United States Department of State

Citizens' Report
Fiscal Year 2008

Summary of Performance and Financial Results

TRANSFORMING THE WORLD THROUGH DIPLOMACY

WWW.STATE.GOV

Table of Contents

Message from the Secretary 1
Our Mission 2
Our Organization and Values 3
Budget, Performance and Financial Snapshot Report 4
Management and Performance Challenges 6
Managing for Results: Our Approach to Performance Management 8
The President's Management Agenda 8
Program Assessment Rating Tool 8
Summary of 2008 Performance Results 9
War On Terror: A Critical Foreign Policy Challenge 10
Strategic Goals 11
Financial Highlights 27

About This Report

The United States Department of State Citizens' Report for Fiscal Year 2008 provides an overview of the Department's financial and performance data to help Congress, the President and the public assess our stewardship over the resources entrusted to us. The Citizens' Report reflects the final of a series of four reports in the Office of Management and Budget's *Pilot Program for Alternative Approaches to Performance and Accountability Reporting*. As part of the four-tiered Pilot Program schedule for Fiscal Year 2008, the Department completed the Agency Financial Report, a two-page Budget, Performance and Financial Snapshot, an Annual Performance Report, and a summary of financial and performance data.

All reports are available online at *www.state.gov/s/d/rm* including the counterpart to the Citizens' Report, a Podcast message from the Under Secretary for Management discussing the Citizens' Report at *http://www.state.gov/documents/organization/114052.m3u* and an interview about the Department's performance at *http://www.state.gov/documents/organization/114051.m3u*. These reports are prepared to present streamlined and timely information to provide readers and listeners with a sense of the Department's highest priorities in the conduct of U.S. foreign policy, along with the successes and challenges in implementing programs that pursue our country's foreign policy agenda.

Attached to this report is a compact disc containing the four part series, an audio text file of the Podcast and the Joint Department of State and USAID Strategic Plan for FY 2007-2012.

About the Cover

The cover features the inside lobby of the Harry S Truman Building of the Department of State in Washington, D.C. where flags of every country with which the United States Government has diplomatic relations are on display.

Message from the Secretary

The Department of State is strategically focused to advance the foreign policy interests of the American people via a global diplomatic agenda. At our overseas posts, U.S. field offices and Washington based bureaus, more than 30,000 foreign affairs professionals work together to address issues as diverse as reducing and preventing conflict, decreasing and minimizing cross-border crimes, advancing and promoting human and individual rights, increasing trade and investment worldwide, protecting vulnerable populations, and issuing travel documents.

For 2008, I am pleased to present this first-ever Citizens' Report as a summary of important performance and financial results, and documents the value of our investments towards promoting and protecting the interests of American citizens. It also highlights the vital work the men and women of the Department are performing to secure our national interests across the globe. Some of the many diplomatic accomplishments in advancing U.S. prosperity and security include:

- The Department continued the civilian surge component of the President's Iraq strategy and worked to negotiate the landmark Status of Forces Agreement with the Iraqi government, assisting Iraqis to determine their own political future through elections.
- We launched the Merida Initiative with Mexico and countries of Central America to combat the threats of drug trafficking, transnational crime and money laundering.
- Through diplomacy, our domestic and overseas officers defused the Russian-Georgian conflict.
- Together with the U.S. Agency for International Development, we ensured that more than 22.3 million people benefited from malaria prevention measures.
- The Department completed new embassy compounds overseas in Beijing, Berlin, and Baghdad, among others, enabling over 19,000 employees to move into more secure facilities.
- We issued more than 16 million travel documents to ensure safe international travel for U.S. citizens.

The Department has been focused on improving its financial performance, integrating budgeting with strategic planning and making management improvements. As a result, the Department received an unqualified ("clean") opinion on its financial statements and achieved Green status for all five of the government-wide initiatives under the President's Management Agenda. The summary performance and financial data presented herein are complete and reliable in accordance with the guidance from the Office of Management and Budget. The Department continues to take an active leadership role in the government-wide Performance Improvement Council and works closely with other U.S. Government agencies to increase the effectiveness of the federal government and meet the increasingly complex challenges of the twenty-first century.

I am proud to represent the Department of State's worldwide employees who are doing vital work for America as they help people everywhere build a better world.

Condoleezza Rice
Secretary of State

January 15, 2009

Our Mission

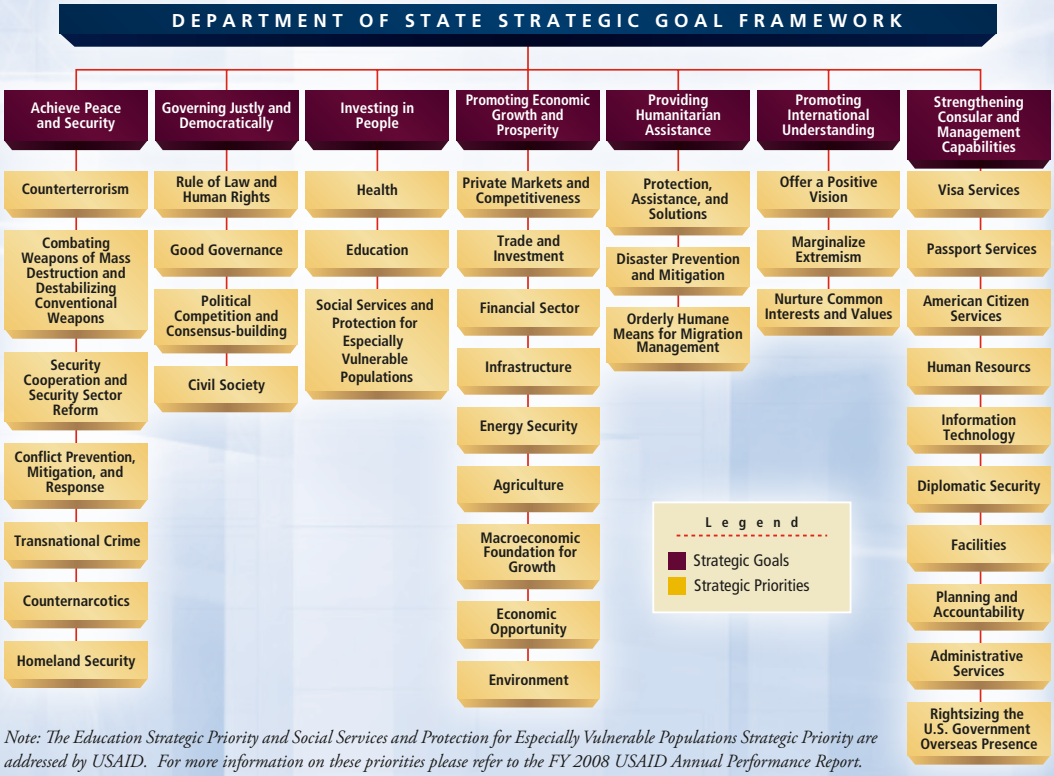
Transforming the World through Diplomacy

American diplomacy is based on the fundamental beliefs that our freedom is best protected when others are free; our prosperity depends on the prosperity of others; and our security relies on a global effort to defend the rights of all. In this extraordinary moment in history, when the rise of freedom is transforming societies around the world, the United States has an immense responsibility to use its diplomatic influence constructively to advance security, democracy, and prosperity around the globe.

The Department of State is the lead institution for the conduct of American diplomacy and the Secretary of State is the President's principal foreign policy advisor. All foreign affairs activities – U.S. representation abroad, foreign assistance programs, countering international crime, foreign military training programs, services the Department provides to American citizens abroad, and many others – are paid for by the foreign affairs budget, which represents about one percent of the total federal budget. This small investment is essential to maintaining U.S. leadership abroad, which promotes and protects the interests of American citizens.

OUR MISSION STATEMENT

Advance freedom for the benefit of the American people and the international community by helping to build and sustain a more democratic, secure, and prosperous world composed of well-governed states that respond to the needs of their people, reduce widespread poverty, and act responsibly within the international system.



Note: The Education Strategic Priority and Social Services and Protection for Especially Vulnerable Populations Strategic Priority are addressed by USAID. For more information on these priorities please refer to the FY 2008 USAID Annual Performance Report.

Our Organization and Values

All foreign affairs activities, including U.S. representation abroad, foreign assistance programs, countering international crime, foreign military training programs, services for American citizens abroad, and many others, are under the direction of the Secretary of State.

At our headquarters in Washington, D.C., the Department's mission is carried out through 38 bureaus and abroad the Department operates more than 260 embassies, consulates, and other posts. In each Embassy, the Chief of Mission (usually an Ambassador) is responsible for executing U.S. foreign policy goals and coordinating and managing all U.S. Government functions in the host country. Chiefs of Mission report directly to the President through the Secretary. The U.S. Mission is also the primary U.S. Government point of contact for Americans overseas and foreign nationals of the host country. The Mission serves the needs of Americans traveling, working and studying abroad, and supports Presidential and Congressional delegations visiting the country.

The Department operates two passport centers, two contractor-run passport printing and mailing facilities; two passport call centers; and 15 passport agencies. In 2009, the Department expects to open four additional passport agencies. The Department of State also operates several other types of offices around the world, including two foreign press centers; one reception center; five offices that provide logistics support for overseas operations; 20 security offices; and two financial service centers.

Foreign Service Officers and the Civil Service staff in the Department of State and U.S. missions abroad represent the American people. They work together to achieve the goals and implement the initiatives of American foreign policy. Foreign Service Officers are dedicated to representing America and to responding to the needs of Americans around the world and constitute a corps of over 11,000 employees.

Secretary Rice and President Bush. *AP Photo/ Rom Edmonds*

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.

The Department's Civil Service staff, totaling over 9,000 employees, provides continuity and expertise in accomplishing all aspects of the Department's mission. Civil Service staff, most of whom are headquartered in Washington, D.C., are involved in virtually every policy area of the Department from democracy and human rights to narcotics control, trade, and environmental issues. The nearly 10,000 Foreign Service National (host country) employees contribute local expertise and provide continuity as they work with their American colleagues to perform vital services for U.S. citizens. The workforce is 38% Foreign Service Officers, 30% Civil Service Officers, and 32% Foreign Service Nationals. In 2008, 58% of the Department of State workforce was located overseas and 42% was located domestically.

Budget, Performance and Financial Snapshot Report– Fiscal Year 2008

An excerpt from The FY 2008 Performance Report of the Federal Government

I. Who We Are

MISSION: The mission of the Department, working closely with the U.S. Agency for International Development (USAID) is to "advance freedom for the benefit of the American people and the international community by helping to build and sustain a more democratic, secure, and prosperous world composed of well-governed states that respond to the needs of their people, reduce widespread poverty, and act responsibly within the international system". The State/USAID Joint Strategic Plan for 2007-2012 can be found at *http://www.state.gov/s/d/rm/rls/dosstrat/2007.*

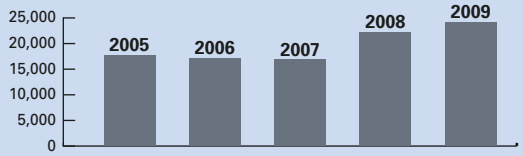
ORGANIZATION: The Department's mission is carried out by seven bureaus covering the geographic regions of the world and international organizations, and over 30 functional and management bureaus. The Department has an extensive overseas presence with over 260 embassies, consulates and other posts worldwide. For more information about the Department, please visit www.state.gov. The most recent version of the Department's organization chart can be found on page 8 of the Fiscal Year 2008 Agency Financial Report (AFR) at *http://www.state.gov/s/d/rm/rls/perfrpt/2008/.*

PERSONNEL: The Department's integrated workforce implements U.S. foreign policy worldwide to achieve the agency's strategic goals, and is comprised of Foreign Service Officers (11,000 or 38%), Civil Service staff (9,000 or 30%) and Foreign Service Nationals (10,000 or 32%). For more personnel data, please see page 9 of the AFR at *http://www.state.gov/s/d/rm/rls/perfrpt/2008/.*

BUDGETARY RESOURCES: The budgetary resources appropriated for Fiscal Year 2008 and allocated by strategic goal, totaled just over $20 billion or $114 per person annually and includes both foreign assistance to other countries and the Department's overseas and domestic operations funds. Note: The total spending reported is State Department only, and does not include USAID funding which is combined in the International Affairs account within the President's Budget.

