



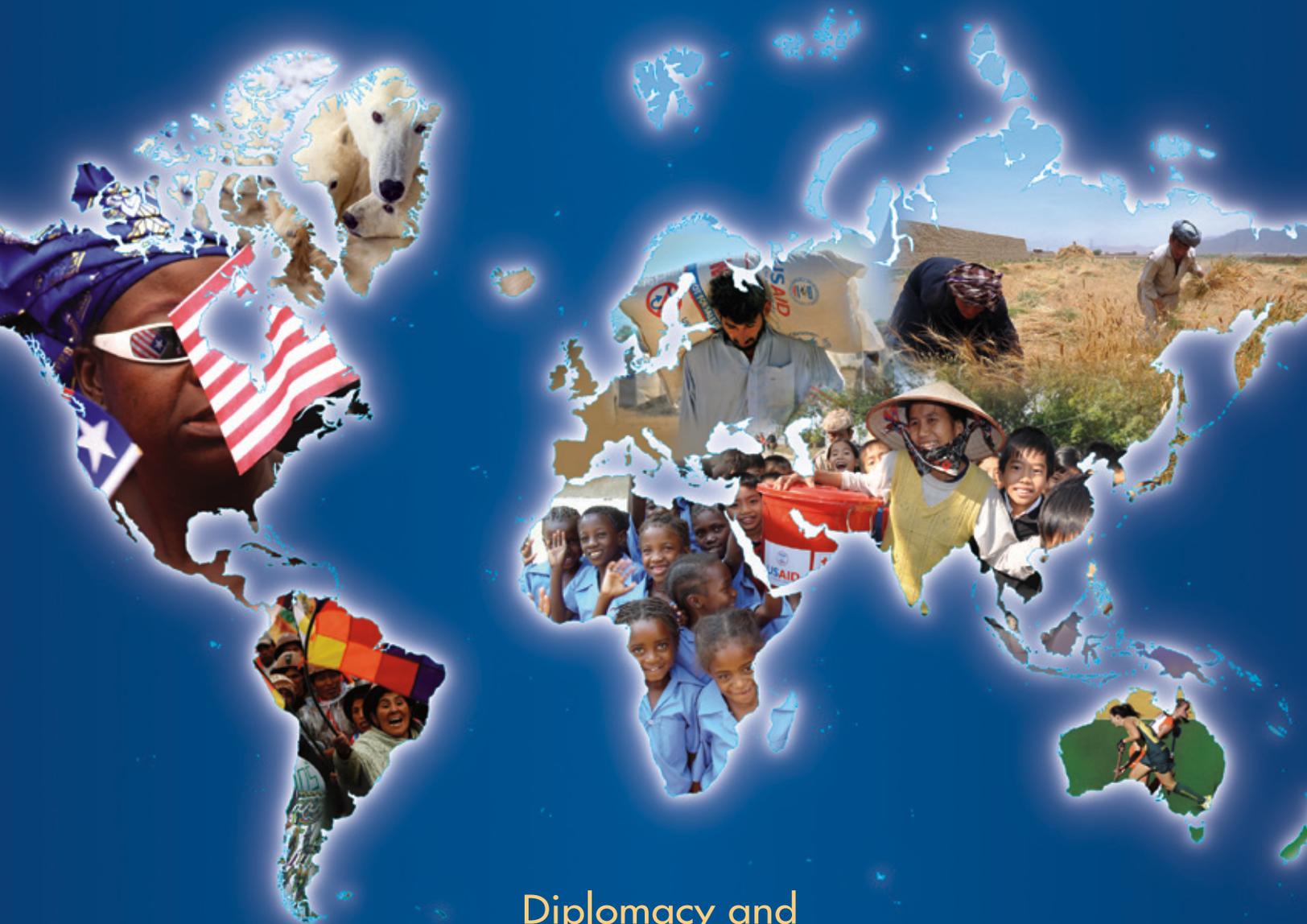
UNITED STATES  
DEPARTMENT OF STATE



**USAID**  
FROM THE AMERICAN PEOPLE



Joint Summary of  
**PERFORMANCE AND  
FINANCIAL INFORMATION**  
Fiscal Year 2009



