better advance U.S. national interests and to better partner with the U.S. military.

Civilian power is the combined force of civilian personnel across government and civil society. It is the power of diplomats in 271 Missions around the world, development professionals in more than 100 nations, and experts from other U.S. Government agencies working together to advance America’s core interests. Leading through civilian power means directing and coordinating the resources of all America’s civilian agencies to prevent and resolve conflicts; help countries lift themselves out of poverty into prosperous, stable, and democratic states; and build global coalitions to address global problems.

The QDDR calls for the Department and USAID to change the ways they do business in four broad areas.

Adapt to the diplomatic landscape of the 21st century by:

- Leading the implementation of global civilian operations overseas by empowering and holding accountable Chiefs of Mission as Chief Executive Officers of a multi-agency effort
- Reorganizing the Department of State structurally to meet new challenges: an Under Secretary for Economic Growth, Energy, and the Environment and an Under Secretary for Civilian Security, Democracy, and Human Rights; a new Bureau for Energy Resources and a Chief Economist; and a proposed Bureau for Counterterrorism
- Engaging beyond the state and leveraging the technological tools of 21st century statecraft
- Integrating a focus on women and girls in everything the Department does

Elevate and modernize development to deliver results by:

- Focusing U.S. investments where they have a comparative advantage: food security, global health, climate change, sustainable economic growth, democracy and governance, and humanitarian assistance—with an emphasis on the wellbeing of women and girls
- Practicing high-impact development by building partnerships with host nations, investing in innovation, and strengthening monitoring and evaluation
- Building the necessary technical expertise and organizational structures, immediately transitioning the leadership of Feed the Future to USAID, and setting a target to also move the Global Health Initiative to USAID at the end of FY 2012

Strengthen civilian capability to prevent and respond to crisis and conflict by:

- Recognizing that civilians are the first line of defense abroad and making conflict prevention and response a core civilian mission
- Building conflict prevention and response capabilities by creating a new Bureau of Conflict and Stabilization Operations at State and strengthening the Office of Transition Initiatives at USAID
- Integrating an effective capability to reform security and justice sectors in fragile states

Work smarter to deliver results for the American people by:

- Ensuring the U.S. Government has the expertise to meet the challenges of today and tomorrow by building technical expertise and innovative problem solving
- Managing contracting and procurement to achieve goals effectively and efficiently by drawing more upon expertise within the Government
- Planning and budgeting for impact, and using the best evidence available for program design to ensure high value for money

The QDDR process is an ongoing commitment that began when Secretary Clinton took office, and will continue through the launch of the next Review. The Department and USAID have already begun to implement many of the reforms described in the Report. Some are complete; others will follow. The Deputy Secretary of State for Management and Resources and the USAID Administrator will oversee the implementation of the QDDR.
In Washington and around the world, Department of State and USAID experts work closely with dedicated colleagues from many U.S. Government agencies to vigorously and comprehensively pursue U.S. diplomatic, development, and defense goals. International organizations such as the United Nations (UN) and the Millennium Challenge Corporation are crucial partners in any efforts to address these challenges, and the United States works closely with these organizations to advance U.S. national interests. This section summarizes by region the key issues facing the United States as it engages in bilateral, regional, and multilateral partnerships to advance U.S. foreign policy and international development goals.

AFRICA REGION

The history and culture of the United States and Africa are inextricably linked. The United States-African partnership is based on mutual goals: to promote democracy, good governance, and respect for human rights; to achieve peace and security throughout the continent; and to promote economic growth and prosperity for all. Many problems—including narcotics trafficking, climate change, persistent health issues, trafficking in persons, and violent extremism—cross national borders and defy easy solutions. The United States is working to help address these transnational challenges through targeted efforts, such as bolstering African maritime security and supporting the fight against violent extremism through programs like the Trans-Sahara Counterterrorism Partnership and the Partnership for Regional East Africa Counterterrorism.

**Strengthening Democratic Institutions and Promoting Conflict Prevention:** The United States works with African governments and civil society organizations to combat corruption, abusive governments, and human rights violations, and to improve budget transparency. Programs focus on encouraging the development of independent judiciaries, strong legislative bodies, independent media, robust civil societies, and transparent elections. The United States emphasizes strengthening the electoral infrastructure and collaborating with African governments at all levels to provide credible service delivery to their populations. The past eight years have seen the end of several major conflicts in many countries: the Democratic Republic of the Congo, Sierra Leone, Liberia, North-South Sudan, Burundi, and Angola. In northern Uganda, most of the 1.8 million internally displaced persons have returned to their homes as a result of enhanced local development and security. Despite these successes, Africa’s stability is threatened by ongoing conflicts in Somalia and Darfur, and fragile peace in several other countries, requiring continued vigilance and engagement.

**Providing Food and Emergency Aid:** Poor governance and conflict contribute to the need for extensive food and non-food emergency assistance across Africa. The President’s Feed the Future initiative will provide substantial support for agricultural development and food security. Africa’s humanitarian needs are likely to continue to escalate without sustained political and economic improvements, and the anticipated doubling of Africa’s population by 2050 to 1.8 billion will increase demands for food aid.

**Investing in Healthcare:** The ravages of HIV/AIDS, malaria, tuberculosis, and other health challenges continue to tax Africa’s
weak health systems. The United States has a long tradition of providing support for countless health interventions, including treatment for millions of AIDS patients, bed nets to prevent malaria, training skilled birth attendants to decrease maternal mortality, and supporting vaccination campaigns to prevent childhood death. The President’s Global Health Initiative continues these activities while focusing on the health of women and girls, integrating services to cover the complete spectrum of health needs, and strengthening health systems. U.S. Government health programs have made significant contributions, including reducing mortality among children under 5 by 14 percent since 1990.

Promoting Sustainable Economies: Sub-Saharan Africa’s economic growth in real per capita income continued to grow from over 3 percent in 2009 to close to 5 percent in 2010, according to International Monetary Fund (IMF) data. The IMF also notes that growth in 2011 could reach as high as 5.5 percent. Over the coming year, the United States will continue to focus on supporting Africa’s entrepreneurs to transform the continent’s natural endowments into prosperity for its people, and encourage domestic reforms to support small and medium-sized businesses using development assistance as a catalyst.

Countries in the region are committing to reform agendas that make it easier to do business. Through the President’s Global Climate Change initiative, climate change programs in Africa focus on adaptation, energy, and landscapes, and address the areas in which the effects of climate change will be the most pronounced: food security, health, and social and political stability.

**East Asia and Pacific Region**

The East Asia and Pacific region accounts for nearly one-third of the earth’s population, and 25 percent of global gross domestic product. As such, it plays a central role in shaping the course of the world’s economy, maintaining international peace and stability, and addressing key transnational issues such as energy, environment and climate change, pandemics, and nonproliferation.

The region contains 5 of the United States top 15 trading partners and is home to long-standing treaty allies in Japan, the Republic of Korea, Australia, the Philippines, and Thailand, as well as security relationships through Compacts of Free Association with the Marshall Islands, Micronesia, and Palau. Exponential economic growth in China and elsewhere has created market opportunities for U.S. goods and services while spreading prosperity more widely in the region, creating burgeoning new middle classes, and accelerating regional integration.
Meeting Security Challenges: The United States cannot operate alone in Asia and the Pacific. With five regional allies, there is already a highly effective foundation for cooperation. The robust Comprehensive Partnership with Indonesia and the rapid expansion of U.S. diplomatic relations with Vietnam and Mongolia reflects progress in this effort. North Korea will remain a major challenge, and achieving denuclearization of the Korean Peninsula is a primary U.S. goal in the region. The United States also continues to work toward full and transparent implementation of all relevant UN Security Council Resolutions.

Enhance and Deepen Engagement in Southeast Asia and the Pacific Islands: Southeast Asia and the Pacific Islands have a collective significance that requires strong U.S. engagement. These nations have sought greater U.S. involvement in the region. The Secretary's Lower Mekong Initiative is an effort to engage the countries of the Mekong sub-region to protect this fragile watershed and to strengthen cooperative efforts in areas such as health, environmental protection, and education. Because the Pacific Island countries will experience some of the first signs of climatic stress from climate change, environmental programs are a priority. These countries have also taken the lead on a host of other global issues, including responses to extremism, environmental degradation, and promotion of democracy. USAID regional presence in the Pacific will deepen U.S. engagement in the region through activities in environment, health, governance, and economic empowerment.

Reaffirming U.S. Economic Leadership in Creating Economic Stability and Sustainable Growth: In the wake of the global financial crisis, the U.S. strategic priority is to reinvigorate U.S. economic leadership. Although there are pressures to forge Asian stand-alone approaches and create self-sustaining regional organizations, the Asia Pacific Economic Cooperation (APEC) Forum Leaders Meeting in November 2011 and the structure of APEC as an institution provide the United States with an unmatched opportunity to demonstrate U.S. economic leadership in the region.

Constructive and Cooperative Relationship with China: China’s continued, dynamic rise is reshaping relationships throughout the region and globally. The ability of the United States to develop a cooperative and comprehensive relationship with China will define the U.S. foreign policy agenda for the future. The Department and USAID are broadening public outreach, planning for rapidly expanding engagement, and working with partners to realize a vision of a region that is prosperous, stable, and democratic.

Promoting Good Governance, Human Rights, and Democratic Institutions in Transitional Countries: The United States will continue to work with countries in the region to combat the scourge of trafficking in persons, promote the rights of women and children, and foster greater religious dialogue among the many communities of faith in the region. The recent establishment of such institutions as the Association of Southeast Asian Nations (ASEAN) Intergovernmental Commission on Human Rights is a positive sign of greater internalization of human rights in the region.

Shape the Region’s Evolving Multilateral Institutions to address Economic and Non-Traditional Security Challenges: With the growing prominence of the region and the increasing complexity of issues that it faces, there are numerous proposals to create new regional institutions. In 2010, the United States committed to participating in organizations such as the East Asia Summit and the newly formed ASEAN Defense Ministers Meeting Plus, and is considering other mechanisms for regional multilateral cooperation. Simultaneously, the U.S. Government will enhance its engagement with existing organizations such as ASEAN, the ASEAN Regional Forum, the Pacific Islands Forum, and the Asia Pacific Economic Cooperation.
European and Eurasian Region

To address the greatest challenges facing European and Eurasian societies today, the Department of State and USAID engage with European and Eurasian partners spanning 50 countries and maintain critical relationships with the North Atlantic Treaty Organization (NATO), the European Union (EU), and the Organization for Security and Cooperation in Europe (OSCE). The European countries are significant partners for the U.S. Government in achieving the leadership, support, and cooperation necessary to attain major foreign policy priorities related to Iraq, Iran, Afghanistan, climate change, counterterrorism, and the global economy. Leveraging international support, particularly with key European partners, multiplies the effectiveness of U.S. initiatives worldwide and reduces costs to the U.S. taxpayer.

European Engagement on Global Challenges: To advance its global agenda, the United States works closely with European partners, which are among the most prosperous, democratic, and militarily capable countries in the world. The more those partnerships succeed, the more the United States will succeed, working with Europe as a force multiplier. In Afghanistan, where NATO allies and European partners furnish the overwhelming majority of non-U.S. International Security Assistance Forces, the United States continues to work with Europe to transition lead security responsibility to the Afghan National Security Forces by the end of 2014. The U.S. Government’s collaboration with the OSCE is also critical in the region, with a focus on projects assisting Afghanistan and Central Asia in the areas of democracy, human rights, border management, and counternarcotics.

Balkans Fully Integrated into Euro-Atlantic Institutions and Peace and Stability in Europe’s East: The United States will continue to focus on Balkan integration, with NATO and EU membership prospects remaining credible drivers of democratic and economic reforms. At the same time, the United States will also encourage acceptance of Kosovo as a full and equal partner and real candidate for Euro-Atlantic integration. The United States will continue to promote peace, stability, democracy, and prosperity in the countries of the Caucasus and Europe’s East—Armenia, Azerbaijan, Georgia, Ukraine, Moldova, and Belarus. In Georgia, conflicts with Russia over disputed territory are ongoing. The United States is working with the OSCE toward a resolution of the Nagorno-Karabakh territorial dispute between Armenia and Azerbaijan.

Additionally, the U.S. Government continues to promote reconciliation between Turkey and Armenia.

A Strengthened Strategic Partnership with Turkey and Renewed Relationship with Russia: Turkey is a key partner to United States efforts in Afghanistan, Pakistan, and Iraq; achieving a lasting peace in the Middle East; and securing European energy independence. Relations with Russia have benefitted from a reengagement across a range of issues, with over 120 high-level visits between Washington and Moscow in FY 2010. The New Strategic Arms Reduction Treaty (START) between the two countries will bring serious and verifiable cuts to nuclear arsenals. Substantive cooperation with Russia regarding Afghanistan has been established, as well as on the United States most significant nonproliferation challenges—Iran and North Korea.

Public Support for the United States and U.S. Policies: Public diplomacy is critical to successful foreign policy in Europe and Eurasia, where public opinion is a key factor in government decision making. With accurate information and a better understanding about the United States, the European and Eurasian public will be more accepting and open to collaborating on an array of common global challenges. As the first generation without worldviews shaped by the Cold War and its aftermath matures, U.S. public diplomacy operations must
be configured to engage emerging leaders as well. Utilizing the new terrain of social media and other emerging online environments, the Department and USAID will engage European audiences on issues of key importance to their countries and to U.S. foreign policy.

**Near East Region**

The Near East presents the United States with some of its most pressing security and political issues. With its renewed commitment to the region to increase prosperity, promote freedom, and counter extremist ideology, the U.S. Government is pursuing a comprehensive and lasting peace for the Middle East. These efforts include shepherding the transition to a sovereign, stable, and self-reliant Iraq; countering the malign influence of Iran and its nuclear ambitions; seeking regional stability through close cooperation with U.S. allies; and promoting political, social, and economic progress throughout the region.

**Arab-Israeli Peace:** The U.S. Government is engaged in significant diplomatic efforts to bring about a comprehensive peace in the Middle East. The United States continues to encourage negotiations with the aim of a two-state solution between Israelis and Palestinians, and broader peace between Israel and its Arab neighbors. The United States will play an active and sustained role in facilitating continued discussions, as only through good-faith negotiations can the parties mutually agree upon an outcome that ends the conflict. The U.S. Government will continue to work with partners in the international community to achieve this objective.