II. Budget Snapshot ($ in millions)

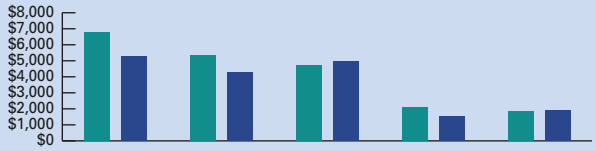
Total Spending FY 2005-2009



	2005	2006	2007	2008	2009
Mandatory	$ -43	$ -235	$ 95	$ 180	$ 54
Discretionary	$17,722	$17,379	$16,769	$22,035	$24,070
Total	$17,679	$17,144	$16,864	$22,215	$24,124

Note: *Negative numbers for 2005 and 2006 in the Mandatory category relate to Working Capital Fund and Foreign Service Retirement and Disability Fund credits. FY 2009 spending is based on projections.*

Top Five Programs By Budget



Year	Operations	Economic Support Funds	Foreign Mil. Financing	Peacekeeping	HIV/AIDS
2008	$6,800	$5,362	$4,721	$2,100	$1,865
2009	$5,300	$4,279	$4,945	$1,500	$1,912

Note: *The amount for HIV/AIDS is 40 percent of the total; USAID reports on the balance of 60 percent. FY 2009 budget is based on the President's budget request.*

III. Performance Snapshot

ACCOMPLISHMENTS: In FY 2008, the Department of State worked closely with USAID and other U.S. Government partners to advance foreign policy objectives. The Department continued the civilian surge component of the President's Iraq strategy and has completed a landmark Status of Forces Agreement with the Iraqi government. The Secretary successfully negotiated a nuclear agreement with India, launched the Merida Initiative with Mexico and countries of Central America with the aim of combating the threats of drug trafficking, transnational crime and money laundering, and used U.S. diplomacy to defuse the Russian/Georgian conflict. The Department filled 100% of critical needs positions in Iraq and Afghanistan, issued 16 million travel documents in a timely manner, and completed several new embassy compounds overseas in Beijing, Berlin and Baghdad, among others, which enabled over 19,000 employees to move into more secure facilities.

CHALLENGES: The Department's management and performance challenges are focused in the following areas: making its people, facilities and information more secure; improving the protection of personally identifiable information; strengthening contracting and procurement; ensuring an appropriately sized, skilled and trained diplomatic workforce; strengthening border security; better integrating public diplomacy, and improving coordination and management of foreign assistance activities. For the latest assessment of the Department's Management and Performance Challenges conducted by the Office of the Inspector General (OIG), please see the FY 2008 Agency Financial Report, pages 101-105 or visit *http://www.state.gov/s/d/rm/rls/perfrpt/2008/.* An abridged version of the statement from the OIG is included in this report.

IV. Financial Snapshot ($ in millions)

Clean Opinion on Financial Statements			Yes
Timely Financial Reporting	Yes	Total Assets	$52,116
Improper Payment Rate	1%*	Total Liabilities	$21,483
Material Weaknesses	0	Net Cost of Operations	$17,741

** OMB reports only one program, Business Class Travel. For additional information, see OMB's paper, Improving the Accuracy and Integrity of Federal Payments, page 22 at www.whitehouse.gov/omb/financial/fia/2008_ipia_final.pdf.*

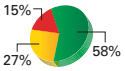
Summary of Department of State Performance Ratings for Fiscal Year 2008

FY 2008 Performance Results per Strategic Goal*

● Target met/exceeded ● Target not met but improved over prior years ● Target not met ● Data not yet available

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.



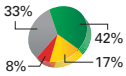
Performance Results: 26 Indicators

Budget: 2008 Actual $11,213M

Representative Performance Indicator	2006 Results	2007 Results	2008 Target	2008 Results	2009 Target
Number of Foreign People Trained in Counterterrorism by U.S. Government Programs	New Indicator	1,925	2,600	● 2,651	3,936

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.



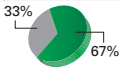
Performance Results: 12 Indicators

Budget: 2008 Actual $2,629M

Representative Performance Indicator	2006 Results	2007 Results	2008 Target	2008 Results	2009 Target
Number of Domestic Election Observers Trained with U.S. Government Assistance	New Indicator	53,258	27,536	● 24,629	3,700

Strategic Goal 3: Investing in People

Improve health, education, and other social services to help nations create sustainable improvements in the well-being and productivity of their citizens.



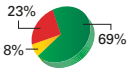
Performance Results: 3 Indicators

Budget: 2008 Actual $3,416M

Representative Performance Indicator	2006 Results	2007 Results	2008 Target	2008 Results	2009 Target
Cumulative Number of People Receiving HIV/AIDS Treatment in the 15 Focus Countries of PEPFAR (Note: Joint Program with USAID)	0.8 million	1.36 million	1.7 million	● 2 million	2 million

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 for the nation.



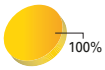
Performance Results: 13 Indicators

Budget: 2008 Actual $3,040M

Representative Performance Indicator	2006 Results	2007 Results	2008 Target	2008 Results	2009 Target
Status of Negotiations and Policy Changes Impacting Services, Trade, and Investment	6 Policy Successes	13 Policy Successes	13 Policy Successes	● 12 Policy Successes	13 Policy Successes

Strategic Goal 5: Providing Humanitarian Assistance

Minimize the human costs of displacement, conflicts, and natural disasters to save lives and alleviate suffering.



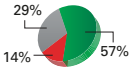
Performance Results: 3 Indicators

Budget: 2008 Actual $1,613M

Representative Performance Indicator	2006 Results	2007 Results	2008 Target	2008 Results	2009 Target
Percentage of Refugees Admitted to the U.S. Compared to the Regional Ceiling	69 percent	97 percent	100 percent	● 86 percent	100 percent

Strategic Goal 6: Promoting International Understanding

Foster mutual understanding through a two-way flow of people, ideas, and information to create peaceful and productive relationships between the U.S. and other countries.



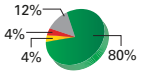
Performance Results: 7 Indicators

Budget: 2008 Actual $1,163M

Representative Performance Indicator	2006 Results	2007 Results	2008 Target	2008 Results	2009 Target
Percentage of participants who increased their understanding of the United States immediately following their program	92 percent	93 percent	93 percent	● 95 percent	94 percent

Strategic Goal 7: Strengthening Consular and Management Capabilites

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



Performance Results: 24 Indicators

Budget: 2008 Actual $8,434M

Representative Performance Indicator	2006 Results	2007 Results	2008 Target	2008 Results	2009 Target
Percentage of Passport Applications Processed within Targeted Timeframe	90 percent	71 percent	100 percent	● 100 percent	100 percent

** These measures were selected from a number of performance measures supporting the specific strategic goals. Not all indicators in the Snapshot Report are included in the Citizens' Report chapters, but are available in the Annual Performance Report.*

Inspector General's Assessment of Management and Performance Challenges

Below is an abridged version of the Office of the Inspector General (OIG) report that highlights the Department's most serious management and performance challenges for 2008, followed by a brief assessment of actions taken and actions remaining. In accordance with the Reports Consolidation Act of 2000, the full statement can be found in the Department's 2008 Agency Financial Report on page 101 at: *http://www.state.gov/s/d/rm/rls/perfrpt/2008/*.

Challenge	PROTECTION OF PEOPLE AND FACILITIES
OIG Statement	The Department has addressed security issues well at posts through new embassy compound construction and security upgrade programs, but needs to address these issues for facilities still awaiting such programs.
Action Taken	Emergency Action Plans are being updated, for which the Department is using a computer based application and specific requirements to authorize evacuations.
Action Remaining	The Department needs to identify and fund interim solutions for various costly security requirements and address other agency personnel growth at posts with security challenges.
Challenge	**INFORMATION SECURITY**
Issue	**Passport Information Electronic Records System (PIERS) System Controls**
OIG Statement	The Department needs to address a variety of control weaknesses in its Passport Information Electronic Records System (PIERS).
Action Taken	Actions to address the 22 OIG recommendations regarding PIERS are underway, including vulnerability and risk assessments.
Action Remaining	Further efforts at addressing control weaknesses need to be made – particularly regarding the prevention and detection of unauthorized access to passport and applicant information.
Issue	**Use of Laptops**
OIG Statement	The Department must balance the operational need for mobile computers and other mobile devices used by personnel with protecting the information they contain.
Action Taken	The Department is developing security controls, policies and procedures to protect sensitive personal and program-specific information.
Action Remaining	The Department needs to finalize and implement security controls, policies, and procedures that keep pace with emerging technology.
Challenge	**FINANCIAL MANAGEMENT**
OIG Statement	The Department should address a number of financial management weaknesses that have been identified repeatedly for several years, particularly regarding personal property, undelivered orders, the inadequacy of financial and accounting systems, and the lack of a managerial cost accounting system.
Action Taken	The Department has taken steps to improve some weaknesses previously identified, notably regarding information security and the launching of a new financial management system.
Action Remaining	Many of the financial management challenges faced by the Department, including those that prevented the auditors from providing a "clean opinion" in 2007, have been addressed, resulting in an unqualified or "clean" opinion for 2008.
Challenge	**CONTRACTING AND PROCUREMENT**
OIG Statement	The Department needs to implement a number of previous OIG recommendations regarding contracting and procurement, including an increase in personnel responsible for procurement and acquisitions.
Action Taken	The Department conducted a comprehensive review of acquisitions management, identifying process improvement possibilities and areas of regulatory non-compliance, and instituted a 1% surcharge for all acquisition actions. This will enable the Acquisitions Office to operate more effectively, including the gradual assumption of responsibility for the local guard contracting program.
Action Remaining	Acquisitions staff still needs to be increased, recommendations regarding contracting by the Office of Overseas Buildings Operations need to be implemented, and other procurement-related issues must be addressed.

Continued on next page

Challenge	HUMAN RESOURCES
Issue	Global Repositioning
OIG Statement	If the Global Repositioning Program (GRP) becomes regularized, it needs to take into account strategic planning mechanisms and be reduced in scope if budget and staffing shortfalls persist.
Action Taken	The Department has achieved GRP results quickly and reallocated positions across regional and bureau lines.
Action Remaining	Sufficient resources need to be devoted to making GRP work more effectively if the program continues.
Issue	Locally Employed Staff
OIG Statement	The Department needs to resolve compensation, benefits, and pension issues regarding locally employed staff (LES).
Action Taken	The complexities of local labor laws have thwarted the Department's efforts to create a universal, off-shore pension plan that addresses LES retirement needs, but some steps have been taken in individual countries.
Action Remaining	Many issues have been addressed over recent years on a partial, country-by-country basis, but need to be addressed comprehensively on a worldwide basis.
Issue	Human Capital Planning
OIG Statement	The Department needs to address critical workforce planning and human resource management, given that 35% of its workforce will be eligible for retirement within the next five years.
Action Taken	The Department is implementing a human capital plan to ensure continuous recruitment, training, deployment, and retention of qualified Foreign Service and Civil Service employees whose skills are aligned with evolving strategic objectives.
Action Remaining	None, although the human capital plan will need continuing high-level attention and periodic updating.
Issue	Human Resources Services Delivery
OIG Statement	The Department should address the problem of human resource services that are fragmented, duplicative, and inconsistent.
Action Taken	Based on private sector and government best practices, the Department is undertaking an initiative to improve, streamline, and automate human resource services.
Action Remaining	None, except that the initiative will require ongoing support from the Department's highest levels if it is to succeed.
Issue	Retiree Services
OIG Statement	The Department should strengthen the Office of Retirement, principally by improving its operations to overcome a history of sub-par performance and outdated IT systems.
Action Taken	The Department has deployed the Employee Benefits Information System (EBIS) to streamline and accelerate the system for submitting Civil Service retirement packages.
Action Remaining	EBIS has just been deployed and must be monitored closely. The Department plans to launch a Foreign Service version of EBIS in 2009.
Challenge	COUNTERTERRORISM AND BORDER SECURITY
OIG Statement	The Department should develop a flexible approach to deploying human and other resources to meet consular demands created by the 2009 onset of the Western Hemisphere Travel Initiative (WHTI) and other burgeoning consular demands.
Action Taken	The Bureau of Consular Affairs has developed and is pursuing a strategic plan that projects necessary changes in the Border Security Program to meet anticipated changes.
Action Remaining	In addition to addressing consular workload requirements, the Department should address non-consular issues and their priority in the operations of border posts.
Challenge	PUBLIC DIPLOMACY
OIG Statement	The Department should further integrate public diplomacy as part of the total diplomatic effort rather than addressing it as a separate policy development process.
Action Taken	Important progress has been made in addressing this issue, including increases in public diplomacy personnel through hiring done as part of the Diplomatic Readiness Initiative (DRI).
Action Remaining	Further integration of public diplomacy within the Department and the interagency as well at overseas posts needs to occur, with particular attention to giving first-tour public diplomacy officers proper training and to strengthening public diplomacy capabilities at Caribbean posts.
Challenge	COORDINATING FOREIGN ASSISTANCE
OIG Statement	The Department should identify and rationalize redundant assistance programs supplied by State and USAID entities.
Action Taken	The Office of the Director of Foreign Assistance continues to develop its coordinating role for overseas foreign assistance activities.
Action Remaining	Senior decision makers at overseas posts and in Washington should review both in-country and regional assistance programs to resolve problems of program redundancy.