Diplomacy and  
Development in Action

## TABLE OF CONTENTS

<b>Introduction</b>	1
Mission and Values	1
Message from the Secretary of State	2
Message from the USAID Administrator	3
Our Organizations	4
Joint Strategic Goal Framework	6
<b>Management Highlights</b>	7
Management Accomplishments	7
Management Challenges	10
<b>Diplomacy and Development Regional Highlights</b>	14
<b>Performance Highlights</b>	23
Performance Management	23
Program Evaluation	24
<b>Strategic Goals and Results</b>	26
Achieving Peace and Security	26
Governing Justly and Democratically	30
Investing in People	33
Promoting Economic Growth and Prosperity	39
Providing Humanitarian Assistance	43
Promoting International Understanding	45
Strengthening Consular and Management Capabilities	47
Performance Indicators At-A-Glance	50
<b>Budget Highlights</b>	52
Resources by Strategic Goal	53
<b>Financial Highlights</b>	54
Balance Sheet Summary	55
Net Cost Summary	55
Budgetary Resources Summary	56



## ABOUT THIS REPORT

This report provides a summary of Department of State and United States Agency for International Development (USAID) performance and financial information for Fiscal Year (FY) 2009. This Joint Summary of Performance and Financial Information, formerly known as the Citizens' Report, is the third report in a series of three annual financial and performance reports that also includes the Agency Financial Report and the Annual Performance Report. This Summary Report provides information on both agencies' performance in promoting greater accountability and accessibility to Congress, the American public, and other key constituencies. The Department and USAID continue to work towards planning, budgeting, and managing diplomacy and development activities to achieve greater integration and focus to further foreign policy goals and improve people's lives around the world.



## 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.*

## 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.*



*President Obama and Secretary Clinton in  
Cairo, Egypt, June 2009. AFP Image*

# MESSAGE FROM THE SECRETARY OF STATE

**A**s the President's chief advisor for foreign affairs and development assistance, I am pleased to present the U.S. Department of State's *Summary of Performance and Financial Information for Fiscal Year 2009*, created jointly with the U.S. Agency for International Development (USAID). During the past year, we reinvigorated U.S. foreign policy with robust diplomacy and strengthened our traditional alliances, built new partnerships, and gave adversaries a stark choice between isolation and living up to their international obligations. We elevated development to equal status with diplomacy and defense, recognizing that development is central to solving global problems.



We take seriously our duty of accountability to the taxpayer. The budget request that we recently proposed represents new priorities, new approaches, and a renewed commitment to use the resources of the State Department and USAID wisely and strategically to get the best possible results for the American people and to maximize the impact of every dollar we spend. To improve the overall effort of State and USAID, I initiated the Quadrennial Diplomacy and Development Review (QDDR), a comprehensive review of our diplomacy and development tools and institutions, with the goal of making them more agile, responsive, and complementary. The QDDR will ensure that State and USAID make informed, strategic choices that will create more effective global leadership to address the foreign policy challenges that confront us.

The State Department is ready and eager to take the lead in carrying out the President's foreign policy agenda, including the strategic use of development assistance. We are focusing on results – measuring the impact of our efforts – to ensure that we achieve lasting change around the world. This past year presented an array of complex challenges, and the United States achieved key successes. We are pleased to share with you a few of our notable FY 2009 achievements:

- Launched global initiatives to fight hunger, promote sustainable agricultural development and global health, and combat the threat of climate change.
- Surpassed our goal to train and equip 75,000 non-U.S. peacekeepers through the Global Peace Operations Initiative.
- Initiated negotiation with Russia, which resulted in a new Strategic Arms Reduction Treaty with Russia in 2010.
- Achieved the election of the United States to a seat on the United Nations Human Rights Council.
- Exercised U.S. leadership in combating sexual violence in armed conflict, resulting in the adoption of a resolution in the United Nations Security Council.

- Promoted the adoption of tough UN Security Council Sanctions on North Korea.
- Built seven new facilities around the world, moved nearly 1,500 employees into safer work environments, and completed eight major physical security upgrade projects at existing facilities.
- Required that all new embassy and consular buildings receive the U.S. Green Building Council's Leadership in Energy and Environmental Design certification, which verifies strategies and improvements to achieve energy and natural resource conservation.

- Opened four new U.S. Passport Agencies in: Dallas, Texas; Tucson, Arizona; Detroit, Michigan; and Minneapolis, Minnesota; and issued over 13 million passports and six million visas.
- Expanded our workforce to significantly strengthen our ability to deliver more effective diplomacy and development programs, adding approximately 600 Foreign Service Officers.

Our achievements in the Administration's first year provide a solid foundation for the road that lies ahead. Our priorities are clear – to ourselves, our friends, and our adversaries. We will ensure that the extraordinary story the United States has to tell is presented clearly and effectively across the world.