**Iraq:** The U.S. Government is on track in its efforts to help develop a democratic Iraq that is sovereign, stable, and self-reliant. In 2010, the U.S. Government fulfilled its commitment to ending the combat mission in Iraq, supporting free and fair elections, and assisting the Iraqi political leadership to form a new government that represents the will of the Iraqi people. The agreement by Iraq’s leaders to form a national partnership government was a milestone in the emergence of the new Iraq. The U.S. Government continues to work closely with the government and the people of Iraq to implement activities designed to build the capacity of the national, local, and provincial governments to represent and respond to the needs of the Iraqi people. This includes delivering essential services, fostering economic and agricultural growth, and providing humanitarian assistance to internally displaced persons, ethnic and religious minorities, and other vulnerable populations. The U.S. Government is committed to maintaining a long-term and sustainable partnership with Iraq as it transitions to a civilian-led presence and assisting Iraq to build its institutions and reintegrate the country in the region and the global economy.

**Iran:** The Iranian Government’s nuclear program, its destabilizing activities in the region including support for terrorism, and its repression of its own citizens undermine U.S. Government efforts to foster peace and security in the Middle East. The international community is united in calling on Iran to live up to its obligations and pursue meaningful engagement to resolve the concerns of the international community, as was evidenced in the adoption of UN Security Council Resolution 1929 and accompanying sanctions enacted by a number of influential international actors. The United States will continue to press for Iranian engagement through the National Security Council.

**Regional Security:** Throughout the region, the United States seeks to strengthen the security of allies and combat extremism while promoting tolerance and inclusive politics. U.S. diplomatic, economic, and security engagements are critical to helping governments combat extremist groups and defend against external threats. Despite being one of the world’s poorest countries, Yemen is an essential partner in U.S. contingency operations against al-Qaida in the Arabian Peninsula. The U.S. Government’s efforts in Yemen follow a
two-pronged approach, combining assistance in the fields of security and counterterrorism with development assistance and support for political reform and reconciliation.

Promoting Political, Social, and Economic Progress Throughout the Region: The United States supports goals of political freedom, citizen engagement, and broad-based prosperity in the Near East by advocating for democracy and human rights, and providing targeted programs to support diplomatic efforts. The United States is actively pursuing progress and reform through diplomacy, development, capacity building, and public outreach in an effort to meet the President’s call for new partnerships in the areas of business, economics, science and technology, education, health, and job growth. Significant focus is on the region’s burgeoning youth population. The United States pays particular attention to indigenous advocates of reform who are working to defend human rights, strengthen civil society, broaden political and economic participation, and open doors to women and youth.

International Compliance: The United States will continue work to encourage governments to comply with internationally accepted standards of behavior, including those pertaining to human rights and worker rights. The United States remains committed to the goal of a Middle East free of weapons of mass destruction, and supports universal adherence to the Treaty on the Nonproliferation of Nuclear Weapons and other international nonproliferation agreements.

South and Central Asia Region

The South and Central Asia region encompasses not only one of the United States’ highest foreign policy and national security objectives—securing and stabilizing Afghanistan and Pakistan—but also bright possibilities for impacting complex global challenges such as climate change, hunger, and the spread of deadly diseases. The United States seeks to strengthen stabilization efforts in South and Central Asia by investing in a lasting partnership with India, maintaining positive cooperation in Central Asia, promoting reconciliation in post-conflict countries like Sri Lanka and Nepal, and fortifying democratic institutions throughout the region while addressing the root causes of violent extremism and instability. In Bangladesh, a key ally of the United States and one of the most densely populated and poorest countries in the world, a number of strategic international development initiatives are converging—including those designed to achieve food security, improved health, and adaptation to global climate change.

Securing and Stabilizing Afghanistan and Pakistan: Region-wide stability supports U.S. efforts in Afghanistan and Pakistan by strengthening the capacity of the people and governments to take the lead for their countries’ future, to deny al-Qaeda a safe-haven, and to prevent the ability of the Taliban to overthrow their leadership. The U.S. Government has helped to create a healthier, more informed, and more economically stable citizenry in Afghanistan and Pakistan by focusing on high-visibility, high-impact projects in infrastructure, agriculture, energy, and health that benefit large segments of people in both countries. U.S. bilateral relationships with the neighboring Central Asian countries are usually far from the headlines, but challenges in this region are critical on a number of levels. The nations of Central Asia provide important trade and supply routes, and the Kyrgyz Republic provides an installation to facilitate troop transport and support refueling missions for Coalition forces in Afghanistan. Central Asian countries also provide sources of energy to meet growing electricity demands in the region. Cultivating broad and long-lasting relationships with the countries of Central Asia is helping to cement a common understanding and gain long-term support for U.S. efforts.

Investing in Our Strategic Partnership with India: While India emerges as a regional powerhouse, the United States will encourage its continuing role as a global partner—particularly in areas such as climate change, food security, global health, and nonproliferation—by providing resources to buttress the Indian
Government’s initiatives to counter external threats, provide more economic opportunities for its population, and invest in innovative solutions to shared challenges. Through the United States-India Strategic Dialogue, the U.S. Government will build law enforcement ties with tailored trainings and increased exchange opportunities, increase two-way trade and investment opportunities, support broader people-to-people exchanges, and encourage closer collaboration on clean energy and climate change solutions.

**Resourcing Post-Conflict Stabilization Activities:** The United States will continue to support post-conflict peace processes in Nepal and Sri Lanka. In both countries, a successful reconciliation and healing process will help ensure an end to terrorism and open the way for prosperity, opportunity, and hope for populations that have known violence and uncertainty for decades. In the Kyrgyz Republic, while the recent change of government creates an opportunity to help establish a functioning democracy in Central Asia, the ensuing ethnic violence demonstrates the possibility of continuing instability. U.S. assistance will seek to strengthen the country’s stability by providing significant momentum to efforts to remake law enforcement, bolstering community development, and building the institutions needed for a democratic transition.

**Western Hemisphere Region**

In FY 2010, U.S. support in the Western Hemisphere enhanced core U.S. interests and well-being through investments in increased security and prosperity for American citizens, as well as for U.S. international partners. The United States remains an indispensable ally in promoting stable, prosperous, and democratic societies through providing assistance to the most vulnerable, and by pursuing dynamic partnerships with Latin American neighbors.

**Opportunity in the Americas – Economic Prosperity and Social Inclusion:** During her policy address on the Americas in June 2010, Secretary of State Hillary Clinton spoke about Opportunity in the Americas. The United States envisions a more prosperous hemisphere with greater trade opportunities for all, and increased U.S. exports to the region. The United States also seeks a hemisphere that is more competitive and equitable, and provides greater social mobility for its citizens. The U.S. Government continues to support common prosperity through such initiatives as Pathways to Prosperity, and remains committed to helping close the opportunity gap that exists for farmers, small business owners, women, and historically marginalized populations so that they may have the chance to contribute to and share in broader economic progress. In support of this goal, the United States is focusing on improving food security and building the capacity of U.S. trading partners to benefit from free trade agreements with the United States. The United States is also working in the Western Hemisphere to fight social inequality and poverty through the Inter-American Social Protection Network, demonstrating the commitment of governments and citizens throughout the region to achieve social justice in creative and innovative ways. The United States continues to support trade and investment opportunities in the region in order to bolster the strong economic growth necessary to achieve and sustain economic prosperity.

**Social Equity Among All Peoples of the Americas:** The U.S. Government has supported countries in the region in building sustainable systems to prevent disease, advance maternal and child health, improve nutrition, and deliver health services to the disadvantaged, which has directly contributed to reduced poverty rates. The United States has also strengthened early-grade reading and provided higher education opportunities to marginalized students, allowing citizens to share more equally
Clean Energy and Global Climate Change: The United States has compelling political, economic, and environmental stakes in regional and global advances toward a secure future based on clean energy and improved environmental management, including adaptation to climate change impacts. Toward that end, President Obama invited all countries of the hemisphere to join the Energy and Climate Partnership of the Americas, which is undertaking initiatives that focus on renewable energy, energy efficiency, energy poverty, infrastructure, cleaner use of fossil fuels, sustainable forests, and climate change adaptation. Many Latin American countries are making enormous contributions to the development of new forms of clean energy and improved management and conservation of natural resources, especially forest ecosystems. Secretary Clinton has also launched a Climate Change Policy Dialogue with Brazil to reduce greenhouse gas emissions, promote greater scientific cooperation, and advance clean energy technologies.

Citizen Safety: Crime and violence are a major challenge to Latin America’s development and represent a threat to U.S. borders and citizens. Keeping both U.S. citizens and citizens throughout the hemisphere safe requires going beyond preventing drug production, trafficking, or consumption. The safety of people throughout the hemisphere depends on effective and accountable institutions of governance and strengthened rule of law. In recognition of this, U.S. Government partner initiatives—including the Merida Initiative in Mexico, the Central America Regional Security Initiative, and the Caribbean Basin Security Initiative—are whole-of-government, integrated, multi-dimensional approaches that include a sharp focus on crime prevention, justice system reforms, anticorruption efforts, law enforcement effectiveness, and programs targeting at-risk youth.

Democratic Governance: The United States recognizes that the goals of facilitating regional prosperity, citizen safety, and a clean energy future will require building stronger and more participatory and effective institutions of real democratic governance. In partnership with host-government counterparts, the United States supports leading roles for both multilateral organizations, such as the Organization of American States’ role in strengthening implementation of the Inter-American Democratic Charter, and local nongovernmental organizations in ensuring that all citizens receive the benefits of democratic societies.

Assistance Coordination and Effectiveness: The U.S. Government sees important opportunities to more effectively coordinate assistance and leverage resources in the hemisphere. The Department is engaging with donor partners such as Canada, Spain, and the EU, as well as aid recipients to improve information sharing in the region. Inter-American players such as the Central American Integration System and the Caribbean Community, as well as other actors such as the Organization of American States, the World Bank, and the Inter-American Development Bank are also key partners.
**Women’s and Girls’ Issues**

Women’s issues are central to U.S. foreign policy. Secretary Clinton, a long-time champion of women’s rights, has inspired women worldwide with her declaration that “human rights are women’s rights, and women’s rights are human rights.” Her efforts have renewed the U.S. commitment to women as keys to progress and prosperity around the world.

U.S. international programs to combat violence against women have long been integrated into many of its aid programs:

- **Global Health:** The President’s Emergency Plan for AIDS Relief dedicates specific funds to combat gender-based violence. USAID Missions in Ethiopia, Egypt, Kenya, Mali, and Guinea support programs to prevent female genital mutilation and cutting.

- **Humanitarian Assistance and Refugees:** U.S. humanitarian and refugee assistance incorporates programs to prevent violence against women. The Department of State’s refugee programs in Pakistan, along with USAID’s global programs through the Office of U.S. Foreign Disaster Assistance and the Displaced Children and Orphans Fund, contain elements aimed at protecting women and children.

- **Foreign Military Training:** The Department of State cooperates with the Department of Defense to incorporate combating violence against women into training programs aimed at international military students and foreign militaries.

**U.S. Assistance in Haiti**

The January 12, 2010 earthquake in Haiti killed an estimated 230,000 people and affected approximately three million others. In FY 2010, the State Department and USAID provided about $700 million in humanitarian funding out of the U.S. Government’s $1.2 billion in Haiti earthquake aid. Additionally, the State Department worked with major creditors through the Highly Indebted Poor Countries Initiative to secure 100 percent debt cancellation for Haiti. As of January 6, 2011, USAID’s Office of U.S. Foreign Disaster Assistance had built 13,662 transitional shelters, which should house nearly 70,000 individuals. Shelter, however, is just one component of U.S. efforts to restore normalcy to earthquake survivors. The U.S. Government has also facilitated rubble removal and rebuilding of schools, provided treatment to combat malnutrition, set up clinics in camps and low-income areas, and cash-for-work programs.

In addition to these efforts, the U.S. Government is working to combat the recent outbreak of cholera. Within the first three months of the outbreak, the disease had infected more than 194,000 Haitians and claimed the lives of nearly 3,900 of the infected individuals. While the Haitian Government is leading the charge against cholera, the U.S. Government is coordinating with the international community to deliver life-saving supplies, train Haitian medical staff, and monitor the outbreak. Through USAID, the U.S. Government has supplied 30 metric tons of chlorine to provide the equivalent of nationwide treatment of Haiti’s water utilities for three months; 5.3 million sachets of oral rehydration salts to treat 530,000 cholera patients; and is training almost 10,000 community health workers and hygiene promoters across the country.

While working to provide short-term recovery, the U.S. Government is also designing investments in agriculture and infrastructure projects that will reduce food insecurity and boost Haiti’s prospects for long-term economic growth. USAID will implement U.S. Government programs, designed in consultation with the Government of Haiti, to support long-term agricultural sector growth by increasing agricultural productivity, stabilizing watersheds, and strengthening agricultural markets. Through the Department of State, the U.S. Government has collaborated with the Government of Haiti, the Interim Haiti Recovery Commission, the Inter-American Development Bank, and a globally competitive textile firm to create a new 623-acre industrial park in the northern region of Haiti that will directly employ 20,000 Haitians in its first phase. The Department of State and USAID are partnering with Haiti to transition from humanitarian to long-term development work.

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**Women are still the majority of the world’s poor, unhealthy, underfed, and uneducated. They rarely cause violent conflicts but too often bear their consequences. Women are absent from negotiations about peace and security to end those conflicts. Their voices simply are not being heard.**

— Secretary of State Hillary Clinton on International Women’s Day, March 8, 2010

- ** Trafficking in Women and Girls:** The Department of State and USAID, in collaboration with other U.S. Government agencies, support nearly 140 global and regional antitrafficking programs in 70 countries.

- **Legal and Political Rights:** The Department of State funds initiatives in sub-Saharan Africa to empower women and youth. USAID supports programs to strengthen economic legal rights for women in Albania, Guatemala, Benin, South Africa, and Rwanda.

The United States builds public-private partnerships with businesses, foundations, other governments, and nongovernmental organizations, and leverages external resources to empower women. For further information about women’s and girls’ issues, visit the Department of State’s Office of Global Women’s Issues website at [http://www.state.gov/s/gwi/index.htm](http://www.state.gov/s/gwi/index.htm) and USAID’s Office of Women in Development website at [http://www.usaid.gov/our_work/cross-cutting_programs/wid](http://www.usaid.gov/our_work/cross-cutting_programs/wid).
The Department of State and USAID work together—along with other U.S. Government partners—to plan and execute programs that meet global challenges of the 21st century. Performance management practices at the Department and USAID enable programs to achieve U.S. foreign policy outcomes and promote greater accountability to the American people. A multiphase process includes setting strategic goals and priorities, creating programs to achieve goals, monitoring program activities, measuring progress, using performance data to inform resource allocations, and communicating program results to stakeholders.