Managing for Results: Our Approach to Performance Management

State Department leadership, managers and staff use strategic planning standards and performance management to effectively focus and guide the organization's efforts. A high level Strategic Plan and Strategic Goal Framework organized by strategic goals and strategic priorities, link people, programs, policies, processes, budget and performance information to optimize expected results. We have developed a disciplined performance structure and process centered on the results needed and the strategies and activities designed to deliver them. The Department's robust Annual Planning Cycle engages diplomatic missions overseas and Washington-based bureaus in outcome-oriented, planning activities that articulate policy and establish programmatic direction by country, region and strategic goal.

Another tool that assists our strategic and performance planning is Executive Order 13450: Improving Government Program Performance, signed by the President in November 2007 that established a Performance Improvement Officer (PIO) at each agency and the interagency Performance Improvement Council. The Executive Order reinforces the performance improvement infrastructure at the Department and provides additional leverage to strengthen crosscutting performance management. At the Department of State, the Deputy Assistant Secretary of State for Strategic and Performance Planning has been designated as the PIO. A key responsibility of the PIO is to advise the agency head whether measurement of programs and progress is rigorous and accurate.

Strategic planning and performance management together add permanent quality control and demonstrate return on our investments. The Department uses performance management best practices to assess and mitigate management challenges, measure and evaluate impacts, devise solutions, strengthen and inform program, policy and resource allocation decision-making, and learn how strategies are progressing and where to adjust course. The Department serves the public by carrying out its mission to create a more secure, democratic, and prosperous world for the benefit of the American people and the international community.

The President's Management Agenda

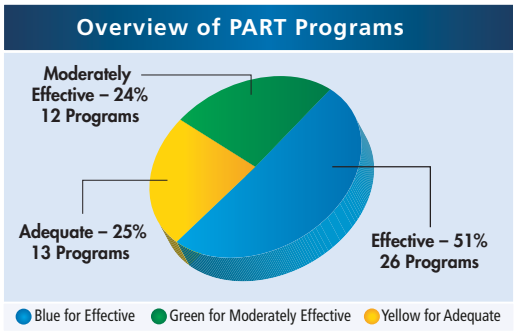
The President's Management Agenda (PMA) is the President's program for improving the management and performance of the federal government, with a focus on results. The PMA contains five government-wide and nine agency-specific initiatives that hold federal agencies to a standard of excellence for achieving results that matter to the American people. On an annual basis, the Department works with the Office of Management and Budget (OMB) to set a vision for where the agency would be "Proud To Be" the following year on PMA goals. The Department and OMB then strategize on how best to accomplish "Proud To Be" goals through incremental progress on each initiative. OMB tracks agency activities and issues a PMA executive scorecard on a quarterly basis, which rates the Department's progress and overall status for each of the PMA initiatives using a color-coded grading scale of red, yellow, and green. Please note that on December 12, 2008 the Department received an unqualified ("clean") opinion on the financial statements, as of and for the year ended September 30, 2008. As of the most recent PMA quarterly scorecard, the Department received green status ratings for all initiatives, one of only a few agencies to do so.

PMA Initiative	Status	Progress
Strategic Management of Human Capital	Green	Green
Improved Financial Performance	Green	Yellow
Commercial Services Management	Green	Green
Performance Improvement	Green	Green
Expanded Electronic Government	Green	Green
Federal Real Property Asset Management	Green	Green
Right-Sized Overseas Presence (OMB Lead)	Green	Green

Green for success Yellow for mixed results Red for unsatisfactory

Program Assessment Rating Tool

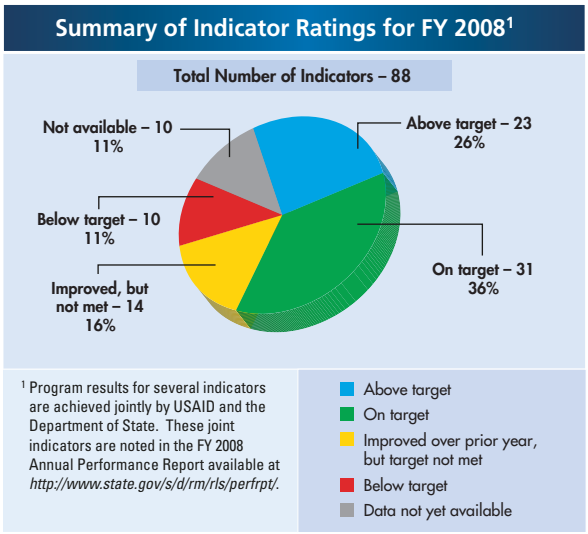
OMB's Program Assessment Rating Tool (PART) is used by agencies across the Federal government to assess program performance and to drive a sustained focus on program results. A key component of the President's Management Agenda, PART assessments review overall program effectiveness, from how well a program is designed to how well it is implemented and what results it achieves. PART results are used to improve program management and to ensure the most effective and efficient use of taxpayer dollars. Since 2002, the Department and OMB have used PART to review a total of fifty-one programs covering State Operations and Foreign Assistance. The chart to the right reflects the fifty-one programs assessed between 2002 and 2008 grouped by their PART ratings. For additional information on PART and these detailed assessments, please visit *http://www.expectmore.gov/* or refer to the FY 2008 Annual Performance Report at *http://www.state.gov/s/d/rm/rls/perfrpt/2008apr/* on page 9.



Summary of 2008 Performance Results

2008 Performance Summary

Each year, the Department of State plans and organizes its foreign policy resources and efforts based on an annual assessment of progress towards achieving seven strategic goals. In order to measure the Department's progress in FY 2008, an interagency working group selected 88 performance indicators that best reflect U.S. Government foreign policy priorities and major areas of investment. The working group and others examined each indicator closely to determine whether the FY 2008 result met a previously determined target and how the results impact the achievement of the Department's goals. The indicators are a mix of annual measures directly attributable to U.S. Government activities and longer-term indicators that reflect the combined investments of donors, private-public partnerships, non-government organizations, and host governments. The annual measures used in this report contribute toward achieving the longer-term goals.



The chart above summarizes the ratings of the Department's 88 performance indicators. Eighteen illustrative indicators are highlighted in the following section, which is organized by strategic goal and accompanied by an explanation of each goal and analysis of results achieved in 2008. Each featured indicator explains steps to improve if the 2008 result is below target or the reasons for exceeding target if the indicator is significantly above target. For 10 of these indicators, results are not yet available at this time. Results data for those indicators are collected on a calendar year basis or from overseas and outside sources and are not available until later in 2009. Those results will be updated in performance reporting as they become available. The entire set of 88 performance indicators and their 2008 results are published in full in the Department's FY 2008 Annual Performance Report (*http://www.state.gov/s/d/rm/rls/perfrpt/2008apr*).

2008 Budget Summary

The Department of State incorporates performance information in the allocation and use of budget resources. The chart below shows how the Department's resources are allocated for each Strategic Goal.

War On Terror: A Critical Foreign Policy Challenge

Defeating the terrorist enemy requires a comprehensive effort executed locally, nationally, regionally, and globally. Working with partner nations, we must eliminate terrorist leadership and terrorist safe havens, tailoring regional strategies to disaggregate terrorist networks and break terrorist financial, travel, communications, and intelligence links. Most challenging, we must address the underlying conditions that terrorists exploit at the national and local levels to induce alienated or aggrieved populations to become sympathizers, supporters, and ultimately members of terrorist networks. Our strategy is to marginalize violent extremists by addressing people's needs and grievances, and by giving people a stake in their own political future.

REGIONAL STRATEGIC INITIATIVE. Terrorists operate without regard to national boundaries and are highly adaptable; defeating them requires both centralized coordination and field authority. Resources and responses must be applied in a rapid, flexible, and focused manner. The State Department's Office of the Coordinator for Counterterrorism has developed the Regional Strategic Initiative in key terrorist theaters of operation to collectively assess the threat, pool resources, and devise collaborative strategies, action plans, and policy recommendations.

BRINGING TERRORISTS TO JUSTICE: REWARDS FOR JUSTICE (RFJ) is a valuable asset in the War on Terror. Through the RFJ program, the Secretary of State, offers and pays rewards for information that prevents or successfully resolves an act of international terrorism against United States citizens or property. Reward offers of up to $25 million have been authorized for information leading to the capture of Usama bin Laden and other key terrorist leaders. Since its inception in 1984, RFJ has paid more than $82 million to over 50 people who provided credible information.

THE ANTITERRORISM ASSISTANCE PROGRAM (ATA) provides partner countries with the training, equipment, and technology needed to increase their capabilities to find and arrest terrorists, and builds the kind of cooperation and interactivity between law enforcement officers that has a lasting impact. During Fiscal Year 2008, the State Department delivered over 280 training activities and technical consultations, and trained over 5,600 participants from 68 countries. Training included: crisis management and response, cyber terrorism, dignitary protection, bomb detection, airport security, border control, response to incidents involving weapons of mass destruction, countering terrorist finance, interdiction of terrorist organizations, and kidnap intervention and hostage negotiation and rescue.

EXAMPLES OF THE SUCCESS OF ATA TRAINING INCLUDE:

- **AFGHANISTAN:** In April 2008, an assassination attempt on President Karzai by Taliban fighters in Kabul, was thwarted by the quick action of the ATA trained Presidential Protective Services personnel. Three assassins were killed and three were arrested.
- **COLOMBIA:** ATA continued its assistance in the development a cutting-edge anti-kidnapping training facility known by its location in Sibate. During 2008, Colombia law enforcement began assuming full responsibility for delivering ATA-based training courses as a part of the Sibate programs. ATA training has helped Colombia's anti-kidnapping units reduce kidnappings in Colombia by 83 percent since 2002. Over the past six years, none of the ATA-trained units have lost a single hostage during rescue operations.
- **INDONESIA:** ATA trained and equipped tactical units arrested and participated in the adjudication of over four hundred terrorist suspects. They directed the investigation that resulted in the arrest operations, and related deaths, of one of Southeast Asia's most wanted terrorists, Dr. Azahari, the mastermind of a hotel bombing in Bali in 2002 that killed over 200 people, and contributed to the dismantlement of Azahari's terror organization.

THE TERRORIST INTERDICTION PROGRAM (TIP) assisted priority countries at risk of terrorist activity to enhance their border security capabilities. The State Department has provided TIP assistance to more than 20 countries at 110 ports of entry, assistance that was instrumental in impeding and interdicting terrorist travel. High-priority countries participating in the program include Iraq, Pakistan, Afghanistan, Yemen, Thailand, and Kenya.

COUNTERTERRORIST FINANCE TRAINING. The State Department chairs the interagency Terrorist Finance Working Group, which develops and coordinates USG counterterrorism financing (CTF) capacity-building efforts in key partner nations. The CTF capacity-building program includes training and technical assistance in the legal, financial regulatory, financial intelligence, financial investigation, and judicial, prosecutorial and asset forfeiture fields, as well as task force development to build interagency cooperation among the fields.

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.