True partnership is based on shared effort and responsibility. The Department of State and USAID together prepared this report to provide a succinct analysis of our investment of citizens' resources in U.S. foreign policy. I am pleased to offer this summary of key performance, budget, and financial information and note that the data herein are complete and reliable in accordance with guidance from the Office of Management and Budget.

I am proud to represent the thousands of employees, including both Americans and Foreign Service Nationals, who serve at more than 260 posts worldwide. Our strength lies in the talent and determination of all our employees who work tirelessly to ensure the safety of the American people and enhance the global leadership of the United States. We look forward to continuing to serve alongside them as we work together to demonstrate America's values, advance America's interests, and help build a world in which all people have the opportunity to live healthy, peaceful lives, and achieve their true human potential.

A handwritten signature in black ink that reads "Hillary Rodham Clinton".

Hillary Rodham Clinton  
Secretary of State  
April 30, 2010

# MESSAGE FROM THE USAID ADMINISTRATOR

The Obama Administration has pledged to elevate development to play a critical role, alongside defense and diplomacy, in our nation's national security and foreign policy. Secretary Clinton and I are committed to making USAID the world's premier development agency. USAID is central to U.S. efforts to improve food security and human health, reduce poverty, mitigate the impact of global climate change, to empower women and girls, help countries like Haiti recover from natural disasters, and bring peace and stability to Afghanistan, Iraq and many other places throughout the world.



Development is a long-term process that must be embraced and led by the people of developing nations themselves. Our objective is to create conditions where countries no longer need our assistance; where people have access to healthcare, education and food, communities and private enterprise thrive, governments are accountable to their citizens, and democratic institutions deliver services and improved living standards.

On behalf of the American people, USAID's results in 2009 include:

- In sub-Saharan Africa, sustained high level of childhood vaccination in target areas with 82% of children receiving a third dose of diphtheria-pertussis-tetanus vaccines for two consecutive years, and 75% of children receiving two doses of vitamin A. Reduced deaths of children under age five by 30% in three years in Senegal alone due to targeted malaria activities.
- Strengthened the capacity of financial institutions to lend to small businesses, as evidenced by an additional \$316 million in private financing through 19 new Development Credit Authority guarantees, to help micro, small, and medium-sized enterprises gain access to commercial sources of capital.
- Encouraged transparent, participatory, and accountable governance in 61 countries, many of them emerging and consolidating democracies, in part by training over 117,000 justice sector personnel and domestic election observers.
- Increased the cultivation of alternative crops to coca and poppy, leading to more jobs and income in targeted areas. In Colombia alone, USAID exceeded the FY 2009 target of 93,777 hectares of alternative crops by 28,777 hectares.

- Responded to 57 life-threatening disasters in 46 countries providing more than \$754 million to those in need. In all cases, USAID responded within 72 hours of declared disasters.
- Through the Development Leadership Initiative, increased USAID's workforce by 207 Foreign Service Officers in FY 2009, significantly strengthening its ability to deliver more effective development programs.
- Launched a new worldwide integrated procurement system, Global Acquisition and Assistance System, improving the efficiency and effectiveness of a critical Agency business process.
- For the seventh consecutive year, earned unqualified opinions on its financial statements, a representation that these statements fairly present the financial condition of the Agency.

All these accomplishments are possible due to the commitment and talent of our workforce overseas and at home. Many Agency professionals endured hardship, spent time away from families, and even put their lives in danger to help partner nations. In fact, 40% of USAID's Foreign Service Officers have served in Iraq, Afghanistan, Pakistan or Sudan.

I am pleased to certify that the performance and financial data are complete and reliable. It is USAID's policy that all performance data reported to the American public are assessed against standards of validity, integrity, precision, reliability, and timeliness to identify the strengths and weaknesses of the data and the extent to which they can be trusted for programmatic decisions. A fuller discussion of FY 2009 performance and data sources is available in the 2009 Foreign Assistance Performance Report published in the joint USAID and Department of State FY 2011 Foreign Operations Congressional Budget Justification.

A handwritten signature in black ink, appearing to read 'Rajiv Shah'.

Rajiv Shah  
USAID Administrator  
April 30, 2010

## OUR ORGANIZATIONS



### DEPARTMENT OF STATE

The Department, established by Congress in 1789, is the oldest and most senior executive agency of the U.S. Federal Government. Headquartered in Washington, DC, it operates the diplomatic missions of the United States in 180 countries and is responsible for implementing the nation's foreign policy. The Department of State is the lead U.S. foreign affairs agency within the Executive Branch, and its head, the Secretary of State, is the President's principal foreign policy advisor.