To communicate the progress achieved towards U.S. foreign policy goals in FY 2010, 135 representative performance indicators were published in the Department of State and USAID’s Annual Performance Reports. FY 2010 results for each indicator were reviewed against previously determined performance targets to determine performance ratings, which are summarized in the chart at right. The following section highlights 26 of these illustrative indicators organized by Strategic Goal, accompanied by an explanation of each goal and analyses of the results achieved in FY 2010. The FY 2010 Annual Performance Reports for both agencies are available at http://www.state.gov/s/d/rm/c6113.htm and http://www.usaid.gov/performance/agency-performance/.

**Performance Management**

The Department of State uses performance management to measure organizational effectiveness, strengthen and inform decision-making, and improve programs and policies so that they are linked to specific performance targets and broader strategic goals. Managers at all levels use performance management best practices to assess and mitigate risks, benchmark program results, comply with legislative requirements, and adjust strategies in response to performance successes and shortcomings. A critical element of the performance management approach is the use of performance indicators that track the Department’s progress in reaching its annual targets. Many Department bureaus, such as the Department’s Bureau of Overseas Building Operations, conduct quarterly performance reviews to track their success in meeting the targets established for each indicator and address any shortfalls that might necessitate a change in direction.

The Department’s Annual Planning Cycle is set in the foundation of a Mission Strategic and Resource Plan and a Bureau Strategic and Resource Plan that engage diplomatic Missions and Washington-based bureaus in outcome-oriented planning activities that drive policies and establish programmatic direction by country, region, strategic goal, and strategic priority. A data quality assurance process has been instituted throughout the Department of State to ensure the integrity and reliability of the data reported for all performance indicators. Every two years, bureaus are required to complete a questionnaire that assesses the quality of each of their indicators. These Data Quality Assessments are also required for all new indicators. Through use of an internal Data Quality Assessment tool, the bureaus determine the overall quality of the indicators and submit a formal Data Quality Statement affirming the overall accuracy and reliability of the performance information provided.
At USAID, the tools of assessing, learning, and information sharing are interrelated through the concept of performance management, which represents the agency’s commitment to increase its accountability for delivering effective development outcomes. Performance management is directly related to and informs strategic planning, budget formulation, program design and program implementation. USAID Missions and offices are responsible for establishing performance management plans and targets to measure progress toward the intended objectives of their programs. They are also responsible for collecting data and reporting progress on key indicators in their annual performance reports.

Establishing ambitious, optimistic, and achievable performance targets is critical to ensuring effective performance management. USAID follows a multistep process to determine targets: examining the baseline value before U.S. Government intervention; evaluating historical trends and level of progress; reviewing expert judgments from technical authorities, research findings, and empirical evidence; studying accomplishments of other programs with similar characteristics; identifying customer expectations; and projecting progress to be accomplished over a five-year period with anticipated funds.

Data are only useful for performance management if the information collected is of high quality. As indicated in USAID’s Automated Directive System Chapter 203.3.5, (http://www.usaid.gov/policy/ads/200/203.pdf), all USAID Missions and offices are required to conduct data quality assessments for all performance data reported to Washington. USAID has three data source categories: primary data (collected by USAID or where collection is funded by USAID), partner data (compiled by USAID implementing partners but collected from other sources), and data from third-party sources (from other Government agencies or development organizations). Primary data undergo rigorous USAID assessments to ensure that it meets quality requirements. Third-party data do not go through the same USAID quality assessments, but sources are carefully chosen based on the organization’s experience, expertise, credibility, and use of similar assessments.

The Department of State and USAID are strengthening monitoring and evaluation capacity, and in the process are setting new standards for a results-driven program management framework. Both agencies have developed new evaluation policies and procedures to measure program performance and directly link program performance to broader strategies, plans, and resources. An important goal of the new evaluation policies is coming to evidence-based conclusions about the relative efficacy and cost-effectiveness of U.S. diplomatic efforts and development interventions.

The Department of State recognizes that comprehensive program evaluation and performance management are essential to securing foreign policy objectives efficiently and effectively. Nuclear proliferation, climate change, global pandemics, and terrorism are some of the perennial, complex issues addressed by the Department. Program evaluations help the Department determine the effectiveness and impact of efforts to influence or mitigate these challenges and lead to more informed strategic and budgetary decisions.

In the fall of 2010, the Department implemented a new Program Evaluation Policy that supports the White House’s initiative to increase transparency and improve government performance and accountability. The policy lays the foundation for a coordinated and robust evaluation function and provides the framework for ongoing and systematic analysis of programs and projects. This policy builds the Department’s capacity to assess program impact, collect and share information about effective practices in its programs, and provide solid evidence for policy and planning decisions. To support an increased emphasis on monitoring and evaluation and the implementation of its new evaluation policy, the Department provided training and a new online rapid data collection methods course.
to assist in the design and execution of high-quality evaluations. The course was made available to Department personnel worldwide and to other agencies.

The Department highlighted its commitment to assessing diplomacy and development in its June 2010 conference on “New Paradigms for Evaluating Diplomacy in the 21st Century.” Over the course of two days, officials from the Department, USAID, and other Federal agencies, as well as representatives from academia, foreign ministries, and nongovernmental organizations engaged in lively discussions on effective practices, methods, and approaches for examining and assessing foreign affairs activities in response to the challenges facing the United States and the world in the 21st century. The conference workshops and panel discussions focused on a broad range of topics including evaluating interagency efforts to combat transnational crime, global hunger, and cultural diplomacy.

USAID

USAID has 50 years of experience in the practice and leadership of evaluation. As part of the USAID FORWARD agenda announced in FY 2010, the Agency is committed to strengthening monitoring and evaluation further and to linking those efforts to program design, budgeting, and strategy work. USAID’s commitment to program evaluation is demonstrated through its actions. Approximately 183 evaluations were initially planned for FY 2010, but this number was greatly expanded as Missions and bureaus finalized their planning. By the end of FY 2010, over 700 evaluations, studies, and assessments had been conducted.

In addition to continued support for evaluation actions put into place in FY 2009, including an active USAID Evaluation Interest Group and work with the Organization for Economic Cooperation and Development/Development Assistance Committee Evaluation Network, USAID has made significant organizational changes that will strengthen how it manages and applies evaluation findings.

In June 2010, USAID established a Bureau of Policy, Planning, and Learning (PPL), which includes a new Office of Learning, Evaluation, and Research (LER). LER will play a key role in improving evaluation at the Agency, and will support the revitalization of USAID as a premier learning organization that is innovative, evidence-based, and results-oriented. Several steps have been launched in 2010 to achieve this.

- USAID has developed a new evaluation policy that—among other things—defines key terms, establishes clear protocols for when evaluations are appropriate, provides methodological guidance and quality standards, and promotes a more independent evaluation process that results in the application of findings for policy and programmatic decision-making.

- To connect practitioners and researchers while encouraging the use of evidence in decision-making, the Agency is hosting a series of evidence summits around particular development issues. In September 2010, the Agency hosted its first evidence summit around issues of counterinsurgency and counterterrorism.

- USAID is revitalizing its evaluation training course and creating additional materials to equip Agency staff with the requisite knowledge, tools, and skills necessary to manage evaluation activities effectively.

- USAID is working with its interagency partners to establish a standardized set of evaluation frameworks that can be applied to the Agency’s high priority investments, including the Global Health and the Feed the Future Initiatives, as well as its large country programs.

- USAID is increasing its focus on conducting rigorous impact evaluations and using the results to improve program effectiveness. The Agency has joined the International Initiative for Impact Evaluation, and in the democracy and governance area has developed a highly focused program to measure the impact of its interventions.

**Evaluation Findings Shape Future Assistance Decisions**

In 2010, a team of experts from the State Department and USAID jointly evaluated the Economic Management for Stability and Growth Program in Kosovo and determined that assistance to the Central Bank of Kosovo had met its objectives and, given significant support from other donors, U.S. assistance was no longer required. The same evaluation recommended that USAID continue to promote public-private partnerships (PPP) in Kosovo and support the PPP Unit in the Ministry of Finance and Economy. In response, a successor program is planned that will strengthen the PPP Unit’s capacity to analyze and evaluate potential PPP projects. The program will improve the transparency of new PPPs by developing work plans and monitoring systems to track achievement of results.
U.S. ECONOMIC RECOVERY: THE NATIONAL EXPORT INITIATIVE

The National Export Initiative (NEI) is a government-wide effort to double U.S. exports over five years and support two million U.S. jobs, coordinated by the newly created Export Promotion Cabinet that reports to the President. American firms need to find new markets as part of our economic recovery. The United States exported $1.57 trillion in goods and services in 2009, which made up 11 percent of our economic output and supported over 10 million jobs. NEI components are:

Expanding Trade Advocacy — U.S. Government agencies will inform U.S. companies about export opportunities, connecting them with new customers and partners and advocating for their interests.

Access to Credit — Export-Import Bank financing programs will be expanded by $10 billion over the next two years with a special focus on small- and medium-sized enterprises.

Removing Trade Barriers — U.S. Government agencies will enforce international trade laws to level the playing field for American companies, pursuing balanced trade agreements that improve market access for U.S. workers, firms, farmers and ranchers.

The NEI will expand U.S. Government assistance to small- and medium-sized firms by assisting first-time exporters and working with established exporters to broaden their markets. U.S. agencies will ensure that companies use Federal resources available for export support including credits, technical assistance, commercial and political risk insurance, trade missions, and advocacy by U.S. officials. The United States will work through the G-20 to promote balanced growth in the global economy, ensure that trade agreements are enforced, and work to shape a Doha trade agreement that opens markets. U.S. Embassies and Consulates are key advocates for U.S. businesses overseas and can offer U.S. exporters critical country-specific insight on markets, assist in commercial and investment disputes, and offer expertise on local judicial systems. The Department also facilitates visas for companies doing business overseas. See http://travel.state.gov/visa/temp/types/types_2664.html.

SCIENCE, TECHNOLOGY, AND INNOVATION

USAID Administrator Rajiv Shah recently stated that many of today’s global challenges are shared, requiring “solutions that cross borders, sectors, and disciplines. Addressing these issues cannot be met without appropriate scientific knowledge and technological expertise.” The National Security Strategy reinforces this point, stating that the United States must leverage its scientific leadership and expand its cooperation and partnerships in science and technology. FY 2010 saw a scientific breakthrough in USAID’s cutting-edge, women-centered programming to address the HIV/AIDS epidemic. In July, the Center for the AIDS Program of Research in South Africa achieved a huge leap forward in women-controlled HIV prevention through a clinical trial largely funded by USAID. The trial demonstrated that use of a microbicide gel containing the antiretroviral drug tenofovir can help prevent the transmission of HIV from men to women.

The Presidential Policy Directive on Global Development explicitly calls for investments in game-changing innovations that have the potential to solve long-standing development challenges. To achieve these innovations, the Directive emphasizes leveraging the power of research and development, capitalizing on new models for innovation, and working with developing countries to increase their utilization of science and technology. In line with this vision, the Development Innovation Ventures (DIV) was launched in October 2010, with awards to 8 companies and institutions totaling $1 million. The goal of these awards is to create innovative, scalable solutions to core development challenges. For more information on DIV, visit: http://www.usaid.gov/div.

The Department of State shares this focus on science and technology through its effort to leverage 21st century knowledge. For example, the Department pioneered a contest to develop the most innovative and useful mobile phone application. The winner of the contest was the iCOW, an application that assists East African farmers and ranchers to better manage breeding and birthing of livestock by tracking the estrous stages of their cows.

A laboratory technician in Tanzania prepares a blood smear at the government-run Ifakara Health Institute, where a pioneering vaccine against malaria is in its third phase of testing with support by USAID. Malaria claims around a million lives worldwide each year. ©AFP Image
In FY 2010, the Department of State and USAID continued to increase analytical rigor in strategic planning and performance management by focusing on outcome-oriented performance measures that support their strategic goals and priorities. This section summarizes performance information presented in both agencies’ Annual Financial Reports as well as in the Annual Performance Reports included in the Congressional Budget Justification. All of the Key Achievements featured below occurred in FY 2010.

**Strategic Goal 1: Achieving Peace and Security**

Preserve international peace by preventing regional conflicts and transnational crime, combating terrorism and weapons of mass destruction, and supporting homeland security and security cooperation.

**Public Benefit**

The United States faces a broad set of global security challenges that knows no borders and threatens U.S. national security. These include the grave danger of weapons of mass destruction, terrorism and violent extremism, and transnational crime, including the flow of illegal narcotics and persistent conflict in geostrategic States. The U.S. Government continues its efforts to fight transnational crime and counterterrorism, and to respond to the spread of nuclear weapons through bilateral and multilateral arms control efforts. A key tenet of U.S. policy is that the security of U.S. citizens at home and abroad is best guaranteed when countries and societies are secure, free, prosperous, and at peace. The Department and USAID seek to strengthen their capabilities, as well as those of their international partners, to prevent and mitigate conflict, stabilize countries in crisis, protect civilians, and promote regional stability.

**Summary of Performance and Resources**

The Department and USAID met or exceeded targets for 52 percent of their performance indicators for Strategic Goal 1. Twenty-six percent of indicators were below target, and ratings were not available for 11 percent that are new or for which data are not yet available. The Department and

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![Secretary of State Clinton and Secretary of Defense Gates participate in a ceremony at the Korean War Memorial in Seoul, July 2010. ©AP Image](Image)
USAID allocated $13.4 billion toward this Strategic Goal in FY 2010, which is 27 percent of the total State-USAID budget supporting all strategic goals. A discussion of the priorities under this Strategic Goal and performance for five illustrative indicators is provided in the following section.

**Key Selected Achievements**

- Released the Nuclear Posture Review that reduces the role of U.S. nuclear weapons, provides a strategy for reducing their number, and provides negative security assurances to non-nuclear weapons states that are party to the Nuclear Non-Proliferation Treaty. Signed the new START Treaty with Russia that further reduces and limits the number of strategic arms on both sides and renews United States-Russia leadership on nuclear issues.