I. Public Benefit

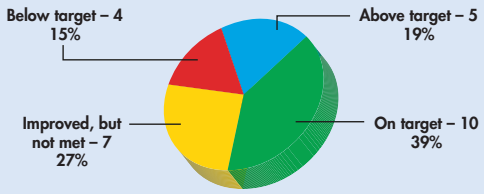
The United States promotes peace, liberty and prosperity for all people, and ensuring security is central to achieving peace. The U.S. Government directly confronts threats to national and international security from terrorism, weapons proliferation, failed or failing states, and political violence. By enforcing compliance with arms control, nonproliferation and disarmament agreements through diplomacy, political and economic sanctions, and physical interdiction, we ensure our national security and the security of the global community. In doing so, we strengthen U.S. national security as well as the capability of the U.S. Government and of international partners to prevent or mitigate conflict, stabilize countries in crisis, promote regional stability, protect civilians, and promote the just application of government and law. Our security is best guaranteed when our friends and neighbors are secure, free, prosperous, and at peace.

Secretary Rice and Polish Foreign Minister Sikorski celebrating the U.S.– Poland missile defense agreement in Warsaw, Poland.

AP Photo/Czarek Sokolowski

II. Summary of Performance

FY 2008 Results Achieved for Strategic Goal 1



Total Number of Indicators – 26

KEY SELECTED ACHIEVEMENTS

- NATO expanded its Training Mission in Iraq to include Air Force/Navy staff officers, border security, and advanced forensics training and handed over significant aspects of its officer and non-commissioned officer academy training to the Iraqi government.
- The Department further developed the U.S.- Poland bilateral security relationship with a ballistic missile defense agreement.

III. Performance Analysis and Resources Invested

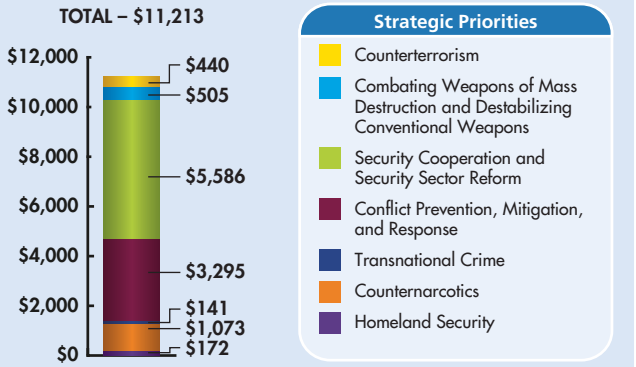
A total of seven strategic priorities are included under Strategic Goal 1. The following are a few illustrative performance indicators. The complete set of 26 indicators can be found in the Department's Annual Performance Report at *http://www.state.gov/s/d/rm/rls/perfrpt/2008apr* on page 32.

1. COUNTERTERRORISM: *Prevent terrorist attacks against the United States, our allies, and our friends, and strengthen alliances and other international arrangements to defeat global terrorism.*

U.S. Government activities seek to help other countries establish the capacity of their legal and regulatory systems and their security forces to combat and defeat terrorists. In the multi-lateral arena the U.S. Government works with other governments and international organizations to develop coalitions and international laws and agreements to combat terrorism.

FY 2008 Budget Authority for Strategic Goal 1

($ in millions)



Analysis: The U.S. Government trains law enforcement agencies in partner countries and provides state-of-the art computer database systems that enable identification of suspected terrorists attempting to transit air, land or sea ports of entry.

The indicator below summarizes the performance of U.S. counterterrorism training activities. Training allies to battle terrorism is a smart and efficient way to extend a protective net beyond U.S. borders and ensure that terrorism is thwarted before it reaches the U.S., while at the same time strengthening U.S. Government partnerships. In addition, training programs deliver technical finance assistance and training to improve the ability to investigate, identify and interdict the flow of money to terrorist groups, and support activities that deradicalize youth and prisoners. A strong example of this is the Anti-Terrorism Assistance (ATA) program in the Philippines. In FY 2008, U.S. efforts enhanced the capacity of Philippine law enforcement agencies to deter, detect, counter, and investigate terrorist activities by providing valuable training in a wide range of areas including Interdicting Terrorist Activity, Explosive Incident Countermeasures, Post-Blast Investigation, Advanced Computer and Cellphone Forensics.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Number of Host Country Officials Trained in Counterterrorism By U.S. Government Programs	Indicator established in 2007	1,925	2,600	2,651		3,936
Impact(s): Increased capacity, skills, and abilities in host countries and strengthened partnership with the U.S. Government in the war on terror.						
Reasons for Exceeding Target: The performance target was set at an approximate level and the deviation from that level is slight. There was no effect on overall program or activity performance.						
Data Source, Verification, and Validation: 2008 Performance Reports from 15 countries as collected in the Foreign Assistance and Coordination System (FACTS). Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

2. COMBATING WEAPONS OF MASS DESTRUCTION (WMD) AND DESTABILIZING CONVENTIONAL WEAPONS: *Prevent the proliferation of and trafficking in weapons of mass destruction and destabilizing conventional weapons, thereby reducing their threat to the United States, our allies, and our friends.*

Activities in this area aim to prevent the proliferation of, and trafficking in, WMDs and involve many policy initiatives, such as denuclearization of North Korea and the Proliferation Security Initiative, as well as several foreign assistance programs, including the Global Threat Reduction Program and the Export Control and Related Border Security program (EXBS).

Analysis: One of the most important policy initiatives in this area has been restraining Iran's nuclear program. In FY 2008, the EXBS program continued to provide assistance to over 45 partner countries to improve their strategic trade control and related border security capabilities in the effort to stem the flow of weapons of mass destruction (WMD), their delivery systems, and advanced conventional weapons. With FY 2008 funds, we expanded EXBS programs to Cambodia, Kosovo, and Libya, and plan further expansion in FY 2009. The following indicator highlights a worldwide cumulative measure of U.S. progress in instituting strategic trade and border controls.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Cumulative Number of Countries That Developed Valid Border Security Programs Meeting International Standards	8	12	12	12		14
Impact(s): Strong strategic trade and border control systems are the front line of our efforts to prevent the proliferation of weapons of mass destruction.						
Data Source, Verification, and Validation: 12 countries whose systems meet the international export standards as validated by EXBS reporting. Data is compiled and tracked by the Department of State's Bureau of International Security and Nonproliferation, based on feedback from their program managers and Contracting Officer's Representatives and is maintained on their intranet. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

3. SECURITY COOPERATION AND SECURITY SECTOR REFORM: *Establish, maintain, and where appropriate, expand close, strong, and effective U.S. security ties with allies, friends, and regional organizations.*

Responsible governments must deal with threats within their own borders and address international problems in partnership with the U.S. and others. Diplomatic and development activities in this area promote U.S. interests around the world by ensuring that coalition partners and friendly governments are equipped and trained to work toward common security goals.

Analysis. The indicator below attempts to measure the degree to which U.S.-supplied training of Foreign Military Personnel is seen as valuable by foreign governments. The underlying assumption is that by promoting U.S. trained personnel to national leadership

IN FOCUS: REBUILDING EFFORTS IN IRAQ

The past year has been marked with change and transition in Iraq. The Government of Iraq has increasingly taken responsibility for funding and management of large-scale reconstruction projects, including accepting the transfer of more than 130 Primary Health Care Centers throughout Iraq. The Department of State focused its efforts on targeted training and capacity development programs within the central and local governments so that the Iraqis could continue the reconstruction effort themselves and provide government services effectively. We trained 31,000 civil servants and another 36,000 Iraqis graduated from vocational training programs. Our diplomatic efforts in Baghdad have met with significant success including the passage of the Provincial Powers law by the Iraqi Council of Representatives and provincial and national elections are scheduled to be held in 2009. The security gains made possible as a result of the "surge" of coalition forces, the public's rejection of extremist violence and the increasing ability of Iraqi Security Forces to take on more responsibility for securing the Iraqi population have helped create conditions under which Iraq's economy has continued to grow.

positions the skills and values provided in that training will eventually be spread to the entire military structure and that leadership will be more likely to respect civilian control of the military, be willing to work with U.S. led or sponsored peacekeeping missions and be interested in maintaining a longstanding relationship with the United States.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Number of Foreign Military Personnel at National Leadership Levels Trained in the United States	Indicator established in 2007	958	1,297	497		547
Impact(s): Increased capacity and skills in host countries strengthened their ability to enforce peace and security. The promotion of military-to-military cooperation, development of military professionalism, increased interoperability and enhanced ability to achieve mutual objectives.						
Steps to Improve: Because of a military led coup in Mauritania, U.S. training programs were suspended and the country was unable to meet its target of 500. Several other U.S. Missions were unable to meet their targets because the host government personnel were not available. The impact of the Mauritanian program's failure to meet the target revealed issues in the understanding of the indicator by several locations which will be addressed in the next reporting cycle.						
Data Source, Verification, and Validation: 2008 Performance Reports from 24 countries as collected in the Foreign Assistance and Coordination System (FACTS). Additional countries have set targets against this indicator in 2009. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed that several locations misunderstood the use of this indicator which issue is being addressed in guidance for the next reporting cycle.						

4. 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.*

U.S. Government diplomatic and development activities support conflict mitigation, peace, reconciliation, and justice processes. Programs are designed to meet specific needs of a country's transition, establishing a foundation for longer-term development by promoting reconciliation, fostering peace and democracy, and jumpstarting nascent government operations.

Analysis: The indicator below highlights U.S. Government training assistance that improves the capacities of key stakeholders to negotiate, thereby empowering those individuals to better manage conflict both within their group and between groups, as well as training them to be effective in implementing and managing peace processes.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Number of People Trained in Conflict Mitigation/ Resolution Skills with U.S. Assistance	Indicator established in 2007	17,965	5,449	12,578		24,634
Impact(s): Increases a population's abilities to reduce the threat or impact of violent conflict, promote peaceful resolution of differences, mitigate violence, and establish frameworks for peace and reconciliation. Performance data for this indicator fluctuate widely from year to year, depending on country need and capacity.						
Reasons for Exceeding Target: The performance target was set at an approximate target level. Results exceeded expectations due to more favorable conditions in the reporting countries. There was no effect on overall program or activity performance.						
Data Source, Verification, and Validation: 2008 Performance Reports from seven countries and USAID's Bureau of Democracy, Conflict, and Humanitarian Assistance as collected in the Foreign Assistance and Coordination System (FACTS). Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

5. COUNTERNARCOTICS: *Disrupt and reduce international drug trafficking by cooperating internationally to set and implement anti-drug standards, share related financial and political burdens, close off criminal safe havens, and build and strengthen justice systems.*

Programs in this area help reduce the flow of drugs to the United States, address instability in the Andean region, and strengthen the ability of both source and transit countries to investigate, block, and prosecute major drug trafficking organizations and their leaders.

Analysis. The indicator below summarizes one measurement of law enforcement effectiveness and the efficacy of assistance in providing host governments with operational support, equipment, and training in the eradication of illicit drug crops.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Hectares of Drug Crops Eradicated Annually in U.S. Government-Assisted Areas	Indicator established in 2007	177,452	182,975	253,117	●	215,550
Impact(s): Every successful eradication operation keeps drugs out of the United States. U.S. Government crop eradication assistance includes technical, financial, and logistical support for eradication missions, alternative livelihood development, road construction, and small water and electricity plans.						
Reasons for Exceeding Target: Two locations in particular, Peru and Columbia, exceeded their FY 2008 targets. In Columbia, the eradication program has become more efficient and the number of hectares sprayed with glyphosate has increased by over 30%, using essentially the same resources since FY 2002. One location, however, Bolivia, saw a 21% decrease in eradication for FY 2008 due to the apparent current lack of political will of eradicating only but the minimum necessary.						
Data Source, Verification, and Validation: 2008 Performance Reports from 6 countries as collected in the Foreign Assistance and Coordination System (FACTS). Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

For a complete discussion of the following strategic priorities including performance measures, please refer to the APR.

6. TRANSNATIONAL CRIME: *Decrease and minimize cross-border crimes that threaten the United States and other countries by strengthening abilities to detect, investigate, prosecute, and ultimately prevent violations of law.*

7. HOMELAND SECURITY: *Create conditions abroad that serve and protect American citizens and interests by assisting consular and infrastructure protection programs.*

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.

I. Public Benefit

The U.S. Government supports just and democratic governance for three distinct and related reasons: as a matter of principle; as a contribution to U.S. national security; and as a cornerstone of our broader development agenda. Governments that accept the twin principles of majority rule and individual rights, respond to the needs of their people, and govern by rule of law are more likely to conduct themselves responsibly toward other nations.