- Provided lucrative income opportunities to replace poppy and coca production and exceeded targets for hectares of alternative crops under cultivation in Afghanistan and the Western Hemisphere. Specifically, in Afghanistan U.S. alternative development programs trained 555,000 farmers and provided 40,000 metric tons of fertilizer across all 34 provinces. These programs also provided vegetable seeds and fertilizers to more than 375,000 farmers in the east, south, and north, generating more than $17 million in sales in local markets.

- Released the National Strategy on Countering Biological Threats. Pursuant to this Strategy, the Department is working to bolster the Biological Weapons Convention by developing a comprehensive program of cooperation, information exchange, and coordination to increase international capacity to detect, report, and respond to outbreaks of disease that are deliberate, accidental, or natural.

**Selected Strategic Priorities and Analyses**

**CONFLICT PREVENTION, MITIGATION, AND RESPONSE:** Support the prevention, containment or mitigation, and resolution of existing or emergent regional conflicts, as well as post-conflict peace, reconciliation, and justice processes.

**Analysis:** To meet U.S. foreign policy commitments for building peace and security, assistance resources are used to prevent and manage violent conflict at the local level. Such programs help mitigate conflict in vulnerable communities around the world by improving attitudes toward peace, building healthy relationships and conflict mitigation skills through person-to-person contact among members of groups in conflict, and improving access to local institutions that play a role in addressing perceived grievances. Training focuses on factors that underpin conflicts, such as land disagreements, including disputes involving claims by women and indigenous groups. In FY 2010, the United States fell slightly below its performance target. Delays in the promulgation of Nepal’s constitution deferred training programs based on the new constitution and resulted in fewer people trained. Programs in Indonesia shifted from a focus on conflict resolution to post-conflict livelihoods activities, resulting in 2,148 fewer people trained than anticipated. In contrast, a number of other Operating Units reported better than expected results. In Ethiopia, positive reactions to a pilot training program led to increased requests from both the Government of Ethiopia and university partners. In Kenya, grants enabled partner organizations to provide training at both the national and local levels. Five Operating Units (Ethiopia, Haiti, Kenya, Kosovo, and Uganda) also exceeded their targets for the number of women trained in conflict mitigation, reflecting the U.S. Government’s emphasis on empowering and creating opportunities for women.

**Performance Indicator:** Number of People Trained in Conflict Mitigation/Resolution Skills with U.S. Government Assistance

**Analysis:** The U.S. Government focuses significant effort on peacekeeping operations in Africa and Near East Asia. The Peacekeeping Operations indicator is illustrative of progress towards this strategic goal. United Nations Peacekeeping Missions in Near East Asia received an average rating of 3 out of 4 for FY 2010, surpassing the target of 2.5. The rating mirrors the score received in FY 2008 and FY 2009. The FY 2010 average rating for United Nations Peacekeeping Missions in Africa remained at FY 2009 levels with a score of 2.3, which is slightly below the target of 2.5. This decline reflects the increasingly difficult security, political, and economic environment in many parts of Africa.

Source: FY 2010 USAID and Department of State Performance Plans and Reports as collected in the Foreign Assistance Coordination and Tracking System (FACTS).
Secretary of State Clinton has led U.S. engagement in strengthening the pillars of the nonproliferation regime—nuclear disarmament, access to civilian nuclear energy, and nonproliferation.

**New Strategic Arms Reduction Treaty**
In April 2010, the United States and the Russian Federation signed the New Strategic Arms Reduction Treaty (START), which the U.S. Senate approved on December 22, 2010. As Secretary Clinton noted following ratification of the Treaty: “Once the Treaty enters into force, on-site inspections of Russia’s strategic nuclear weapons facilities can resume, providing us with an on-the-ground view of Russia’s nuclear forces. The information and insight from these inspections forms the core of our ability to “trust but verify” compliance with New START. A responsible partnership between the world’s two largest nuclear powers that limits our nuclear arsenals while maintaining strategic stability is imperative to promoting global security. With New START, the United States and Russia will have another important element supporting our ‘reset’ relationship and expanding our bilateral cooperation on a wide range of issues.” The New START Treaty with Russia advances the goal of bolstering nuclear nonproliferation by verifiable reduction of deployed strategic nuclear warheads by the world’s two largest nuclear powers. It sets the following mutual, verifiable weapons limits:

- Warheads Deployed on Intercontinental Ballistic Missiles (ICBMs), Submarine-Launched Ballistic Missiles (SLBMs), and Counted for Deployed Heavy Bombers: 1,550
- Deployed and Non-Deployed ICBM and SLBM Launchers and Heavy Bombers: 800
- Deployed Strategic Ballistic Missiles and Heavy Bombers: 700

**Nuclear Posture Review**
The Nuclear Posture Review reduces the role of U.S. nuclear weapons, provides a strategy for reducing their number, and provides negative security assurances to non-nuclear weapons states that are party to the Nuclear Non-Proliferation Treaty (NPT). The NPT is the only legally binding agreement that provides a global barrier to the spread of nuclear weapons, and ensures the following:

- Prevents nuclear proliferation and nuclear terrorism
- Reduces the role of nuclear weapons
- Maintains strategic deterrence and stability at lower nuclear force levels
- Reassures U.S. allies and partners
- Sustains a safe, secure, and effective nuclear arsenal

**Nuclear Security Summit**
The Nuclear Security Summit highlighted agreement among 47 governments on the critical importance of securing all vulnerable nuclear materials within 4 years to prevent them from falling into the hands of terrorists. The Summit reinforced that all States are responsible for ensuring the best security of their materials.
Analysis: In a rapidly and continuously changing global environment, failing and post-conflict states pose one of the greatest national and international security challenges of the modern world. The U.S. Government is pulling together the government’s wide range of expertise to address the urgent need for a set of formalized, collaborative, and institutionalized foreign policy tools that can adequately address the diverse stabilization needs of the global community. The United States can better influence key transitional moments in fragile states if it can deploy civilians skilled in reconstruction and stabilization operations early in the conflict cycle. The Department has begun to do so in connection with the January 2011 referendum in southern Sudan. In step with this strategy, the United States is tracking the average number of civilian deployments per month. Deployments increased more than five-fold in FY 2010 compared to FY 2009.

COUNTERNARCOTICS: Combat international narcotics production and trafficking, reduce the cultivation and production of drugs and maintain that reduction, prevent resurgence of drug production by providing opportunity to earn livelihoods with licit crops, and constrict the market for drugs and the human toll of addiction through prevention and treatment.

Analysis: A key element of U.S. support for counternarcotics efforts is the Alternative Development and Livelihoods (ADL) program that promotes sustainable and equitable economic growth opportunities in regions vulnerable to drug production and conflict, with the intent of permanently ending involvement in illicit drug production. ADL programs focus resources on the three main source countries of Bolivia, Colombia, and Peru, in addition to supporting efforts in Afghanistan and Ecuador. U.S. assistance generates sustainable, licit employment and income opportunities; improves the capacity of municipal governments to plan and provide basic services and infrastructure; fosters citizen participation in local decision-making; strengthens social infrastructure; and promotes transparency and accountability at the local level. The number of hectares of alternative crops under cultivation has a direct relationship to job creation and income levels in targeted areas.

The United States exceeded its FY 2010 target with all programs reporting better than expected results. For example, in Bolivia, ADL activities helped increase the number of hectares dedicated to alternative crops to 5,998 hectares. This result was almost two times the target due to high interest in the program among local farmers. In coffee producing regions, favorable market prices for coffee helped stimulate farmer interest. In addition, USAID made significant progress in Bolivia’s Yungas region with cultivation of annatto, which is used to dye garments and is in high demand on global markets. Peru’s results were 18 percent over the target. New beneficiaries were incorporated into the Peruvian alternative development and livelihoods program in the Ucayali region after eradication efforts made participation possible. The decrease in the FY 2011 and FY 2012 targets compared to the FY 2010 results reflects the scheduled closeout of some existing projects.
Strategic Goal 2: Governing Justly and Democratically

Advance the growth of democracy and good governance, including civil society, the rule of law, respect for human rights, political competition, and religious freedom.

Public Benefit

Just and democratic governance is important to the U.S. Government and the American public for three interrelated reasons: as a matter of principle, as a contribution to U.S. national security, and as a cornerstone of a broader development agenda. Governments that respect human rights, respond to the needs of their people, and govern by the rule of law are more likely to engage responsibly with other nations. Effective and accountable democratic states are also best able to promote broad-based and sustainable prosperity for their citizens. The goal of the U.S. Government is to promote freedom and strengthen effective democracies by assisting countries in moving along a continuum towards democratic consolidation.

Summary of Performance and Resources

The Department and USAID met or exceeded targets for 32 percent of their performance indicators for Strategic Goal 2. Eighteen percent of indicators were below target, and ratings were not available for 50 percent that are new or for which data are not yet available. The Department and USAID allocated $4.1 billion toward this Strategic Goal in FY 2010, which is 8 percent of the total State-USAID budget supporting all strategic goals. A discussion of the priorities under this Strategic Goal and performance for four illustrative indicators is provided in the following section.

Key Selected Achievements

- Offered a lifeline of protection to 155 human rights defenders and/or nongovernmental organizations in 30 countries around the world by providing legal, medical, relocation, and other forms of urgent assistance
- Promoted free and fair elections by training more than half a million observers for national elections around the world
- Called upon the United Nations Human Rights Council to create the first-ever Special Rapporteur on Freedom of Peaceful Assembly and Association, an expert advisor who monitors human rights in different countries or in relation to specific issues
Selected Strategic Priorities and Analyses

Rule of Law and Human Rights: Advance and protect human and individual rights and promote societies where the state and its citizens are accountable to laws that are publicly promulgated, equally enforced, and independently adjudicated, consistent with international norms and standards.

Analysis: The United States supports programs to improve case management as a way to increase the effectiveness, compliance, and accountability of justice systems. Improved case management leads to a more effective justice system by decreasing case backlog and case disposition time, reducing administrative burdens on judges, increasing transparency of judicial procedures, and improving compliance with procedural law.

U.S. assistance programs greatly exceeded the FY 2010 target for the number of U.S.-assisted courts with improved case management. This was mainly due to the launch of the USAID-supported Afghanistan Case Management System, enabling 359 courts to improve case management. Progress was impeded in Liberia by government reticence toward donor program expansion, and in Pakistan by resources diverted to disaster response and recovery following the monsoon flooding.

Performance Indicator: Number of U.S. Government Assisted Courts with Improved Case Management

<table>
<thead>
<tr>
<th>Year</th>
<th>Result</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
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<td>FY 2010</td>
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<tr>
<td>FY 2011</td>
<td>624</td>
<td>624</td>
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<tr>
<td>FY 2012</td>
<td>527</td>
<td>527</td>
</tr>
</tbody>
</table>

2010 Rating: Above target

Source: FY 2010 USAID and Department of State Performance Plans and Reports as collected in the Foreign Assistance Coordination and Tracking System (FACTS).

Democracy, Good Governance, and Human Rights

U.S. leadership in promoting human rights and democracy is a national tradition, a moral imperative, and a national security priority. The United States has long acknowledged the link between democratic governments, free societies, and peaceful nations; and devoted diplomatic efforts and foreign assistance to encourage free elections, democratic governance, and protection of human rights based on international standards. While this commitment to promoting human rights and democracy is part of U.S. history, the dialogue on these issues continues to evolve. The Administration devotes attention to a broad range of human rights issues and is committed to promoting democracy and human rights even in those places where doing so is most difficult.

The Department of State and USAID are working with a wide range of partners within and outside of government to support these principles. U.S. foreign assistance programs often operate in countries where egregious human rights violations occur, democracy and human rights advocates are under pressure, and governments are not democratic or are in transition. Foreign assistance programs also support democratic consolidation and prevent backsliding in new or fragile democracies, and play a vital role in promoting stabilization, reform, and recovery in crisis and rebuilding societies. The United States multipronged effort focuses on institutionalizing democratic gains and protecting human rights, including international religious freedom; encouraging freedom of expression and access to information; promoting the rule of law; advancing respect for labor rights—including through engagement with the business community—and establishing standards for the global business environment; defending the rights of people with disabilities; increasing the transparency, responsiveness, and accountability of government institutions; and amplifying the voices of civil society and human rights activists.

Secretary Clinton delivers a speech in front of the Brandenburg Gate in Berlin, Germany on the 20th anniversary of the dismantling of the Berlin Wall. ©AP Image
THE 3Ds – DIPLOMACY, DEVELOPMENT, AND DEFENSE

Diplomacy, Development, and Defense, the “3Ds” of U.S. national security, form a central framework for American strength and influence. The U.S. Government recognizes the importance of preventing and deterring conflict by working with and through partners and allies, as well as through better collaboration between defense and civilian agencies and organizations. The global challenges and opportunities of the future will demand a greater scale, more resources, and more strategic focus for U.S. diplomacy and development efforts as key partners alongside defense.

Unity of effort is an overriding principle in the 3D framework. Secretary of State Hillary Clinton, Secretary of Defense Robert Gates, and USAID Administrator Rajiv Shah share the commitment to improve a whole-of-government approach to national security challenges. There is a heavy focus on how U.S. Government programs are aligned and on building whole-of-government policy responses to key themes, as well as a more comprehensive look at the resources involved and available to support U.S. programs and initiatives.

The Diplomacy, Development, and Defense Planning Group was chartered to improve inter-departmental coordination of planning between the Department of Defense, the Department of State, and USAID. All three agencies recognize that their planning is strengthened by the inclusion of perspectives from other agencies, with resulting plans reflecting a unity of the U.S. Government effort.

POLITICAL COMPETITION AND CONSENSUS-BUILDING:
Encourage the development of transparent and inclusive electoral and democratic response and effective political parties.

Analysis: The number of domestic election observers trained with U.S. Government assistance is tracked as one component of promoting free and fair elections. Targets and results are determined by the number of elections planned and subsequently held in a given year, and are subject to fluctuating political conditions, so there is no clear trend in U.S. assistance over time. In FY 2010, the target was greatly exceeded primarily due to results reported by the Philippines, where 547,561 observers were trained to monitor the voting process in all of the polling centers nationwide in the country’s first wholly automated election. This number includes 6,000 volunteers in the Autonomous Region in Muslim Mindanao, which has historically had several election-violence hotspots. The U.S. Embassy in Manila and the European Union Ambassador praised the election for proceeding smoothly. Lower aggregated targets for FY 2011 and FY 2012 reflect a smaller number of Operating Units that currently plan to be active in election observation, and may reflect a smaller number of planned elections.