Effective and accountable democratic states are also best able to promote broad-based and sustainable prosperity. The U.S. Government goal is to promote and strengthen effective democracies and assist countries in moving along a continuum toward democratic consolidation.

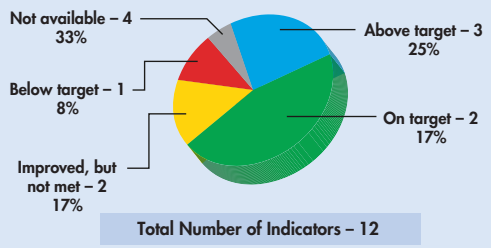
A Masai woman casts her ballot during the Kenyan presidential election.
AP Photo/Karel Prinsloo

II. Summary of Performance

KEY SELECTED ACHIEVEMENTS

- The Department of State encouraged the Government of Vietnam to continue to deepen its implementation of a legal framework on religion which led to the registration of more than 10 new religious groups in the past year.
- The Department partnered with major apparel brands and retailers, investment firms, and non-governmental organizations to eliminate the worst forms of child labor in Uzbekistan's cotton sector.

FY 2008 Results Achieved for Strategic Goal 2



III. Performance Analysis and Resources Invested

FY 2008 Budget Authority for Strategic Goal 2

A total of four strategic priorities are included under Strategic Goal 2. The following are a few illustrative performance indicators. The complete set of 12 indicators can be found in the Department's Annual Performance Report at *http://www.state.gov/s/d/rm/rls/perfrpt/2008apr* on page 66.

1. 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.*

Activities in this area advance and protect human and individual rights as embodied in the Universal Declaration of Human Rights and international conventions to which states are signatories. Rule of law and human rights are core principles central to American foreign policy.

Analysis: The indicator below monitors improved court case management as reported by 15 locations. Overall program targets were not met because multiple locations are no longer reporting against this indicator due to changes in programming. However, those locations which continue to report against this measure had significant success in FY 2008. For example, Colombia almost tripled its FY 2007 number of 30, reaching 83 courts in FY 2008. Egypt, Guatemala and Jordan also saw significant improvements, with only Haiti falling short of its target. The FY 2009 target has been carefully recalibrated.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Number of USG Assisted Courts with Improved Case Management	Indicator established in 2007	350	477	351		339
Impact(s): Increased the efficiency of case management expedites a population's access to justice and increases the transparency of the judicial process. Improved case management also leads to better strategic management of the court systems because they can manage workload more effectively and target other areas in need of improvement.						
Steps to Improve: The 2009 target has been adjusted to account for the programming shift and the additional number of locations reporting against this target.						
Data Source, Verification, and Validation: 2008 Performance Reports from 15 countries as collected in the Foreign Assistance and Coordination System (FACTS). Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

2. GOOD GOVERNANCE: *Promote democratic institutions that are effective, responsive, sustainable, and accountable to the people, and include institutional checks and balances.*

The U.S. Government works with host country institutions, public and private, to develop the capacity to govern effectively, and to monitor the effectiveness of government. Poor governance can lead to corruption and civil unrest.

Analysis: The World Bank's Government Effectiveness indicator is one of six measures utilized by the Bank's Governance Matters Initiative. The World Bank's Government Effectiveness indicator highlighted below tracks trends in government effectiveness by measuring the quality of a country's public service provisions, the independence of the civil service from political pressures, and the credibility of the government's commitment to public policy. The countries that receive the majority of U.S. Government funding in this area, Iraq, Egypt, Jordan, West Bank and Gaza, and Lebanon, are tracked by this long-term indicator. This indicator uses a scoring scale for each country from -2.5 to 2.5 (higher average values equal higher quality of governance). Results for target countries were mixed for FY 2008 with Jordan showing improvements, Iraq and Egypt holding steady, and Lebanon and the West Bank showing declines. Although annual results are reported for this indicator, annual targets are not set due to its long term nature.

Target Countries	2007 Baseline	2008 Results	2015 Target	2015 Rating Criteria
Egypt	-0.41	-0.44	-0.21	Significant improvement in score from 3 of 5 countries by 2015. A "significant improvement" is an improvement of at least 0.20 for Egypt, Jordan, and Lebanon; 0.25 for Iraq; and 0.35 for West Bank/Gaza
Jordan	0.19	0.27	0.39	
Lebanon	-0.45	-0.61	-0.25	
Iraq	-1.7	-1.68	-1.45	
West Bank/Gaza	-1.11	-1.24	-0.76	

Impact(s): Measures quality of a country's public services, civil service and its degree of independence from political pressures, policy formulation and implementation, and the quality of the government's commitment to such policies. Results were mixed for FY 2008.

Data Source, Verification, and Validation: World Bank Governance Matters Initiative --Government Effectiveness Index for: Iraq, Egypt, Jordan, West Bank and Gaza, and Lebanon. The indicators measure six dimensions of governance: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.

3. POLITICAL COMPETITION AND CONSENSUS-BUILDING: *Encourage the development of transparent and inclusive electoral and political processes and democratic, responsive, and effective political parties.*

The U.S. Government seeks to promote consensus-building among government, political parties, and civil society to advance a common democratic agenda, especially where fundamental issues about the democratization process have not yet been settled.

Analysis: The indicator below highlights the performance of 11 U.S. Government-assisted country programs that focus on one aspect of promoting credible and fair elections. Because the indicator measures persons trained in preparation for deployment as observers before or during a national election, targets and results are greatly influenced by the number of elections in a given year. Aggregated targets to train election monitors in FY 2008 were not met, although many individual countries did surpass their goals. The FY 2009 target is significantly lower as there are fewer planned elections to monitor in 2009.

Performance Indicator	2006 Results	2007 Results	2008 Target	2008 Results	2008 Rating	2009 Target
Number of Domestic Election Observers Trained with U.S. Government Assistance	Indicator established in 2007	53,258	27,536	24,629	●	3,700

Impact(s): Greater political competition and consensus-building to ensure that citizens have a voice in the regular and peaceful transfer of power between governments.

Steps to Improve: The FY 2008 target was not met in part due to the difficult environment for monitors in Russia. To mitigate this we will shift from short-term observers to a longer term focus on monitoring which is more conducive to the environment in which election observers operate; thus we are training fewer election observers and have adjusted their FY 2009 target accordingly.

Data Source, Verification, and Validation: 2008 Performance Reports from 11 countries as collected in the Foreign Assistance and Coordination System (FACTS). Additional countries have set targets against this indicator in 2009. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.

4. 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.*

This priority supports civic participation and access to information, including media freedom and a broadly functioning independent and open media sector, and the internet.

Analysis: The indicator below measures one aspect of U.S. assistance to strengthen civil society organizations (CSOs). A vibrant civil society serves as the conscience of a country and a counterweight to non-democratic tendencies. In FY 2008, three locations, Uganda, Guinea, and Armenia, significantly exceeded their targets.

Twelve locations submitted FY 2008 results for this indicator that were not part of the original FY 2008 target universe. If these results were included, another 563 CSOs that engage in advocacy and watchdog functions would be included in the results.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Number of USG Assisted Civil Society Organizations that Engage in Advocacy and Watchdog Functions	Indicator established in 2007	823	1,223	1,315	●	924
Impact(s): Increased the capacity and quantity of civil society organizations to provide watchdog functions for a country. Increased transparency and accountability of the government allows for greater information sharing in communities, and enables greater economic and social stability.						
Reasons for Exceeding Target: FY 2008 results exceeded the targets due to the overwhelming response from civil society groups across Uganda involved in regional land policy consultations.						
Data Source, Verification, and Validation: 2008 Performance Reports from 20 countries and the East Africa Regional mission as collected in the Foreign Assistance and Coordination System (FACTS). Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

STRATEGIC GOAL 3: INVESTING IN PEOPLE

Improve health, education, and other social services to help nations create sustainable improvements in the well-being and productivity of their citizens..

I. Public Benefit

Disease and lack of education destroy lives, ravage societies, destabilize regions, and cheat future generations of prosperity and participation in democracy. By supporting Presidential Initiatives and numerous programs that integrate economic growth with social development we are extending the basic values American citizens hold dear: good health; access to quality education; and protection for vulnerable populations.

Young girl participating in World AIDS Day 2007 in Bhubaneswar, India. *AP Photo/Biswaranjan Rout*

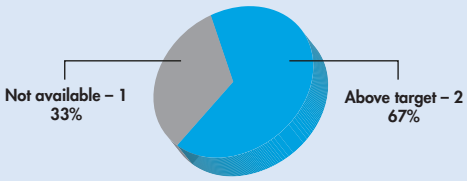
The U.S. Government strives to improve child, maternal, and reproductive health, reduce the risk of infectious disease, and increase access to improved drinking water and sanitation services in developing countries. Critical interventions combat HIV/AIDS, tuberculosis, malaria, polio, pneumonia and diarrhea, which are leading causes of illness and death throughout the developing world. Mothers and children are especially vulnerable and are therefore two special target groups for most of these interventions. As an integral part of health programming, U.S. Government programs strengthen local capacity in disease outbreak detection and response, strengthen delivery of health services, essential drugs and commodities, and support advances in health technology.

II. Summary of Performance

KEY SELECTED ACHIEVEMENTS

- Through the President's Emergency Plan for AIDS Relief (PEPFAR) program, the Department and USAID have aided in the prevention of mother-to-child HIV transmission services for women during nearly 12.7 million pregnancies.
- Working with USAID, more than 22.3 million people benefit from malaria prevention measures, including Insecticide-Treated Nets and/or Indoor Residual Spraying.

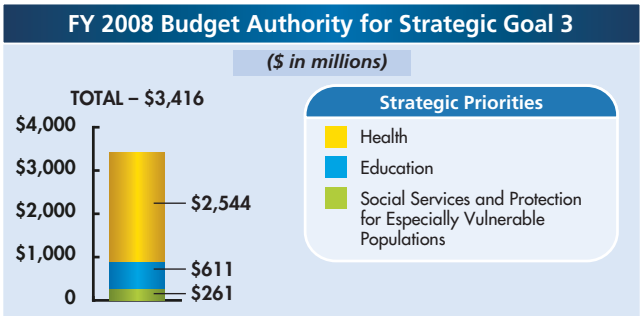
FY 2008 Results Achieved for Strategic Goal 3



Total Number of Indicators – 3

III. Performance Analysis and Resources Invested

A total of three strategic priorities are included under Strategic Goal 3. However the Education Strategic Priority and Social Services and Protection for Especially Vulnerable Populations Strategic Priority are USAID strategic priorities and are not addressed in this report. For more information on these priorities please refer to the FY 2008 USAID Annual Performance Report. The following are a few illustrative performance indicators. The complete set of 3 indicators can be found in the Department's Annual Performance Report at *http://www.state.gov/s/d/rm/rls/perfrpt/2008apr* on page 80.



1. HEALTH: *Improve global health, including child, maternal, and reproductive health, and reduce the risk of infectious disease, especially those that are leading causes of illness and death in the developing world.*

U.S. activities are designed to help countries develop programs to improve the health of their populations. Major programs have been designed around HIV/AIDS, tuberculosis, malaria, but efforts are also on going in reproductive health, polio, and improving the quality and quantity of safe drinking water.

Analysis: The bulk of HIV/AIDS funding is provided through the President's Emergency Plan for AIDS Relief (PEPFAR) in 15 Focus Countries that are the most deeply affected by the pandemic and represent 50 percent of HIV infections worldwide. In Focus Countries, the Emergency Plan has three specific five-year goals that are to be reached by 2009: provide treatment for two million people; prevent new infections for seven million people; and deliver care for 10 million people affected by HIV/AIDS, including orphans and vulnerable children.

The following indicator summarizes progress in HIV/AIDS treatment in the 15 Focus Countries.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Cumulative Number of People Receiving HIV/AIDS Treatment in the 15 Focus Countries of PEPFAR	822,000	1.35 million	1.7 million	2 million		2 million
Impact(s): Increased knowledge to determine which countries are facing challenges in scaling up their programs and which countries may have practices that should be replicated elsewhere. PEPFAR-supported treatment has helped to save and extend millions of lives, as well as avoid the orphaning of hundreds of thousands of children whose parents are infected with HIV/AIDS.						
Reasons for Exceeding Target: PEPFAR has rapidly scaled up with host nations and has thus accomplished more than the targets established in the previous fiscal year.						
Data Source, Verification, and Validation: Semi-Annual and Annual Progress Reports as captured in U.S. Government Country Operational Plan Report Systems (COPR). The 15 focus countries are: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam, and Zambia. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

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 for the nation.