Performance Indicator: Number of Domestic Election Observers Trained with U.S. Government Assistance

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
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</tr>
</thead>
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<tr>
<td>FY 2008</td>
<td>75,606</td>
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<td>FY 2009</td>
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</tr>
<tr>
<td>FY 2010</td>
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<td>117,858</td>
</tr>
<tr>
<td>FY 2011</td>
<td>57,132</td>
<td>57,132</td>
</tr>
<tr>
<td>FY 2012</td>
<td>25,390</td>
<td>25,390</td>
</tr>
</tbody>
</table>

Rating: Above target

Source: FY 2010 USAID and Department of State Performance Plans and Reports as collected in the Foreign Assistance Coordination and Tracking System (FACTS).

CIVIL SOCIETY: Strengthen democratic political culture and citizen engagement by supporting the means through which citizens can freely organize, advocate, and communicate with members of their own and other governments, international bodies, and other elements of civil society.

Analysis: Despite U.S. achievements in promoting human rights and democracy over the past year, a growing and disturbing trend of global suppression of freedoms of expression and association remains, and is reflected in performance data. Improvements in media freedom in priority countries as measured by Freedom House’s Freedom of the Press ratings illustrates work in this area. Media freedom is in decline in almost every part of the world, particularly in priority areas.
countries. The mean average Freedom of the Press rating in priority countries was 67.6 in 2007 and 68.6 in FY 2010, where a higher score corresponds to a worsening environment for media freedom. The United States is implementing innovative diplomatic engagement and programs to help reverse this trend, including increased attention to unfettered safe access to an open and interconnected Internet. The United States supports approaches that reaffirm its commitment to freedom of expression, free flow of information, and the rule of law.

**Analysis:** Protection of civil society is a critical element of the U.S. Government’s human rights and democracy agenda. The United States is leveraging diplomatic tools and foreign assistance that support local civic activists in creating conditions necessary to thwart increased pressures. In FY 2010, 17.5 percent of activists and organizations continued activities 6 months after receiving U.S. support. In these challenging environments, even a modicum of support can have a significant impact.

### Local Development Leadership

Building local capacity is an integral part of sustainable development. “Working through local partners is often the most cost effective and sustainable way to invest our resources,” said USAID Administrator Rajiv Shah. Dr. Shah offered the example of Senegal’s health huts, where volunteers are selected by the community and trained by USAID and the host country government. As the Administrator said, “By training local health workers and hiring local staff for project management, the program lowers overall costs while saving more lives. And it builds local capacity so that one day our aid will no longer be necessary.”

In line with the QDDR recommendation to improve local capacity development (LCD) through increased local procurement, USAID has embarked on an ambitious reform agenda. The USAID FORWARD agenda includes implementation and procurement reform that seeks to create opportunities to build local development leadership by implementing activities through reliable partner-country systems and local civil-society and private-sector entities. USAID’s current reliance on U.S.-based contractors and implementing partners often misses opportunities to build the capacity of partner countries to sustain further progress on their own. To address this challenge, USAID has established five pilot LCD teams in South Africa, Kenya, Egypt, Peru, and the Philippines. These teams will capitalize on USAID FORWARD’s talent management initiative in addition to the implementation and procurement reform initiative. The teams will work with each Mission to establish centers for excellence in LCD training and increase direct implementation through local civil-society and private-sector partners. In South Africa, USAID is already making significant progress. In FY 2003, a local organization, Right to Care (RTC), received $500,000 in USAID funding; by FY 2010, RTC’s organizational and financial capacity had increased so greatly that it was able to implement approximately $47 million in U.S. funding. By working actively with local actors and making more resources available to them as their capacity grows, USAID empowers local development leaders to take greater ownership of their countries’ future.

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A lab technician performs tests at Themba Lethu Clinic in Johannesburg, South Africa for USAID partner Right to Care. The Clinic is the largest anti-retroviral treatment site in the country. Right to Care
Strategic Goal 3: Investing in People

Ensure good health, improve access to education, and protect vulnerable populations to help nations create sustainable improvements in the well-being and productivity of their citizens.

Public Benefit

The United States has a fundamental commitment to fostering the sustainability of developing countries across the globe. Central to the sustainability and positive development of a country are its people and their ability to achieve and maintain good health, receive quality education, and access social services. U.S. Government programs strengthen local capacity in areas such as disease outbreak detection and response and delivery of health services, essential drugs, and commodities.

Summary of Performance and Resources

The Department and USAID met or exceeded targets for 61 percent of their performance indicators for Strategic Goal 3. Twenty-two percent of indicators were below target, and ratings were not available for 17 percent that are new or for which data are not yet available. The Department and USAID allocated $11 billion toward this Strategic Goal in FY 2010, which is 22 percent of the total State-USAID budget supporting all strategic goals. A discussion of the priorities under this Strategic Goal and performance for six illustrative indicators is provided in the following section.

Key Selected Achievements

- Advanced prevention, care, and treatment of HIV/AIDS by establishing Partnership Frameworks in 10 countries under the President’s Emergency Plan for AIDS Relief (PEPFAR)
- Protected 40 million people against malaria by expanding the program to provide 1 bed net per 2 people in malaria endemic areas instead of focusing exclusively on pregnant women and children under 5
- More than doubled school enrollment in Southern Sudan from 20 percent in FY 2005 to 44 percent in FY 2010

FY 2010 Budget Resources for Strategic Goal 3

<table>
<thead>
<tr>
<th>Strategic Priorities</th>
<th>Budget Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>$9,096</td>
</tr>
<tr>
<td>Education</td>
<td>$1,348</td>
</tr>
<tr>
<td>Social Services and Protection for Especially Vulnerable Populations</td>
<td>$537</td>
</tr>
</tbody>
</table>

TOTAL = $10,981

Rating not available – 3 (17%)
Above target – 11 (61%)
Below target – 4 (22%)

Total Number of Indicators – 18

1 Percentages rounded to the nearest whole number.
Selected Strategic Priorities and Analyses

Health: Improve global health, including child, maternal, and reproductive health; prevent and treat infectious diseases; and increase access to better drinking water and sanitation services.

Urgent health challenges remain in the priority areas of HIV/AIDS, child mortality, maternal mortality, tuberculosis, malaria, tropical diseases, unintended pregnancy, and undernourishment. The President’s Global Health Initiative (see sidebar below) is focusing U.S. resources to help partner countries improve and sustain health outcomes through strengthened health systems.

The health systems strengthening program provides support to ensure that developing country health systems are effective, efficient, and equitable. Working health systems are vital to ensuring widespread use of effective health measures and to reaching priority groups, including the poor, women, children, urban and rural residents, and the acutely and chronically ill. A well-functioning health system delivers the right volume and distribution of client-friendly services at the community, local, and national levels and leads to improved health outcomes.

The U.S. approach is to look for constraints in quality, accessibility, and affordability to develop interventions that address gaps and bottlenecks in the system. This is achieved through a continuous process of implementing changes in policies and management arrangements. This process involves individual governments, nongovernmental organizations (NGOs), or donor agencies, and includes support for Demographic and Health Surveys that provide empirical evidence to guide the reform process.

Global Health Initiative

The President’s Global Health Initiative (GHI), announced in May 2009, is focusing U.S. resources on helping partner countries improve health outcomes through strengthened health systems, with a particular focus on bolstering the health of women, newborns, and children by combating infectious diseases and providing quality health services. The GHI serves as a whole-of-government effort to coordinate U.S. Government global health programs and create greater country-level capacity to manage and operate programs. GHI aims to maximize the sustainable health impact the United States achieves for every dollar invested.

GHI will deliver based on core values drawn from the principles of effective development partnerships, announced by President Obama in L’Aquila, Italy.

- Implement a woman- and girl-centered approach
- Increase impact through strategic coordination and integration
- Strengthen and leverage key multilateral organizations, global health partnerships, and private sector engagement
- Encourage country ownership and invest in country-led plans
- Build sustainability through strengthened health systems
- Improve metrics, monitoring, and evaluation
- Promote research and innovation

The GHI has identified specific goals and targets to be achieved over the course of the initiative, including preventing 12 million new HIV infections and providing care to more than 12 million people living with HIV/AIDS, reducing child undernutrition by 30 percent across assisted food-insecure countries in conjunction with the President’s Feed the Future Initiative, and reducing the burden of malaria by 50 percent for 450 million people under the President’s Malaria Initiative.

While the GHI program will apply everywhere U.S. Government global health dollars are at work, GHI launched an intensified effort in a subset of 8 GHI Plus countries, to be joined by up to 12 more, providing significant opportunities for impact, evaluation, and partnership with local governments. These countries will receive additional technical, management, and financial resources to accelerate the implementation of GHI’s innovative approach.

For further information on the Global Health Initiative, visit http://www.usaid.gov/ghi/.
HIV/AIDS Analysis: PEPFAR takes a comprehensive approach to HIV/AIDS prevention, treatment, and care in developing countries, working in close partnership with host-country governments and national and international partners. Antiretroviral (ARV) treatment provides direct therapeutic benefits for individuals, increasing the length and quality of their lives, and enabling many to resume normal daily activities. ARV treatments reduce viral load in patients on therapy and decrease transmission rates. The indicator of the number of people receiving HIV/AIDS treatment measures the reach of PEPFAR. The U.S. analyzes the indicator results by country to identify which countries face challenges in scaling up their programs, and which have best practices that should be replicated. PEPFAR-supported treatment has helped save and extend millions of lives and prevent children from being orphaned. Rapid scale-up of treatment programs in collaboration with partner nations enabled the United States to support treatment directly for more than 3.2 million men, women, and children living with HIV through FY 2010.

Maternal and Child Health Analysis: U.S. assistance in this area aims to increase the availability and use of proven life-saving interventions that address the major killers of mothers and children. Having a skilled attendant at birth is a critical component of efforts to reduce maternal mortality. Most non-abortion-related maternal deaths happen during labor and delivery or within the first few days following delivery. In many countries, most births occur at home. Increasing the frequency of deliveries overseen by skilled birth attendants is more likely to result in prompt recognition of complications, initiation of treatment, and lives saved. The United States exceeded the FY 2010 target of 48.9 percent of deliveries overseen by skilled birth attendants, reflecting progress in countries that reported Demographic and Health Survey (DHS) results this year and continuing the positive trend.

Malaria Analysis: Malaria claims more than 850,000 lives in Africa each year. Two critical President’s Malaria Initiative (PMI) interventions—insecticide-treated mosquito nets (ITN) and indoor residual spraying (IRS)—are highly effective in controlling malaria when used properly. The indicator for prevention monitors the number of people protected against malaria by one or both of these methods. It also indicates whether U.S. assistance is successfully extending the prevention measures that are necessary to reduce the number of malaria deaths. PMI shifted from targeting mainly pregnant women and children under 5 to providing 1 ITN per 2 people in malaria endemic areas, which resulted in the United States exceeding its target of 33 million people protected against malaria by 7 million in FY 2010. In addition, PMI protected 1.2 million more people with IRS than in FY 2009. In FY 2010, PMI expanded to the Democratic Republic of Congo and Nigeria. Results from these new countries will be reported in FY 2011.

Family Planning and Reproductive Health Analysis: The United States family planning and reproductive health program aims to expand access to high quality, voluntary family planning and reproductive health information and services in order to reduce unintended pregnancy and promote healthy reproductive behaviors. Increased use of modern contraception translates into fewer unintended pregnancies and fewer abortions. A successful family planning program can be expected to increase the modern contraceptive prevalence rate (MCPR) by one to two percentage
points annually. MCPR is the percentage of in-union women of reproductive age (15-49) using, or whose partner is using, a modern method of contraception at the time of the survey. The FY 2010 result of 28.4 percent exceeded the target and continued the trend of increased contraceptive use as reported in DHS or Reproductive Health Surveys.

**Performance Indicator:** Average Modern Contraceptive Prevalence Rate

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</thead>
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<td>26.4%</td>
<td>20%</td>
</tr>
<tr>
<td>FY 2008</td>
<td>27.3%</td>
<td>30%</td>
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<tr>
<td>FY 2009</td>
<td>28.4%</td>
<td>40%</td>
</tr>
<tr>
<td>FY 2010</td>
<td>29.6%</td>
<td>50%</td>
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<tr>
<td>FY 2011</td>
<td>30.8%</td>
<td>60%</td>
</tr>
<tr>
<td>FY 2012</td>
<td></td>
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</tr>
</tbody>
</table>

**Source:** Demographic and Reproductive Health Surveys.


**Water and Sanitation Analysis:** Access to reliable and economically sustainable water supply is a key component of a country’s ability to attain health, security, and prosperity for its population. Access is achieved through diverse approaches, including both direct support for small- and large-scale infrastructure development and indirect support through institutional development for community-based systems, private sector engagement, and financing to ensure long-term sustainability. Targets for this indicator fluctuate based on the number and scope of activities planned for a given year. The United States fell short of the FY 2010 target of 5.6 million people with first-time access to improved drinking water supplies, with the bulk of the shortfall attributed to Pakistan, West Bank and Gaza, and the Africa regional program. Trend information varies because after first-time access to improved drinking water is attained, results are captured using other indicators. For example, Pakistan’s focus shifted from increasing access to increasing the availability of water. In West Bank and Gaza, the focus shifted to improving access to sanitation facilities. The Africa Regional program encountered delays in launching a Global Development Alliance between Coca-Cola and USAID intended to support water-related programs in 19 countries. However, there were notable successes at the country level; for example, Kenya exceeded its target by 252 percent as a result of a water treatment project that expanded women’s access to water.

**Performance Indicator:** Number of People in Target Areas with First-Time Access to Improved Drinking Water Supply as a Result of U.S. Government Assistance

<table>
<thead>
<tr>
<th>Year</th>
<th>Result</th>
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<tbody>
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<td>3.2M</td>
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<td>2008</td>
<td>4.6M</td>
<td>5.4M</td>
</tr>
<tr>
<td>2009</td>
<td>4.9M</td>
<td>5.6M</td>
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<tr>
<td>2010</td>
<td>7.7M</td>
<td>6.8M</td>
</tr>
<tr>
<td>2011</td>
<td>2.8M</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>2.9M</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** FY 2010 USAID and Department of State Performance Plans and Reports as collected in the Foreign Assistance Coordination and Tracking System (FACTS).

**BASIC EDUCATION:** Provide equitable access to quality basic education that includes literacy, numeracy, and other basic skills for youth and adults.

**Analysis:** In the basic education sector, the United States assesses its performance based on the primary net enrollment rate (NER) for a sample of countries receiving basic education funds. NER monitors students from the official primary school-age group. The rate is expressed as a percentage of the total primary school-age population. U.S. assistance supports an increase in NER through a variety of activities designed to improve the quality of teaching and learning, which help to reduce barriers to student attendance and promote effective classroom practices. High NERs lead to increases in school completion rates and higher educational attainment within the overall population. Countries with an educated population are more likely to experience improvements in health and economic growth. Since FY 2002, NERs have improved steadily in countries receiving U.S. assistance. In FY 2010, the United States exceeded its target of 80 percent NER with significant increases in Ethiopia, Ghana, and Mali.
**Strategic Goal 4:**
**Promoting Economic Growth and Prosperity**

Strengthen world economic growth and protect the environment, while expanding opportunities for U.S. businesses and ensuring economic and energy security.

**Public Benefit**

The U.S. Government goal is to achieve rapid, sustained, and broad-based economic growth for the United States, its trading partners, and developing countries. Through U.S. Missions overseas, the U.S. Government advocates for fair treatment and a transparent investment climate. The United States negotiates to open markets for increased trade, investment, and transportation and communications services in order to create jobs and provide new economic opportunities. It also advances energy security by encouraging the diversification of energy supplies, securing measures against supply disruption, and promoting clean energy technology. Global growth creates conditions that advance democratic values and expand the number of countries that are effective partners with the United States in working toward a more stable, secure, healthy, and prosperous world. Broad-based growth is vital to transforming the developing world to meet 21st century challenges and the Millennium Development Goal to eradicate extreme poverty and hunger.

**Summary of Performance and Resources**

The Department and USAID met or exceeded targets for 40 percent of their performance indicators for Strategic Goal 4. Twenty-one percent of indicators were below target, and ratings were not available for 39 percent that are new or for which data are not yet available. The Department and USAID allocated $5.3 billion toward this Strategic Goal in FY 2010, which is 11 percent of the total State-USAID budget supporting all strategic goals. A discussion of the priorities under this Strategic Goal and performance for five illustrative indicators is provided in the following section.

**Key Selected Achievements**

- Implemented key portions of the President’s National Export Initiative by advocating for U.S. companies doing business abroad and exporting to foreign markets

![Administrator Shah with villagers from Magdalena la Abundancia, Sacapulas, Quiche who are part of the Agriculture Chain Program in Guatemala. USAID](image)

![Graph showing FY 2010 Results Achieved for Strategic Goal 4](image)

![Graph showing FY 2010 Budget Resources for Strategic Goal 4](image)
Launched new initiatives under the Energy and Climate Partnership of the Americas to expand energy and climate cooperation including expanding sustainable energy in the Caribbean, strengthening Central American energy and environmental security, and advancing sustainable biomass and shale gas energy.

Launched the Global Entrepreneurship Program in partnership with private businesses, nongovernmental organizations, universities, and foundations to train business leaders, connect them with potential markets, and assist them to find financing.

Launched the President’s Feed the Future Initiative and assisted the Government of Haiti to develop a multiyear strategy for food security to further recovery from the devastating earthquake and modernize the agricultural based economy.

Enhanced stewardship of fragile eco-systems, bringing 92.7 million hectares of land under improved natural resource and biodiversity management.

SELECTED STRATEGIC PRIORITIES AND ANALYSES

ENERGY SECURITY: Enhance United States and global energy security by promoting open, transparent, integrated, and diversified energy markets; encouraging appropriate energy sector investments; and developing and sharing clean energy.

Analysis: A primary focus of the Department of State’s diplomatic efforts in the area of energy security is promoting the development and implementation of policies in foreign governments designed to diversify energy sources and foster growth in the clean energy sector. An illustrative indicator for this Strategic Goal is the percent of world energy supplies from non-oil sources. Results that indicated increased use of non-petroleum energy sources around the globe from FY 2007 to FY 2009 have since leveled off. In FY 2010, the percentage of world energy supplies from non-oil sources remained at the same level as the FY 2009 rate, likely reflecting a decrease in near-term demand and financing difficulties as a result of the global economic downturn. In the long term, the figures suggest a steady trend towards broader diversification of energy sources. USAID complements diplomatic efforts with direct investment in energy infrastructure and technical assistance to improve the enabling environment for sustainable energy provision.

TRADE AND INVESTMENT: Promote increased trade and investment worldwide on both multilateral and bilateral levels through market-opening international agreements and the further integration of developing countries into the international trading system.

Analysis: In the area of Trade and Investment, data reflect declining economic trends in Africa consistent with the global recession. The level of two-way trade between the United States and sub-Saharan Africa, another illustrative indicator for this goal, decreased in FY 2009. While data for FY 2010 is not yet available, trade is expected to rebound as part of the recovery from the recession. Recovery is vital for Africa to build on recent gains in economic growth, living standards, and poverty reduction.

AGRICULTURE: Support increased productivity and growth in the international agriculture sector by promoting expanded agricultural trade and market systems, broadening the application of scientific and technical advances (including biotechnology), and encouraging sustainable natural resource management.

Analysis: Increased agricultural productivity is an important goal for nearly all of the countries to which the United States provides assistance. The number of men and women benefiting from U.S. assistance who apply new technologies
or management practices that increase their productivity continues to rise. In FY 2010, the target of 897,881 people was exceeded by 67.5 percent. Success comes from an increased emphasis on extension and outreach, expansion of activities to new areas and crops, and the impact of prior programs on livelihoods. Previous successes powerfully demonstrated the benefit of using improved crop varieties and better cultivation techniques. Many beneficiaries are among the most vulnerable populations and include a significant number of women. Activities launched under the Administration’s Feed the Future Initiative directly target women because of the key role women play in agriculture. Gender awareness is also being promoted among implementing partners and their host-country counterparts.

PRIVATE-SECTOR COMPETITIVENESS: Promote economic environments that encourage entrepreneurship, competition, and investment, and empower men, women, and enterprises to take advantage of economic opportunity.

Analysis: Key to sustained economic growth is increasing productivity at the level of firms, from microenterprises and family farms to multinational corporations. In many poor countries, complex and costly regulations discourage firms from investing in new technologies and inhibit productivity growth. A primary focus of U.S. foreign assistance is removing unnecessary regulation. Evidence indicates this is an effective way to improve the microeconomic environment, reduce corruption, and encourage private-sector-led growth. USAID also provides direct assistance to empower men, women, and enterprises to take advantage of new economic opportunities. The Global Competitiveness Index (GCI) is a new indicator in FY 2010. GCI generates a score by monitoring 12 determinants of competitiveness: institutions, infrastructure, macroeconomic stability, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market sophistication, technological readiness, market size, business sophistication, and innovation. Higher scores reflect improvements in the business environment conducive to trade and investment, and indicate that countries have implemented policies that will lead to greater economic growth and poverty reduction.

ENVIRONMENT: Promote partnerships for economic development that reduce greenhouse gas emissions, improve air quality, and create other co-benefits by using and developing markets to improve energy efficiency, enhance conservation and biodiversity, and expand low-carbon energy sources.

Analysis: Greenhouse gas emissions reduced or sequestered as measured in carbon dioxide equivalent is an internationally-recognized measure of climate-change mitigation. It enables comparison of impacts from activities that reduce, avoid, or store carbon in the energy, industry, transport, land-use, agriculture, forestry, and conservation sectors. Results can be aggregated to demonstrate program-wide impact on reducing atmospheric inputs that lead to climate change. Preliminary FY 2010 results fell below the target to reduce or sequester emissions by 133 million metric tons. This result is due to a shift in emphasis to more cost-effective activities that seek transformational change through policy reform, outreach, and training. These activities do not lead to easily quantifiable near-term emissions reductions, and long-term impact may be indirect or subject to a substantial time lag. To improve results over the long term, the President’s Global Climate Change Initiative will work with partner countries to develop long-term strategies, increase capacity to inventory greenhouse gas and participate in carbon markets, improve access to private
finance, and reform the energy sector. Targets for FY 2011 and FY 2012 have been reduced to reflect the low level of funding for clean energy activities in FY 2009 and the completion of some larger energy programs in Georgia, Indonesia, and Liberia. In addition, greater accuracy in emissions accounting led to lower estimated results in FY 2009 and FY 2010, consequently lowering targets for the future.

**Performance Indicator:** Quantity of Greenhouse Gas emissions Reduced or Sequestered as a Result of U.S. Government Assistance

<table>
<thead>
<tr>
<th>Metric tons (in millions)</th>
<th>Target</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2007</td>
<td>139</td>
<td>133</td>
</tr>
<tr>
<td>FY 2008</td>
<td>142</td>
<td>133</td>
</tr>
<tr>
<td>FY 2009</td>
<td>138</td>
<td>120</td>
</tr>
<tr>
<td>FY 2010</td>
<td>120</td>
<td>100</td>
</tr>
<tr>
<td>FY 2011</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

2010 Rating: Below target

Source: FY 2010 USAID and Department of State Performance Plans and Reports as collected in the Foreign Assistance Coordination and Tracking System (FACTS).

**Global Climate Change Initiative**

Climate change is one of the century’s greatest challenges, and will be a priority of U.S. diplomacy and development work for years to come. Climate change can compound preexisting social stresses—including poverty, hunger, conflict, migration, and the spread of disease—and threatens to diminish the habitability of the planet.

In December 2009, aided by U.S. leadership, the international community took a meaningful and unprecedented step forward in international climate negotiations. The resulting Copenhagen Accord outlines key elements that are essential to a long-term solution to the climate change challenge:

- Recognizing the scientific view that the increase in global temperature should be below two degrees Celsius
- Ensuring action by all major economies to mitigate climate change
- Promoting transparency to see that actions are taken
- Providing financial and technological support to help the poorest and most vulnerable developing nations

To respond to the profound threat that global climate change poses to development, the United States has launched the Global Climate Change Initiative to spur reduction of global greenhouse gas emissions and promote climate change adaptation in vulnerable countries and communities. As part of this effort, the United States has committed to contributing its share of a sum approaching $30 billion over the 2010–2012 period, as called for in the Copenhagen Accord, for “fast-start” funding to assist developing countries address climate change.

As the lead entity in the U.S. Government for bilateral and regional assistance, USAID focuses on helping partner countries to establish the policy environments, improved governance, and financial incentives to set their economies on a low-emissions path of sustainable development and reduce vulnerability to climate impacts. USAID investments are working to spur reductions in global greenhouse gas emissions and to promote climate change adaptation in vulnerable countries and communities. As the Administration’s chief climate negotiator, the Department of State’s Special Envoy for Climate Change plays a central role in developing U.S. international policy on climate and representing the United States internationally in bilateral and multilateral negotiations regarding climate change.

Strategic Goal 5: Providing Humanitarian Assistance

Save lives, alleviate suffering, and minimize the economic costs of conflict, disasters, and displacement.

Public Benefit

The U.S. commitment to humanitarian assistance demonstrates America’s compassion for victims of natural disasters, armed conflict, forced migration, persecution, human rights violations, widespread health and food insecurity, and other threats. The strength of this commitment stems not only from the United States responsibility as a global leader, but also from its sense of shared humanity. The U.S. Government works in partnerships with international and nongovernmental organizations to save lives and minimize suffering in the midst of crises, increase access to protection, promote shared responsibility, and coordinate funding and implementation strategies. The U.S. Government’s emergency response to population displacement and distress caused by natural and human-made disasters is tightly linked to all other foreign assistance goals, including the protection of civilian populations, programs to strengthen support for human rights, provision of health and basic education, and support for livelihoods of beneficiaries.

Summary of Performance and Resources

The Department and USAID met or exceeded targets for 77 percent of their performance indicators for Strategic Goal 5. No indicators were below target, and ratings were not available for 11 percent that are new or for which data are not yet available. The Department and USAID allocated $4.1 billion toward this Strategic Goal in FY 2010, which is 8 percent of the total State-USAID budget supporting all strategic goals. A discussion of the priorities under this Strategic Goal and performance for two illustrative indicators is provided in the following section.

Key Selected Achievements

- In the aftermath of the Haiti earthquake, built 13,662 transitional shelters to house nearly 70,000 individuals
- Contributed to the resolution of one of Africa’s longest-running refugee situations by assisting the Government of

This young girl in the Djabal refugee camp near Goz Beida, Chad is from a family that was forced from their home in Sudan by the Janjaweed. There has been significant improvement in health since World Concern began interventions with the help of USAID.

USAID
Tanzania to complete the naturalization of approximately 162,000 Burundi refugees who fled to Tanzania in 1972

- Contributed $1.57 billion to the World Food Programme in calendar year 2010, representing 45 percent of total funding received from the donor community for assistance in 29 countries worldwide

- Facilitated the return of more than 100,000 refugees to Afghanistan by August 2010, almost double the number of voluntary returns in FY 2009

**SELECTED STRATEGIC PRIORITIES AND ANALYSES**

**PROTECTION, ASSISTANCE, AND SOLUTIONS:** Protect vulnerable populations (e.g., refugees, internally displaced persons, and others affected by natural disasters and human-made crises) from physical harm, persecution, exploitation, abuse, malnutrition, disease, and other threats by providing disaster relief, food aid, and humanitarian assistance.

**Analysis:** The U.S. emergency food assistance program has long played a critical role in responding to global food insecurity. It saves lives and livelihoods, supports host-governments’ efforts to respond to critical needs of their own people during shocks, and demonstrates the concern and generosity of the American people in times of need. In FY 2010, USAID’s Office of Food for Peace (FFP) provided $1.8 billion in food assistance to 31 countries throughout the world—$244 million of this assistance was provided in grants through the new Emergency Food Security Program (EFSP). EFSP provided funds to a variety of private voluntary organizations and the WFP to support local and regional procurement, as well as cash and food voucher programs in Haiti, Kenya, Kyrgyzstan, Niger, Pakistan, Mozambique, Sri Lanka, and Sudan.