I. 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. Global economic growth is a key U.S. foreign policy priority and is essential for the reduction and eventual elimination of extreme poverty, poor health, and inadequate education among developing countries. Countries that offer their citizens hope for increasing prosperity are less prone to extremism, more inclined to favor democracy, more willing to settle

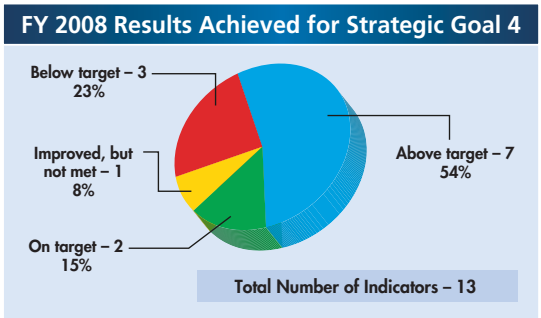
Wind turbines in Lezignan Corbieres, France.
AP Photo/ Remy Gabalda

disputes peacefully, and more likely to be constructive partners with the United States in the international community. The United States derives enormous benefits from a stable, resilient, and growing world economy and plays a leadership role to promote economic growth and prosperity.

II. Summary of Performance

KEY SELECTED ACHIEVEMENTS

- The Department established Open Skies Agreements with Australia, Croatia, and Kenya to permit more liberal access for each countries' airline to provide passenger and cargo service.
- The Department contributed to reducing the median number of days it takes to start a business in African countries to 37 days, 2 days less than last year.



III. Performance Analysis and Resources Invested

A total of nine strategic priorities are included under Strategic Goal 4. The following are a few illustrative performance indicators. The complete set of 13 indicators can be found in the Department's Annual Performance Report at *http://www.state.gov/s/d/rm/rls/perfrpt/2008apr* on page 84.

1. 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.*

The U.S. Government promotes increased trade and investment, a powerful engine for growth, and has negotiated a number of bilateral free trade agreements to open new markets for American goods and services. At the beginning of the Bush Administration, the U.S. had free trade agreements in force with three countries, whereas now the U.S. Government has nine free trade agreements in force with 14 countries. President Bush signed a free trade agreement with Peru on December 14, 2007, and free trade agreements with Colombia, Panama, and South Korea are pending Congressional approval.

Analysis: U.S. activities include the negotiation of bilateral and multilateral treaties that promote free trade and transparent investment regimes, assistance in the development of legal and regulatory systems in developing countries to all those countries to qualify and take advantage of international agreements, and assistance to private sector organizations and businesses to improve their abilities to meet international standards.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Number of Company-Specific Cases for Which Advocacy Services Were Provided	349	335	300	351	●	350
Impact(s): Strengthens both U.S. and foreign economies by the direct support provided by the government to U.S. businesses in exporting goods and services as well as in resolving commercial disputes and managing overseas investments.						
Reasons for Exceeding Target: Target was inadvertently established too low. Result is consistent with prior year result.						
Data Source, Verification, and Validation: The Bureau of Economic, Energy and Business Affairs advocacy database; Department of Commerce advocacy database; reporting cables from posts; feedback from companies; report of quarterly success stories to the Deputy Secretary of State and the Under Secretary for Economic and Agricultural Affairs. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

2. ECONOMIC OPPORTUNITY: *Support efforts to help people gain access to financial services, build inclusive financial markets, improve the policy environment for micro and small enterprises, strengthen microfinance institutional productivity, and improve economic law and property rights.*

U.S. programs are geared to providing assistance to the poorest segments of society, including female-led households, allowing them to participate in the broader economy. These efforts include legal and regulatory reform of the financial sector, direct and indirect creation of micro-finance institutions, and legal and regulatory reform geared at small and medium business development.

Analysis: Microfinance institutions (MFI) help the poor to obtain start-up capital to open micro or small-sized businesses, expanding their choices and reducing the risks they face.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Percent of U.S. Assisted Microfinance Institutions That Have Reached Operational Sustainability Per Year	71%	70%	70%	74%	●	70%
Impact(s): Providing the poorest elements of society the opportunity to access the financial sector, in terms of loans, savings and ownership has consistently resulted in an expansion of economic activity and the generation of growth. However, for the growth to be sustainable it is essential that the institutions themselves be sustainablly and transparently managed.						
Reasons for Exceeding Target: Measures of cost-effectiveness and sustainability for any given project are derived from the specific objectives to be achieved by the project, the context in which it operates, and the duration of support. A significant number achieved sustainability earlier than expected.						
Data Source, Verification, and Validation: Microenterprise Results Reporting (MRR) Annual Report to Congress, FY 2007 and earlier editions. The indicator is the number of MFIs reporting either operational or financial sustainability, divided by the total number of U.S. Government-supported MFIs, expressed in percent. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

3. 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: Environmental issues such as climate change, protection of natural resources and forests, and trans-boundary pollution continue to play critical roles in our diplomatic and development agendas. U.S. efforts in Asia significantly exceeded targets for bringing increasing amounts of land under improved management that targets biodiversity. These results were primarily due to greater than expected participation of timber concessions in response to an improved enabling environment and supportive international policy changes. The indicator below assesses the impact of U.S. natural resource and biodiversity interventions in 21 countries receiving U.S. Government assistance.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Number of Hectares Under Improved Natural Resource or Biodiversity Management as a Result of U.S. Assistance Per Year	Indicator established in 2007	121.6 million hectares	113 million hectares	126 million hectares	●	108 million hectares
Impact(s): Ecosystems are becoming impoverished at an alarming rate worldwide, threatening to undermine development by reducing soil productivity, diminishing resilience to climate change, and driving species to extinction. A productive and healthy environment is the foundation of economic growth, especially in developing countries where people's livelihoods are often dependent on rangelands, forests, fisheries and wildlife.						
Reasons for Exceeding Target: Multiple reporting locations significantly exceeded their FY 2008 targets. Reasons varied from overly conservative targets to improved enabling environments and increased levels of concern for habitat protection.						
Data Source, Verification, and Validation: 2008 Performance Reports from approximately 40 countries as reported in the Foreign Assistance and Coordination System – FACTS. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

For a complete discussion of the following strategic priorities including performance measures, please refer to the APR.

4. 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.*

5. PRIVATE MARKETS AND COMPETITIVENESS: *Support efforts by other countries to improve institutions, laws, and policies that foster private sector-led economic growth and competitiveness.*

6. FINANCIAL SECTOR: *Improve financial sector governance as well as the quality of and access to financial services by improving corporate governance, accounting, financial transparency, and by combating financial crimes and corruption.*

7. INFRASTRUCTURE: *Promote sustainable improvements in foreign infrastructure by encouraging public-private partnerships, strengthening capacities for oversight and management, and expanding markets for tradable infrastructure services.*

8. ENERGY SECURITY: *Enhance U.S. and global energy security by: promoting open and transparent, integrated, and diversified energy markets; encouraging appropriate energy sector investments; and developing and sharing clean and efficient energy technologies.*

9. MACROECONOMIC FOUNDATION FOR GROWTH: *Promote institutions, laws, and policies that support private sector efforts to build people's capacity to take advantage of expanding economic freedom – including the promotion of effective public-private partnerships.*

STRATEGIC GOAL 5: PROVIDING HUMANITARIAN ASSISTANCE

Minimize the human costs of displacement, conflicts, and natural disasters to save lives and alleviate suffering.

I. Public Benefit

The Department of State and USAID are the lead U.S. Government agencies in responding to complex humanitarian emergencies and natural disasters overseas. The United States commitment to humanitarian response 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 derives from both our common humanity and our responsibility as a global leader. It requires urgent responses to emergencies, concerted efforts to address hunger and protracted crises, and planning to build capacity to prevent and mitigate the effects of conflict and disasters.

A Bangladeshi child receives a medical exam during humanitarian relief efforts in Sarankhola, Bangladesh. *AP Photo/U.S. Navy, Specialist 3rd Class William S. Parker*

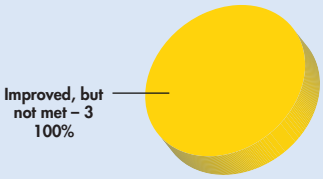
U.S. humanitarian responses to population displacement and human-made disasters complement efforts to promote democracy and human rights. The United States provides substantial resources and guidance through international and nongovernmental organizations for worldwide humanitarian programs, with the objective of saving lives and minimizing suffering in the midst of crises, increasing access to protection, promoting shared responsibility, and coordinating funding and implementation strategies.

III. Summary of Performance

KEY SELECTED ACHIEVEMENTS

- The 68,800 refugees resettled in the U.S. represent a 30 percent increase over FY 2007 refugee admissions levels.
- In FY 2008, 92 percent of foreign governments increased their efforts to detect, investigate, prosecute and prevent trafficking in persons as well as to protect and assist the victims with Department of State-funded anti-trafficking projects.

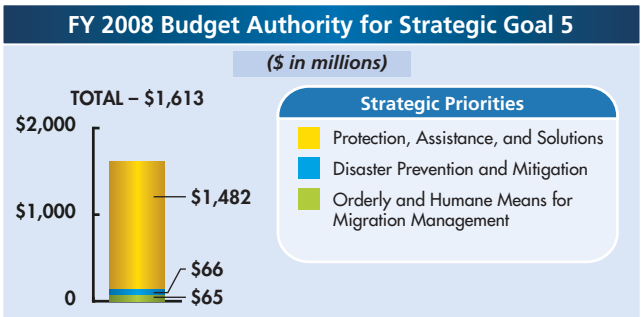
FY 2008 Results Achieved for Strategic Goal 5



Total Number of Indicators – 3

III. Performance Analysis and Resources Invested

A total of three strategic priorities are included under Strategic Goal 5. The following is an illustrative performance indicators. The complete set of 3 indicators can be found in the Department's Annual Performance Report at *http://www.state.gov/s/d/rm/rls/perfrpt/2008apr* on page 101.



1. 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, including food aid, and other humanitarian assistance.*

U.S. assistance advances the Humanitarian Assistance goal by protecting these vulnerable populations from physical harm, persecution, exploitation, abuse, malnutrition and disease, family separation, gender-based violence, forcible recruitment, and other threats, to ensure that their full rights as individuals are safe-guarded.

Analysis: Assistance in this area also sustains key foreign policy objectives to promote stability by supporting large-scale returns to Afghanistan, Sudan, Burundi, the Democratic Republic of Congo, and elsewhere, and provides critical protection and assistance in situations of protracted displacement throughout the world.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Percentage of Refugees Admitted to the U.S. as a Percentage of the Regional Ceiling Established by Presidential Determination	69% of 60,000	97% of 50,000	100% of 70,000	86% of 80,000 (68,800)		100% of allocation
Impact(s): Refugees admitted to the United States achieve protection and a durable solution, beginning new lives in communities across the country. Improved accuracy and the overall effectiveness of the U.S. refugee admissions program by tracking whether the numbers of refugees eligible for entry to the U.S. are actually arriving.						
Steps to Improve: Deviation from the target was largely due to two factors: delays in the start-up of a major new resettlement program for Bhutanese in Nepal due to political and security issues in the country and uncovering major fraud in the refugee admissions family reunification program which required a suspension of reunification processing in Africa. Bhutanese resettlement start up is now complete, eliminating this delay. The Bureau of Population, Refugees and Migration (PRM) continues to work with the Department of Homeland Security to address problems of fraud in the African family reunification caseload.						
Data Source, Verification, and Validation: The data source is the U.S. Department of State's Refugee Processing Center. The Department has developed and deployed a standardized computer refugee resettlement case management system. This system, the Worldwide Refugee Admissions Processing System (WRAPS), is a highly structured, centralized database that produces real-time data on the number of refugees admitted to the U.S. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

For a complete discussion of the following strategic priorities including performance measures, please refer to the APR.