The emergency food-aid indicator demonstrates the effectiveness of FFP programs by measuring the percentage of beneficiaries actually reached compared to planned levels. FFP continues to improve its ability to identify who needs food in an emergency and how best to deliver food assistance. Over time, FFP has determined that reaching 93 percent of emergency food aid beneficiaries is the optimal level of performance for their programs. While this target is ambitious, it is achievable. FY 2010 results were on target, and the optimal 93 percent will be retained as the target for FY 2011 and FY 2012.

**Analysis:** The United States provides protection and durable solutions through its long-standing tradition of welcoming refugees to the country. The number of refugees admitted to the United States is an illustrative indicator for this Strategic Goal. In FY 2010, the United States admitted 73,311 refugees, which represents 98 percent of the allocated regional ceilings established by Presidential Determination. This achievement included the arrival of 18,016 Iraqi refugees, and reflected a 38 percent increase over FY 2009 arrivals from Africa. Refugee arrivals from the Near East and South and East Asia exceeded the regional ceilings established by the President, utilizing the unallocated reserve—a portion of the overall ceiling for refugee admissions that is not allocated by region. Utilizing the unallocated reserve allows admittance of refugees from a region where the regional ceiling has already been reached.

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STRATEGIC GOAL 6:  
PRoMOTING INTeRNATIONAL UnDERTaNdInG

Achieve foreign policy goals and objectives and enhance national security by fostering broad, mutually-respectful engagement and mutual understanding between American citizens and institutions and their counterparts abroad.

PUBLIC BENEFIT

The Department recognizes the central role of public diplomacy as a tool and an essential element of 21st century statecraft, and has committed to renewing America’s engagement with the people of the world by enhancing mutual respect and understanding and creating partnerships aimed at solving common problems.

The United States continues to face a changing global landscape of engagement that requires the Department to identify and implement complex, multidimensional public-engagement strategies that forge partnerships, mobilize broad coalitions, and galvanize public opinion across all sectors of society. Public diplomacy programs provide insight into American society to a broader international public, including youth and women, as well as opinion makers. By improving respect and understanding of American society and values, the United States can establish a positive narrative and framework for policy discussions.

SUMMARY OF PERFORMANCE AND RESOURCES

The Department and USAID met or exceeded targets for 50 percent of their performance indicators for Strategic Goal 6. No indicators were below target, and ratings were not available for 50 percent that are new or for which data are not yet available. The Department and USAID allocated $1.5 billion toward this Strategic Goal in FY 2010, which is 3 percent of the total State-USAID budget supporting all strategic goals. A discussion of the priorities under this Strategic Goal and performance for two illustrative indicators is provided in the following section.

Key Selected Achievements

- The Department produced and coordinated the production of over 21 live webcasts for the first time in 2010. Roughly one-third of these webcasts originated outside the continental United States. The Department created and delivered over 6,000 hours of on-demand video and live webcasts to more than 165 countries via www.state.gov, DipNote, YouTube, iTMS, Facebook, and broadcast aggregators.

- The DipNote blog marked its third anniversary and passed 30 million total page views. This past year also ushered in a blog redesign and expanded coverage of key foreign policy topics including Secretary Clinton’s overseas travel, Afghanistan, Pakistan, Sudan, and global women’s issues. DipNote was also made available across multiple mobile-phone platforms.
The Department covered over 250 of the Secretary’s press events, over 300 State Daily Foreign Press Center and Special Press Briefings, and over 200 domestic and foreign interviews. It also produced over 2,600 media clips for internet-based news clip service providers and more than 2,000 hours of programming for worldwide distribution via satellite and web-based platforms.

The Department’s new CO.NX (pronounced “connects”) web-engagement technology produced more than 500 interactive webchat and webcast sessions during its first full year, drawing thousands of viewers worldwide. CO.NX provides online engagement centered on desktop web conferencing software and social media sites.

**Selected Strategic Priorities and Analyses**

**NURTURE COMMON INTERESTS:** Expand international understanding of common interests and values through messages and programs built on areas in which U.S. Government expertise corresponds to the interests and needs of its partners and counterparts.

**Analysis:** An increased understanding of the United States among exchange program participants is an illustrative indicator for this Strategic Goal. The Department seeks to increase international understanding through educational and cultural exchange programs that bring American citizens together with foreign participants, including up-and-coming civic, cultural, and professional leaders and scholars, as well as teachers and students with high academic and leadership potential. In post-program surveys in FY 2010, nearly all foreign respondents (98.8 percent) reported a change in their understanding and knowledge of United States institutions and society as a result of their participation in the U.S. exchange program. This represents a five percent increase from FY 2009 levels.

As a result of changes in understanding of the United States, the foreign exchange participants are able to share their knowledge with others in their countries and facilitate more openness and acceptance toward partnering on an array of common global challenges. Maintaining substantive engagement with these exchange program alumni allows the Department to leverage that change in international understanding and knowledge of the United States. Supporting an active alumni network of exchange participants reinforces the positive interaction with the United States and further promotes international understanding long after the initial exchange experience.

**OFFER A POSITIVE VISION:** Offer a positive vision of hope and opportunity rooted in the most basic values of the American people by sponsoring educational programs at all levels, advocating for the rights of people, and conducting other public diplomacy programs.

**Analysis:** Another indicator the Department uses is the percentage of foreign audiences who expressed a better understanding of the United States after exposure to International Information Programs (IIP), products, and activities. This indicator measures the impact on intended target audiences who consume these products. Based on U.S. policies, the Department develops information products tailored to engage and persuade critically important international audiences. In FY 2009, 55 percent of IIP audiences surveyed responded that they have a better understanding of U.S. policy, society, and values. FY 2010 data on the effectiveness of international programs will be available in FY 2011.
STRATEGIC GOAL 7:
STRENGTHENING CONSULAR AND MANAGEMENT CAPABILITIES

Assist American citizens to travel, conduct business, and live abroad securely, and ensure a high quality workforce supported by modern, secure infrastructure and operational capabilities.

PUBLIC BENEFIT

To ensure the United States is better equipped to serve the American public, the Department of State is implementing an unprecedented multiyear plan to provide rigorous training programs and recruit the talented, diverse people needed to handle the transnational challenges of today. Approximately 4 million Americans reside abroad, and Americans make about 60 million trips overseas every year. The Department of State has the responsibility of helping American citizens overseas prepare for crises and avoid problems. The Department also provides a vast range of services to American citizens such as certifying the birth of American citizens overseas, assisting Americans whose children are being wrongfully kept in foreign countries, and responding to disasters such as the January 2010 earthquake in Haiti. In collaboration with the Department of Homeland Security and other agencies, the Department protects America’s homeland with improved technology and efficiency at ports of entry and in visa processing, smarter screening technology for Government officials, and more secure U.S. travel documents—both visas and passports. The Department has invested American Recovery and Reinvestment Act funds in various areas to strengthen its capacity to serve the American public by expanding services at two existing passport agencies and initiating construction of five more domestic agencies to make passport services more convenient to Americans at home. The U.S. Government is committed to openness and transparency in government through responses to Freedom of Information Act (FOIA) requests and the systematic review and opening of historical records, while protecting the privacy of individuals.

SUMMARY OF PERFORMANCE AND RESOURCES

The Department and USAID met or exceeded targets for 56 percent of their performance indicators for Strategic Goal 7. Twenty-two percent of indicators were below target, and ratings were not available for 11 percent that are new or for which data are not yet available. The Department and USAID allocated $9.5 billion toward this Strategic Goal in

The U.S. Marine Corps Guard presents the colors during a U.S. Independence Day celebration at the U.S. Embassy, Quito, Ecuador, July 2010. Marine Security Guards help protect national security information at designated U.S. Diplomatic and Consular facilities. Department of State

FY 2010 Results Achieved for Strategic Goal 7

<table>
<thead>
<tr>
<th>Total Number of Indicators</th>
<th>27</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above target – 8</td>
<td>30%</td>
</tr>
<tr>
<td>On target – 7</td>
<td>26%</td>
</tr>
<tr>
<td>Below target – 6</td>
<td>22%</td>
</tr>
<tr>
<td>Improved but target not met – 3</td>
<td>11%</td>
</tr>
<tr>
<td>Rating not available – 3</td>
<td>11%</td>
</tr>
</tbody>
</table>

1 Percentages rounded to the nearest whole number.

FY 2010 Budget Resources for Strategic Goal 7

<table>
<thead>
<tr>
<th>Strategic Priorities</th>
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<tbody>
<tr>
<td>Visa Services</td>
</tr>
<tr>
<td>Passport Services</td>
</tr>
<tr>
<td>American Citizen Services</td>
</tr>
<tr>
<td>Human Resources</td>
</tr>
<tr>
<td>Information Technology</td>
</tr>
<tr>
<td>Security</td>
</tr>
<tr>
<td>Facilities</td>
</tr>
<tr>
<td>Planning and Accountability</td>
</tr>
<tr>
<td>Administrative Services</td>
</tr>
<tr>
<td>Rightsizing the U.S. Government Overseas Presence</td>
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TOTAL – $9,532

<table>
<thead>
<tr>
<th>Total (in millions)</th>
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<tbody>
<tr>
<td>$102</td>
</tr>
<tr>
<td>$22</td>
</tr>
<tr>
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<td>$1,876</td>
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<tr>
<td>$606</td>
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<tr>
<td>$6</td>
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</table>
FY 2010, which is 19 percent of the total State-USAID budget supporting all strategic goals. A discussion of the priorities under this Strategic Goal and performance for two illustrative indicators is provided in the following section.

**Key Selected Achievements**

- Facilitated the successful return of or access to children wrongfully kept in another country by providing assistance to distressed American parents deprived of contact with their children.

- Strengthened U.S. Government capacity and enhanced screening mechanisms to prevent foreigners from traveling to the United States for terrorist purposes through improved interagency guidance on managing watch lists, creation of a new Visa Revocation and Vetting Unit, and revocation of more than 800 visas based on threat information.

- Protected more than 1,500 U.S. Government employees and increased effectiveness of their operations overseas by relocating them to 6 completed major capital construction projects and completing 9 major compound security upgrade projects in existing facilities.

**Selected Strategic Priorities and Analyses**

**VISA SERVICES:** Safeguard U.S. borders through vigilance in adjudicating visa applications while simultaneously facilitating legitimate travel.

**Analysis:** The percentage of non-immigrant visa applications submitted electronically is an illustrative indicator for Strategic Goal 7. With 97 percent of non-immigrant visa applications submitted electronically in FY 2010, the Department has made significant progress toward conversion to a fully electronic visa application process. Electronically available data enables the advanced screening of applicants who may be ineligible for a visa for national security reasons by using a variety of automated research tools and databases.

**OVERSEAS BUILDINGS OPERATIONS:** Provide and maintain secure, safe, and functional facilities for U.S. Government personnel staffed at overseas posts.

**Analysis:** Another illustrative indicator for this Strategic Goal is the number of U.S. Government personnel moved into safer and more secure and functional facilities. U.S. Embassies overseas provide the diplomatic platform for all U.S. civilian agencies, and the Department is responsible for providing such facilities for personnel staffed at overseas posts. From FY 2001 through FY 2010, the total cumulative number of U.S. Government personnel moved into safer and more secure and functional facilities was 21,548, a number slightly above the FY 2010 target.
The Department of State and USAID are the lead U.S. agencies responsible for carrying out the President’s foreign policy agenda, which includes developing and executing U.S. foreign policy and interacting with foreign governments and international organizations. The Department of State and USAID budget requests also represent critical components of the U.S. national security budget, along with the Departments of Defense and Homeland Security, and are vital to securing U.S. national security interests.

The diplomatic and development capacity forged with U.S. foreign assistance allows the United States to build its leadership capacity in the global community and address the many challenges of today’s world. Foreign policy and development professionals – working on behalf of the American people – pursue priorities such as responding to humanitarian crises, combating terrorism, advancing democratic values, negotiating nonproliferation and environmental treaties, facilitating free enterprise, promoting U.S. exports, and assisting American citizens abroad.

The annual budget request to Congress for funding is presented in two volumes: the Congressional Budget Justification for Department of State Operations, and the Congressional Budget Justification for Foreign Operations. Both components of the budget and key performance measures link directly to the joint strategic goals of the Department of State and USAID. State and USAID are committed to demonstrating the relationship between their budget requests to Congress and the performance of the programs that these budgets support. The chart on the following page reflects the combined FY 2012 State Operations and Foreign Assistance Budget by strategic goal and includes a table listing the actual FY 2010, estimated FY 2011 and the requested FY 2012 resources.

**State Department FY 2012 Budget:** The budget request for Department of State operations totals $14.2 billion (not including fees) and includes resources to carry out a robust foreign policy that is leading the world in solving the most complex challenges of our time, from thwarting international terrorism to stopping the spread of catastrophic weapons, strengthening the global economy, advancing human rights and universal values, and assisting American citizens overseas. In keeping with these economic times, the budget reflects hard choices based on a clear view of where a dollar of funding could have the greatest impact. The request represents the Department’s ongoing investments to advance America’s security and economic interests.

Highlights of the State Operations budget include supporting diplomatic operations in the frontline states of Afghanistan, Pakistan, and Iraq along with the transition of Department of Defense activities to civilian agencies in Iraq. In addition to the Department’s work in the frontline states, it is focused on preventing and responding to conflict and crises worldwide. So, even as the Department works to prevent and respond to urgent conflicts, it is also responding to longer-term challenges to human and economic security, such as health, hunger, climate change, and humanitarian relief. Moreover, State must build civilian power, and provide employees safe, secure, and functional facilities and the resources they need to do their job.

**Foreign Assistance FY 2012 Budget:** The FY 2012 foreign assistance appropriations request totals $32.9 billion. The budget will advance U.S. security interests with critical investments in the promotion of stability and security in the frontline states of Afghanistan, Pakistan, and Iraq. Other aid investments will be made to create sustained capacity building, peace, and economic growth within nations receiving assistance. Key initiatives in the budget include food security, climate change, health, and gender issues. FY 2012 will also target support for USAID FORWARD, an ambitious reform effort to modernize and strengthen USAID with new partnerships, an emphasis on innovation through science and technology, and major institutional reforms to improve efficiency and program impact.

Combined FY 2012 State Operations and Foreign Operations Budget Supporting Strategic Goals — $46.8 billion

Budget by Strategic Goal ($ in millions)

<table>
<thead>
<tr>
<th>LEGEND</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Achieving Peace and Security</td>
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<tr>
<td>■ Governing Justly and Democratically</td>
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<tr>
<td>■ Investing in People</td>
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<tr>
<td>■ Promoting Economic Growth and Prosperity</td>
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<tr>
<td>■ Providing Humanitarian Assistance</td>
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<tr>
<td>■ Promoting International Understanding</td>
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<tr>
<td>■ Strengthening Consular and Management Capabilities</td>
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<table>
<thead>
<tr>
<th>Strategic Goals ($ in millions)</th>
<th>FY 2010 Actual2</th>
<th>FY 2011 CR</th>
<th>FY 2012 Request</th>
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<tr>
<td></td>
<td>State Operations</td>
<td>Foreign Operations</td>
<td>State Operations3</td>
</tr>
<tr>
<td>Achieving Peace and Security</td>
<td>$4,633</td>
<td>$8,745</td>
<td>$4,064</td>
</tr>
<tr>
<td>Governing Justly and Democratically</td>
<td>821</td>
<td>3,269</td>
<td>692</td>
</tr>
<tr>
<td>Investing in People</td>
<td>457</td>
<td>10,524</td>
<td>366</td>
</tr>
<tr>
<td>Promoting Economic Growth and Prosperity</td>
<td>892</td>
<td>4,439</td>
<td>768</td>
</tr>
<tr>
<td>Providing Humanitarian Assistance</td>
<td>99</td>
<td>4,018</td>
<td>66</td>
</tr>
<tr>
<td>Promoting International Understanding</td>
<td>1,509</td>
<td>N/A</td>
<td>1,396</td>
</tr>
<tr>
<td>Strengthening Consular and Management Capabilities</td>
<td>7,832</td>
<td>1,701</td>
<td>6,146</td>
</tr>
<tr>
<td><strong>Total Resources Allocated to Strategic Goals</strong></td>
<td><strong>$16,243</strong></td>
<td><strong>$32,696</strong></td>
<td><strong>$13,499</strong></td>
</tr>
<tr>
<td>Office of the Inspector General5</td>
<td>106</td>
<td>N/A</td>
<td>56</td>
</tr>
<tr>
<td>International Commissions</td>
<td>143</td>
<td>N/A</td>
<td>143</td>
</tr>
<tr>
<td>Buying Power Maintenance</td>
<td>31</td>
<td>N/A</td>
<td>9</td>
</tr>
<tr>
<td>Foreign Service National Separation Liability Trust Fund Payment</td>
<td>44</td>
<td>N/A</td>
<td>44</td>
</tr>
<tr>
<td>Foreign Service Retirement &amp; Disability Fund6</td>
<td>159</td>
<td>N/A</td>
<td>159</td>
</tr>
<tr>
<td><strong>Total Resources Not Allocated to Strategic Goals</strong>7</td>
<td><strong>482</strong></td>
<td>N/A</td>
<td><strong>410</strong></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$16,566</strong></td>
<td><strong>$32,696</strong></td>
<td><strong>$13,750</strong></td>
</tr>
</tbody>
</table>

---

1 State Operations resources shown in this table exclude: funding for Overseas Contingency Operations (OCO) for FYs 2011 and 2012; and fees for all fiscal years. Foreign Operations resources shown in this table exclude funding for OCO for FYs 2010 and 2012. OCO resources for both State and Foreign Operations are shown in a separate table in the FY 2012 Executive Budget Summary for the Department of State, page 132 (http://www.state.gov/s/d/rm/rls/ebs/2012/pdf/index.htm). Summed values contain discrepancies due to rounding.

2 FY 2010 Actual for Foreign Operations includes two supplementals. FY 2010 Actual for State Operations does not include these supplementals.

3 FY 2011 Continuing Resolution (CR) column represents the annualized amount provided by the Continuing Appropriations Act, 2011 (P.L. 111-242), as amended.

4 At the time of publication, appropriation actions for Fiscal Year 2011 are not complete and agencies are operating under a continuing resolution; therefore, Foreign Operations resources have not been allocated by Strategic Goal.

5 State Department Office of Inspector General only. USAID Inspector General budget included in Strategic Goals allocation. The State Department Office of Inspector General budget includes funding for the Special Inspector General for Afghanistan Reconstruction and the Special Inspector General for Iraq Reconstruction for FY 2010; for FY 2011 and FY 2012, those requirements are included in OCO funds.

6 Mandatory funding for the Foreign Service Retirement & Disability Fund is not added to summed totals.

7 Resources for these accounts and offices represent programs that support the Department of State as an institution rather than diplomatic, consular and management programs linked to Strategic Goals and Priorities, and therefore are not allocated by Strategic Goal.
The Department of State and USAID Agency Financial Reports (AFR) disclose the agencies’ financial status and provide transparency and accountability to the American people, Congress, and the President—including both successes and challenges. The reports provide a snapshot in time of the immense financial work undertaken by each agency’s financial personnel to exercise good stewardship and management of public funds. The AFRs present each agency’s audited financial statements and footnotes, Management’s Discussion and Analysis, and performance and other required information.

Below are summary highlights of the AFRs for both the Department of State and USAID for FY 2010. Following the highlights are tables containing key financial information on each agency’s assets, liabilities, and net position in a Balance Sheet Summary; information on each agency’s net cost of operations in a Net Cost of Operations Summary; and available resources in a Budgetary Resources Summary. Both agencies’ AFRs are posted online. For a complete version of the Department of State AFR, see: http://www.state.gov/s/d/rm/rls/perfrpt/2010/index.htm. For the USAID AFR, see: http://www.usaid.gov/performance/afr/afr10.pdf.

**Department of State:** The scale and complexity of the Department’s activities and corresponding financial resources and requirements continued to grow. Financial staff operates in more than 270 locations, 172 countries, and in over 150 currencies and foreign languages, often in the most challenging environments. For FY 2010, the Department worked with unity of purpose to meet the demands and paces of the financial statement audit process to validate the strong financial management work that is conducted on a daily basis throughout the world. As a result, the Department received an unqualified (clean) opinion from the Independent Auditor on its FY 2010 Financial Statements, and no material weaknesses in internal controls were reported.

For FY 2010, based on considerable work conducted in collaboration with the Independent Auditor and the Department’s Office of Inspector General, material weaknesses previously identified by the Independent Auditor in financial reporting and accounting for property were downgraded to significant deficiencies. In addition to these two items, the Independent Auditor identified four other significant deficiencies that the Department will work to correct in FY 2012.

The Department maintains a robust system of internal controls overseen by senior leadership. For FY 2010, the Secretary provided an overall unqualified statement of assurance regarding the Department’s internal controls in accordance with the Federal Managers’ Financial Integrity Act, as well as an unqualified statement of assurance for internal controls over financial reporting.

**USAID:** The Agency received an unqualified opinion on its FY 2010 Financial Statements for the eighth consecutive year from the Office of the Inspector General. This affirms that USAID’s financial statements for the year that ended on September 30, 2010 were presented fairly in all material aspects and prepared in conformance with Generally Accepted Accounting Principles. The Independent Auditor’s Report, which is included in the FY 2010 AFR, identified one material weakness related to unreconciled differences between the Agency’s Fund Balance and its cash balance reported by the U.S. Treasury, and three significant deficiencies. Notable progress was made in resolving these findings during FY 2010, and corrective action plans are in place to resolve these issues and related audit recommendations by September 30, 2011.

The following summarized financial statement information is based on the same underlying data presented in the FY 2010 AFRs. This condensed information provides a high level analysis of each agency’s financial performance and should not be viewed as a substitute for the financial statements and notes contained in the AFR. In addition, intra-agency (i.e., within the Department of State or USAID) balances have been eliminated from the amounts presented for each agency in the Balance Sheet and Net Cost of Operations Summary. Any balances for transactions between the Department of State and USAID have not been eliminated from the amounts presented.
**Balance Sheet Summary**

The Condensed Balance Sheets shown here present the assets, liabilities, and net position of each agency.

**Department of State:** Total Assets increased $8.6 billion or 14.5 percent over FY 2009 levels. Fund Balance with Treasury increased due to the unexpended appropriations from Supplemental Appropriations Acts of 2009 and 2010 and other funding sources. Property and Equipment increased as the Department continued construction of new Embassies and security upgrades to provide and maintain safe and functional facilities for U.S. Government personnel. Investment balances in U.S. Government securities for the Foreign Service Retirement and Disability Fund also increased during the year. Total Liabilities decreased slightly ($34 million) between FY 2009 and FY 2010. Overall, a $521 million increase in the Foreign Service Retirement Actuarial Liability was offset by decreases in Accounts Payable, Liability to International Organizations, and Other Liabilities.

**USAID:** Assets increased by 23 percent in FY 2010 over FY 2009. Fund Balance with Treasury (unspent appropriations) represents 85 percent of these total assets. The increase in assets was due mainly to the Agency receiving more appropriation in the Economic Support Fund. The six largest uses of that fund, including supplemental appropriations, were Afghanistan, Pakistan, Haiti, West Bank and Gaza, Jordan, and Sudan. The Agency’s liabilities increased 6 percent because of an increase in accounts payable and accrued expenses. Credit reform related payables to the U.S. Treasury account for 35 percent of overall liabilities.

**Net Cost of Operations Summary**

The charts show each agency’s net cost—gross costs less earned revenue, invested in each joint Strategic Goal. These goals, or objectives, are consistent with the State-USAID Strategic Planning Framework. Executive Direction and Operating Unit Management are costs that cannot be directly traced or reasonably allocated to strategic goals; however, these costs are captured and included in the total net cost of operations.

**Department of State:** Revenues earned through providing goods or services to the public or to another Government entity increased 7 percent or $429 million from FY 2009; gross costs rose by $196 million for the same period resulting in a net cost decrease of $233 million or 1 percent. Overall, most goals saw an increase in total costs as a result of cost increases in the Diplomatic and Consular, International Organizations and Diplomatic Security Programs. These cost increases were offset by cost decreases in the Investing in People Goal for the Global Health and Child Survival Fund and in Executive Direction and Other Costs Not Assigned for a lower actuarial loss amount on pension assumption changes in the Foreign Service Retirement and Disability Fund. The overall increase in revenue of $429 million is primarily due to increases in passport and visa fees and surcharges, and earned reimbursable revenue from other Government entities.

**USAID:** The Statement of Net Cost shows the amounts spent on meeting the Agency’s six Objectives. These Objectives are consistent with the State-USAID Strategic Planning Framework. The Investing in People and Economic Growth Objectives are the largest investments at 27 percent and 26 percent, respectively. The spending levels decreased slightly due to the timing of the receipt of appropriations and budget changes to align with the normal course of USAID’s operations. The 6 percent
decrease in net cost of operations is a result of net cost decreases in the Economic Growth and in the Investing in People Objectives that were partially offset by increases in other program objectives. Complete details are provided in the AFR http://www.usaid.gov/performance/afrr/afrr10.pdf, page 25. The table below documents the net cost of operations by Strategic Goal.

<table>
<thead>
<tr>
<th>Strategic Goal</th>
<th>STATE</th>
<th>USAID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieving Peace and Security</td>
<td>$6,068</td>
<td>$1,072</td>
</tr>
<tr>
<td>Governing Justly and Democratically</td>
<td>$867</td>
<td>$1,768</td>
</tr>
<tr>
<td>Investing in People</td>
<td>$4,547</td>
<td>$2,848</td>
</tr>
<tr>
<td>Promoting Economic Growth and Prosperity</td>
<td>$1,417</td>
<td>$2,710</td>
</tr>
<tr>
<td>Providing Humanitarian Assistance</td>
<td>$1,786</td>
<td>$1,629</td>
</tr>
<tr>
<td>Promoting International Understanding</td>
<td>$2,380</td>
<td>N/A</td>
</tr>
<tr>
<td>Strengthening Consular and Management Capabilities</td>
<td>$1,251</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Other Cost Category</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Unit Management</td>
<td>N/A</td>
<td>378</td>
</tr>
<tr>
<td>Executive Direction and Other Costs Not Assigned</td>
<td>2,452</td>
<td>N/A</td>
</tr>
<tr>
<td>Actuarial Loss on Pension Assumption Changes</td>
<td>612</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total Net Cost of Operations</strong></td>
<td>$21,380</td>
<td>$10,406</td>
</tr>
</tbody>
</table>

**BUDGETARY RESOURCES SUMMARY**

The Department reported budgetary resources of $52.6 billion as of September 30, 2010, an increase of 4.9 percent from the prior fiscal year, and USAID reported $25 billion in budgetary resources, a 32 percent increase from the previous fiscal year. Most of the Department’s increase in resources is due to the $2.2 billion increased budget authority from appropriations. The chart to the right presents the Department’s and USAID’s status of budgetary resources on September 30, 2010.

**State and USAID FY 2010 Status of Budgetary Resources**

<table>
<thead>
<tr>
<th>Total Budgetary Resources ($)</th>
<th>State</th>
<th>USAID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations Incurred</td>
<td>$13,337</td>
<td>$39,244</td>
</tr>
<tr>
<td>Unobligated Balance</td>
<td>$39,244</td>
<td>$9,282</td>
</tr>
</tbody>
</table>


The Joint Summary of Performance and Financial Information for FY 2010 Core Team is composed of Claudia Magdalena Abendroth, Ruth Buckley, Holly Herrera, Sarah Kohari, Yaropolk Kulchyckyj, Brian Levis, Subhi Mehdi, Martha Pacheco, Melissa Schild, Sanjay Srikantiah, Tara Thwing, Erica Victoria, Craig White, and Susanne Wood.

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IMAGE CREDITS

Agence France Presse (AFP): Cover, pages 29, 45
Associated Press (AP): Table of Contents, pages 1, 7, 30, 32, 35, 36
Department of Defense: Cover
Department of State: Cover, pages 2, 5, 24, 48, 50
International Youth Foundation (IYF): Page 39
Right to Care: 37
Save the Children: Cover
State Magazine: Cover
TSERING: Page 19
USAID: Cover, pages 4, 10, 13, 15, 18, 34, 38, 42, 46

REFERENCES

USAID FORWARD http://forward.usaid.gov/
For More Information...
Regional Issues: http://www.usaid.gov/locations/
International Organizations: http://www.state.gov/p/io/

CONTACT INFORMATION

We welcome your comments on this report. Please contact us by phone or e-mail as follows.
Department of State General Information: 202-647-0300 or performanceandplanning@state.gov
USAID General Information: 202-712-0000 or pmanagement@usaid.gov