2. DISASTER PREVENTION AND MITIGATION: *Reduce risks, prepare for rapid response, and increase the affected population's ability to cope with and recover from disasters by building the capacity of affected countries, American responders, and the international community.*

3. ORDERLY AND HUMANE MEANS FOR MIGRATION MANAGEMENT: *Build the capacity of host governments to manage migration effectively and to ensure full respect for the human rights of vulnerable migrants in accordance with the law.*

STRATEGIC GOAL 6: PROMOTING INTERNATIONAL UNDERSTANDING

Foster mutual understanding through a two-way flow of people, ideas, and information to create peaceful and productive relationships between the United States and other countries.

I. Public Benefit

American values are the foundation of our international engagement. Public perceptions of the U.S. directly affect our ability to achieve our foreign policy and development assistance objectives, making the international exchange of people, ideas and information vital to the security of the United States. Public diplomacy and public affairs functions are premised on the belief that overseas publics who are well-informed about the United States and its policies can positively influence public policy.

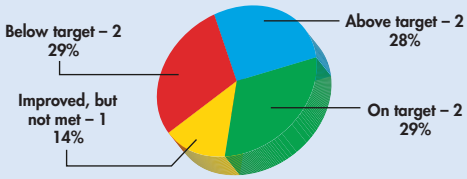
Through U.S. sports diplomacy Secretary Rice meets with young Moroccan soccer players who were learning life skills in the United States. *Department of State Photo*

II. Summary of Performance

KEY SELECTED ACHIEVEMENTS

- Nearly 300 current and former heads of state and government are alumni of the International Visitor Leadership Program (IVLP) and roughly 50 percent of current world leaders are IVLP alumni.
- In FY 2008, the Department of State engaged more than 24,000 foreign secondary school students, many from under-served communities, in its various programs.

FY 2008 Results Achieved for Strategic Goal 6

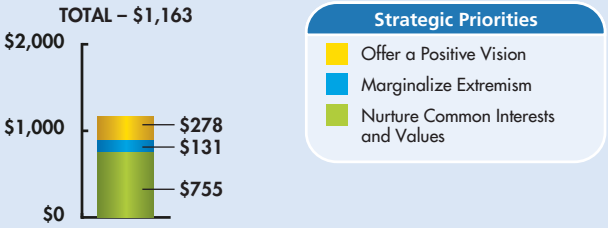


Total Number of Indicators – 7

III. Performance Analysis and Resources Invested

FY 2008 Budget Authority for Strategic Goal 6

($ in millions)



A total of three strategic priorities are included under Strategic Goal 6. The following are a few illustrative performance indicators. The complete set of 7 indicators can be found in the Department's Annual Performance Report at *http://www.state.gov/s/d/rm/rls/perfrpt/2008apr* on page 106.

1. 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.*

The Department offers a positive vision of hope and opportunity that is rooted in the most basic values of the people of the United States: our deep belief in freedom, including freedom of expression and religion, and our belief in the dignity and equality of every person. We believe that a free people, well-informed, will make the best choices for the common good, as factual information is the antidote to ignorance, misunderstanding, and violent extremism.

Analysis: The U.S. Government sponsors educational and information sharing programs at all levels, advocates for the rights of people, and partners with countries across the world to fight terrorism, which threatens the right of all people everywhere to live in security and peace. The Department communicates through a wide range of speaker, print and electronic outreach programs in English, Arabic, Chinese, French, Persian, Russian and Spanish.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Percentage of participants who increased their understanding of the United States immediately following their program.	92%	93%	93%	95%		94%
Impact(s): The following indicator measures the level by which participation in public diplomacy programs engages international audiences on issues of foreign policy, society and values to create an environment receptive to U.S. national interests.						
Data Source, Verification, and Validation: Survey assessment is administered at the beginning and end of each program. Capturing data on attitudinal change is difficult and sometimes reflects world events not related to an exchange experience. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

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

The Department's programs and messages are built on areas in which U.S. Government expertise corresponds to the interests and needs of our partners and counterparts since common interests and values are integral to U.S. Government communications.. Creating indigenous capacity—whether it is in health, education, press freedom, workforce training, agriculture, law enforcement, or governance—is key to long-term progress, the stable development of civil society, and firm and friendly bilateral and multilateral relationships.

Analysis: The Department's public diplomacy programs annually involve more than 40,000 U.S. and foreign exchange participants in over 170 countries. Alumni engagement also facilitates the long-term evaluation of Department programs.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
The number of global educational and cultural exchange Alumni registrants.	25,329	29,448	32,293	35,141		35,632
Impact(s): Continued efforts to engage with the Department's nearly one million exchange alumni and to support their efforts to implement the concepts they explored during their programs, enables the continuation of an on-going dialogue on key issues with and among alumni.						
Reasons for Exceeding Target: More than the expected number of program exchange alumni registered on the website due to successful public diplomacy, outreach campaign activities.						
Data Source, Verification, and Validation: The Department's Alumni Affairs Office manages a website to promote alumni engagement. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

For a complete discussion of the following strategic priority, please refer to the APR.

3. MARGINALIZE EXTREMISM: *Counter extremism by promoting educational and cultural exchanges, democratization, good governance, and economic and human development.*

STRATEGIC GOAL 7: STRENGTHENING CONSULAR AND MANAGEMENT CAPABILITIES

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

I. Public Benefit

The Department of State commitment to and role in protecting America's homeland, in collaboration with the Department of Homeland Security and other agencies, is reflected in a shared vision that includes: improved technology and efficiency at ports of entry and in visa processing; more secure travel documents for the 21st century; and smarter screening technology for government officials to use at home and abroad. In addition, the Department has the responsibility of protecting and providing a wide range of services for U.S. citizens while they are overseas. Approximately five million Americans reside abroad, and Americans make about 40 million trips from the United States every year. As the Department continually enhances the integrity of the U.S. passport, it also maintains the highest standards of excellence in customer service.

In strengthening management capabilities, the Department pursues human resource initiatives aimed at building, deploying, and sustaining a knowledgeable, diverse, and high-performing workforce. The Department also develops and maintains programs that enhance the professionalism of that workforce, such as training to foster foreign language proficiency, public diplomacy expertise, and improved leadership and management skills. The Department of State provides and maintains secure, safe, and functional facilities for its employees in the United States, and overseas for both State employees and those of other agencies. Its diplomatic security programs protect both people and national security information. Supporting diplomacy through efficient and effective information technology is another area of management focus, as is the provision of world-class financial services. As more and more new embassy compounds are completed overseas, the Department and USAID are taking advantage of increased opportunities for joint management platforms.

Newly completed U.S. Embassy in Beijing, China.

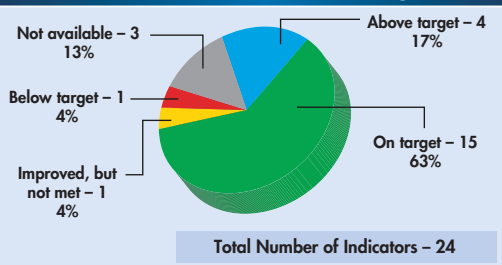
SOM Architects Photo.

II. Summary of Performance

KEY SELECTED ACHIEVEMENTS

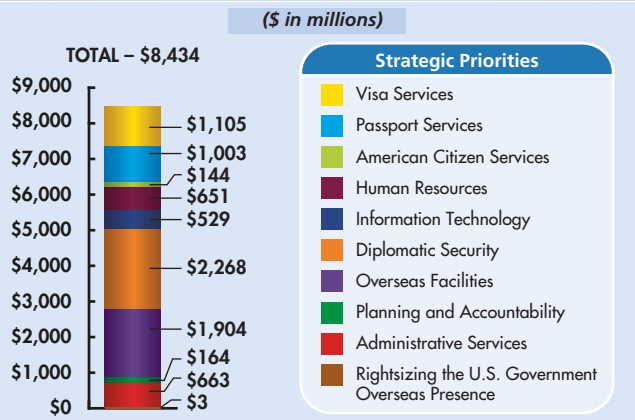
- 100 percent of all passport applications were processed within 25 days of receipt and a total of 16.2 million travel documents were issued.
- The Foreign Service Institute increased the number of distance learning students by 37 percent in order to reach Department of State employees worldwide with greater resource efficiency.

FY 2008 Results Achieved for Strategic Goal 7



III. Performance Analysis and Resources Invested

FY 2008 Budget Authority for Strategic Goal 7



A total of 10 strategic priorities are included under Strategic Goal 7. The following are a few illustrative performance indicators. The complete set of 24 indicators can be found in the Department's Annual Performance Report at *http://www.state.gov/s/d/rm/rls/perfrpt/2008apr* on page 114.

1. HUMAN RESOURCES: *Recruit and sustain a high performing, well trained, and diverse work force aligned with mission requirements.*

Diplomacy is conducted by people and that is unlikely to change for the foreseeable future. Ensuring that the Department of State has the right people, with the right skills in the right places is one of the most important management challenges faced by the Department's leadership.

Analysis: The Secretary's vision for transformational diplomacy has meant considerable changes in the realignment of overseas positions, an initiative known as Global Diplomatic Repositioning. While all Foreign Service positions worldwide are crucial to the implementation of U.S. foreign policy, critical needs positions are often on the frontlines of policy priorities. This "Percent of Critical Needs Positions" performance indicator below measures the ability of the Department to fill positions at posts with critical personnel needs. The staffing of these positions has been a top priority, but because of staffing shortages and the civilian surge, the Department will be unable to fill all "critical needs" positions above 75 percent.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Percent of Critical Needs Positions at Overseas Missions Staffed with Qualified Officers by the Close of Assignment Season	Indicator established in 2007	75%	75%	75%	●	75%
Impact(s): The initiative to staff "Critical Needs Positions" enables the Department to respond more quickly to policy demands and priorities, increases the number of employees in full-time training for difficult languages such as Arabic and Chinese, and better supports employees and their families as the number of positions at unaccompanied and limited accompanied posts increases.						
Data Source, Verification, and Validation: This indicator is calculated by HR based on assignments in a given fiscal year to vacant Foreign Service positions designated as "critical needs" positions. Critical needs positions are defined as mid-level overseas positions at posts with 25 percent or higher hardship differential. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

2. INFORMATION TECHNOLOGY: *Develop and maintain modern, secure, and high quality information technology systems and infrastructure.*

The Department of State must have secure and modern information technology to provide the information required for effective diplomacy and development. To achieve this goal, the Department has implemented a number of strategic information technology initiatives, including developing state-of-the-art information management tools, services, and repositories both internally and for e-Government partners, citizens, other U.S. Government agencies, private businesses, and nongovernmental organizations.

Analysis: The State Messaging and Archive Retrieval Toolset (SMART) initiative highlighted in the indicator below demonstrates how the Department has made progress toward a more efficient global communications system. This user driven solution meets the Department's messaging, collaboration, archiving and information retrieval needs, and enables rapid and secure electronic connectivity and collaboration with the Foreign Affairs Community.

Performance Indicator	2006	2007	2008			2009
	Results	Results	Target	Results	Rating	Target
Progress Towards Implementing State Messaging and Archive Retrieval Toolset (SMART) Messaging System	Requirements re-validated and documented	Deployment of quick-win collaboration functionality	Deployment of full enclave function-ality to additional Pilot Posts	Deployment successful to 2 planned posts.	●	Complete Deployment of full system functionality to 12 Pilot Posts. Initiate Worldwide Deployment.
Impact(s): The Department's management and communication capabilities are strengthened by developing and deploying the State Messaging and Archive Retrieval Toolset (SMART). When complete, SMART will constitute a fully modernized, simple, and secure worldwide communications infrastructure.						
Data Source, Verification, and Validation: Bureau of Information Resource Management reports, Steering Committee meetings, CIO briefings, and Gartner Group independent verification and validation reports. Performance data are validated and verified using Data Quality Assessments and must meet five data quality standards of validity, integrity, precision, reliability, and timeliness. Data quality assessments revealed no significant data limitations.						

For a complete discussion of the following strategic priorities including performance measures, please refer to the APR

3. DIPLOMATIC SECURITY: *Safeguard personnel from physical harm and national security information from compromise.*

4. OVERSEAS AND DOMESTIC FACILITIES: *Provide safe, secure, and functional work facilities for overseas and domestic personnel.*

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

6. PASSPORT SERVICES: *Provide American citizens with secure passports, delivered in a timely manner.*

7. AMERICAN CITIZEN SERVICES: *Offer a broad range of appropriate services to U.S. citizens traveling or residing abroad, such as assistance in cases of death, illness, destitution, arrest, imprisonment, crime, and natural or human-made disasters.*

8. PLANNING AND ACCOUNTABILITY: *Continuously improve financial performance and integrate budgeting with strategic and performance planning.*

9. ADMINISTRATIVE SERVICES: *Deliver customer-oriented and innovative administrative and information services, acquisitions, and assistance.*

10. RIGHTSIZING THE U.S. GOVERNMENT OVERSEAS PRESENCE: *In accordance with a Congressional mandate, the Department conducts rightsizing studies on all U.S. missions worldwide, and reviews and adjudicates staffing projections for all new embassy compounds.*

Financial Highlights

Transparent reporting to the American people and the President on our stewardship and management of public funds is an integral part of our efforts to improve accountability to customers, constituents, and the public. The following is a summary from the Department of State's Agency Financial Report (AFR) for Fiscal Year 2008; for a complete version see *http://www.state.gov/s/d/rm/rls/perfrpt/2008/*. The AFR includes statements from the Secretary of State on page 2, the Chief Financial Officer (CFO) on page 30, the Independent Auditor on page 34, and the Inspector General (OIG) on page 101.

($ in millions)	% Change 2008 over 2007	2008	2007
Total Assets	+15%	$ 52,116	$ 45,234
Total Liabilities	+8%	21,483	19,894
Total Net Position	+21%	30,633	25,340
Total Net Cost of Operations	+30%	$ 17,741	$ 13,636
Total Budgetary Resources	+23%	$ 38,825	$ 31,511

The Department of State's financial statements are audited by an independent public accounting firm (IPA) and for FY 2008, while the Department did submit the AFR to OMB on time, sufficient evidential matter could not be provided to the IPA to complete the audit and express an opinion by the November 17, 2008 deadline. Since then, with the cooperation of the IPA and OIG, the Department's efforts continued and the Department satisfied the independent auditor about the amounts presented in the financial statements and footnotes. On December 12, 2008, the Department received an unqualified ("clean") opinion on the financial statements for FY 2008.

The Department maintains a robust system of internal controls. During the past year, the Department worked closely with the IPA to address the material weaknesses reported for FY 2007. As a result of improvements made, the Department is pleased to report that it ended the year with no material weaknesses in internal control. Accordingly, for FY 2008, the Secretary was able to provide an unqualified statement of assurance overall, and for internal controls over financial reporting.

Balance Sheet Summary

The Condensed Balance Sheet to the right presents the Department's assets, liabilities, and net position at September 30, 2008 and 2007. The consolidated data reflects intra-agency eliminations. Total assets increased 15 percent between 2007 and 2008, $6.8 billion, principally due to increases in Fund Balance with Treasury, real property, and investments in the Foreign Service Retirement and Disability Fund. These increases mirror the increased appropriations and spending authority from offsetting collections between the two years of $6.3 billion. Of the $5.4 billion increase in fund balance, $3.5 billion has been obligated but not disbursed and most of the $1.9 billion balance of of the increase is available, not yet expended. The Department's total liabilities increased eight percent, primarily due to increases in the Foreign Service Retirement Actuarial Liability, entirely due to increased participation in the foreign service retirement programs, since factors and economic assumptions did not change, and the funded and unfunded Liability to International Organizations, due to differing timing between assessment dates of dues and the payment and funding dates. Net Position, comprised of both unexpended appropriations and the cumulative net cost of operations, increased 21 percent between 2007 and 2008. Unexpended Appropriations was up $3.5 billion, primarily due to appropriations still available in the new Global Health and Child Survival fund. Cumulative results of operations was increased by $1.9 billion, primarily due to resources used to purchase property and equipment, which are capitalized on the Balance Sheet rather than presented in Net Cost as expenses.

CONDENSED BALANCE SHEETS
For Years Ended September 30, 2008 and 2007

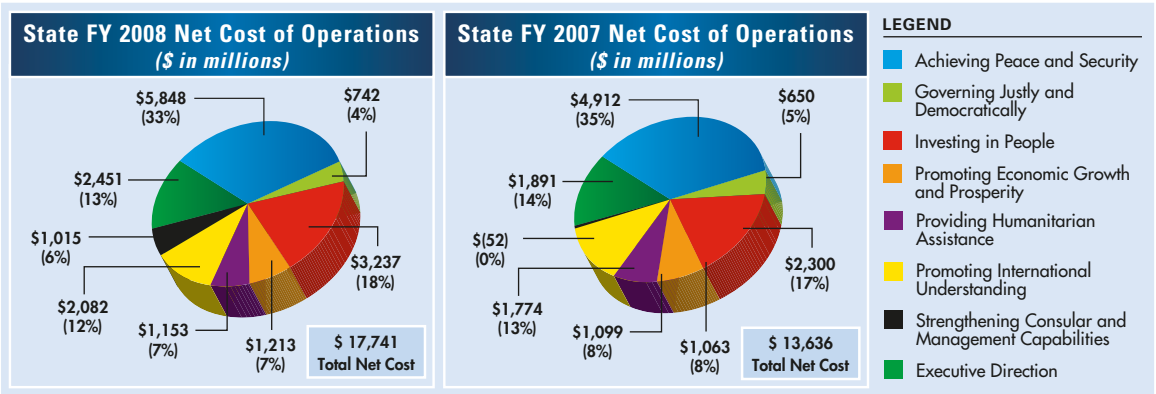
($ in millions)	2008	2007
Assets:		
Fund Balance with Treasury	$ 25,151	$ 19,779
Investments, Net	14,891	14,412
Property, Plant, and Equipment, Net	11,077	10,198
Receivables and Other Assets	997	845
Total Assets	**$ 52,116**	**$ 45,234**
Liabilities:		
Foreign Service Retirement Actuarial Liability	$ 15,139	$ 14,729
Accounts Payable	2,878	1,950
Liability to International Organizations	1,507	1,477
Environmental and Other Liabilities	1,959	1,738
Total Liabilities	21,483	19,894
Net Position:		
Unexpended Appropriations	17,979	14,553
Cumulative Results of Operations	12,654	10,787
Total Net Position	30,633	25,340
Total Liabilities and Net Position	**$ 52,116**	**$ 45,234**

Net Cost Summary

The table to the right shows the Department's net cost, which is gross cost less earned revenue, invested in each strategic goal. Strategic Goals are established in the Department's State-USAID Joint Strategic Plan for 2007 – 2012. Executive Direction costs cannot be reasonably allocated to strategic goals; however, these costs are captured and included in the total net cost of operations. The Department's total net cost of $17.7 billion is an increase of 30 percent, $4.1 billion, over 2007. The increase in security costs worldwide and the two goals of Achieving Peace and Security and Investing in People account for most of the increase. Achieving Peace and Security, comprising 33 percent of 2008 costs, increased $1 billion in 2008 over 2007, primarily due to an increase of $652 million for International Organizations. International Organizations costs include annual assessments for peacekeeping missions and membership in the United Nations. Costs relating to Investing in People accounted for $936 million of the net cost increase. This was primarily the result of initiatives in 2008 including the new fund established for Global Health and Child Survival. Support costs for Diplomatic Security are distributed to all strategic goals and accounted for $1.6 billion of the increase in net costs. The Department's strategic goal of Strengthening Consular and Management Capabilities is presented as a negative figure because earned revenue exceeded gross cost; therefore the percent change is not relevant (NR). Additionally, passport and visa issuance included in the goal of Strengthening Consular and Management Capabilities received increased focus in 2008, contributing to $465 million of the net cost increase.

NET COST OF OPERATIONS
For Years Ended September 30, 2008 and 2007 ($ in millions)

Strategic Goal	2008 Net Cost	2008 % of Total Cost	2007 Net Cost	% Change 2008 over 2007
Achieving Peace and Security	$ 5,848	33%	$ 4,912	19%
Governing Justly and Democratically	742	4%	650	14%
Investing in People	3,237	18%	2,301	41%
Promoting Economic Growth and Prosperity	1,213	7%	1,063	14%
Providing Humanitarian Assistance	1,153	6%	1,099	5%
Promoting International Understanding	2,082	12%	1,774	17%
Strengthening Consular and Management Capabilities	1,015	6%	(53)	NR
Executive Direction and Other Costs Not Assigned	2,451	14%	1,890	30%
Total Net Cost of Operations	**$ 17,741**	**100%**	**$ 13,636**	



Budgetary Resources Summary

The Department's budgetary resources as of September 30, 2008 and 2007 were $38.8 billion and $31.5 billion. Total resources were up $7.3 billion or 24 percent, in 2008 over 2007. Most of that increase, $5.7 billion, is a result of increased budget authority from appropriations and spending authority from offsetting collections granted by Congress and authorized by OMB. Budget authority and collections comprised 83 percent of year-end resources. The Department obligated $30.7 billion of the $38.8 billion total resources in 2008, an increase of $5.5 billion, 22 percent, over 2007. The percent of the total resources obligated remained stable at 79 percent in 2008 versus 81 percent in 2007.

ACKNOWLEDGMENTS

The U.S. Department of State Fiscal Year 2008 Citizens' Report, Summary of Performance and Financial Results is published by the Bureau of Resource Management in coordination with the Office of the Director of U.S. Foreign Assistance. With the exception of editing and design support, this document was prepared by federal employees both in Washington, D.C. and posts around the world. To these dedicated individuals, in particular the Department Bureau Planner Coordinators, we offer our sincerest thanks and acknowledgement and recognize the following individuals for their contributions:

The Citizens' Report Core Team: Thea Bruhn, Stephanie Cabell, Barbara Clark, Jim Core, Melinda Crowley, Brendan Dallas, Virajita David, Jay Dehmlow, Albert Fairchild, Peter Gosselin, Michael Heiserman, Loren Hurst, Christine Jacobs, Horace Johnson, Yaropolk T. Kulchyckyj, Stephanie Lazicki, Steven Le, Brian Levis, Robert MacDonald, Dana Ott, Douglas Pitkin, Matt Sergi, Brian Sheridan, Patricia Sommers, Andrea Sternberg, Jill Thompson, Lee Thompson, Mia Van, Steve Verrecchia, Jason Wall, and Matthew Ziems.

Special acknowledgements to the Office of the Under Secretary for Management, in particular Douglas Wertman for his assistance with the Citizens' Report Podcast. We also wish to extend our gratitude to the Bureau of Public Affairs for their support and cooperation in posting the report and Podcast on the Internet.

We offer our special thanks to The DesignPond, in particular Sheri Beauregard and Michael James for their outstanding contributions to the design of this report.

IMAGE CREDITS

The DesignPond: *Cover* **Department of State:** *1, 23*
Associated Press: *3, 11, 15, 18, 19, 22* **SOM Architects:** *25*

REFERENCES AND INTERNET LINKS

FY 2008 Agency Financial Report
http://www.state.gov/s/d/rm/rls/perfrpt/2008/

FY 2008 Annual Performance Report
http://www.state.gov/s/d/rm/rls/perfrpt/2008apr/

FY 2008 Citizens' Report
http://www.state.gov/s/d/rm/rls/perfrpt/2008cr/

FY 2008 Citizens' Report Podcast by Under Secretary Kennedy
To read: webpage URL: http://www.state.gov/s/d/rm/rls/rm/2009/113950.htm
To listen: Podcast URL: *http://www.state.gov/documents/organization/114052.m3u*

FY 2008 Citizens' Report Podcast Interview with Under Secretary Kennedy
To read narrative: webpage URL: *http://www.state.gov/s/d/rm/rls/rm/2009/113948.htm*
To listen: Podcast URL: *http://www.state.gov/documents/organization/114051.m3u*

FY 2009 Congressional Budget Justification
United States Department of State
http://www.state.gov/s/d/rm/rls/statecbj/

FY 2009 Congressional Budget Justification Foreign Operations
http://www.state.gov/s/d/rm/rls/cbj/

FY 2008 Performance Report on the Federal Government
http://www.whitehouse.gov/omb/expectmore/2008Performance.pdf

CONTACT INFORMATION

Please provide comments and requests for additional report copies to:

U.S. Department of State
Office of Strategic and Performance Planning
Bureau of Resource Management
Harry S Truman Building
2201 C Street, NW
Washington, D.C. 20520

citizensreport@state.gov
Phone: 202-647-0300
Fax: 202-647-3311

www.state.gov