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

- Promoting peace and stability.
- Creating jobs at home by opening markets abroad.
- Facilitating external travel and regulating internal immigration.
- Helping developing nations establish investment and export opportunities.
- Bringing nations together to address global problems such as cross-border pollution, the spread of communicable diseases, terrorism, nuclear smuggling, and humanitarian crises.

The Department operates more than 260 Embassies, consulates, and other posts worldwide staffed by 12,000 Foreign Service Officers and a 9,000 member Civil Service corps. 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 (USG) functions in the host country. The President appoints each Ambassador, who is then confirmed by the Senate. Chiefs of Mission report directly to the President through the Secretary. The U.S. Mission is also the primary USG 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.

At headquarters in Washington, DC, the Department's mission is carried out through six regional bureaus, each of which is responsible for a specific geographic region of the world, the Bureau of International Organization Affairs, and numerous functional and management bureaus. These bureaus provide policy guidance, program management, administrative support, and in-depth expertise in matters such as law enforcement, economics, the environment, intelligence, arms control, human rights, counternarcotics, counterterrorism, public diplomacy, humanitarian assistance, security, nonproliferation, consular services, and other areas.

In carrying out these responsibilities, the Department of State consults with Congress about foreign policy initiatives and programs, and works in close coordination with other Federal agencies, including the Department of Defense, USAID, the Department of the Treasury, and the Department of Commerce, among others.

## SMART POWER

Smart power is a concept championed by Secretary of State Hillary Clinton. The Obama Administration recognizes that the United States and the world face great peril and urgent foreign policy challenges, including ongoing wars and regional conflicts, the global economic crisis, terrorism, weapons of mass destruction, climate change, worldwide poverty, food insecurity, and pandemic disease. Military force may sometimes be necessary to protect our people and our interests. But diplomacy and development are equally important in creating conditions for a peaceful, stable and prosperous world. Smart power requires reaching out to both friends and adversaries, bolstering old alliances and forging new ones.

Smart power for the Department of State and USAID translates into specific policy approaches in five areas. First, the Department of State and USAID will update and create vehicles for cooperation with our partners; second, both agencies will pursue principled engagement with those who disagree with us; third, both agencies will elevate development as a core pillar of American power; fourth, the Department of State and USAID will integrate civilian and military action in conflict areas; and fifth, the Department of State along with USAID will leverage key sources of American power, including our economic strength and the power of our example.



## USAID

In 1961, the U.S. Congress passed the Foreign Assistance Act to create an agency to administer long-range economic and humanitarian assistance to developing countries. Two months after passage of the act, President John F. Kennedy established the United States Agency for International Development (USAID). USAID unified pre-existing U.S. assistance programs and today continues to be the U.S. Government's lead agency in providing assistance to the developing world.

USAID is an independent Federal agency that receives overall foreign policy guidance from the Secretary of State. With its headquarters in Washington, DC and 88 missions worldwide, the Agency provides economic, development, and humanitarian assistance around the world in support of the foreign policy goals of the United States. USAID accelerates human progress in developing countries by reducing poverty, advancing democracy, building market economies, promoting security, responding to crises, and improving quality of life. Working with governments, institutions, and civil society, the Agency assists individuals to build their own futures by mobilizing the full range of America's public and private resources through U.S. expert presence overseas.

In FY 2008 and FY 2009, USAID embarked on an aggressive effort to increase and revitalize its workforce. The Development Leadership Initiative (DLI) strengthened USAID's overseas workforce, substantially increasing Foreign Service staff to address critical development and humanitarian assistance issues. At the end of FY 2009, the total number of USAID employees was 7,904, including 1,580 Foreign Service Officers, 1,222 Direct Hire Civil Service Officers, 4,235 Foreign Service Nationals and 867 other non-direct hire employees. In all, 2,193 USAID employees are based in Washington and 5,711 overseas.

USAID plans its development and humanitarian assistance programs in cooperation with the Department of State, and collaborates with a variety of other Federal agencies, multilateral and bilateral organizations, private companies, academic institutions, and nongovernmental organizations.

## A WHOLE-OF-GOVERNMENT APPROACH TO ASSISTING HIGHLY VULNERABLE CHILDREN

Public Law 109-95, the Assistance for Orphans and Vulnerable Children in Developing Countries Act of 2005, was signed into law four years ago to respond to the global orphans and vulnerable children crisis. The act calls for the USG response to be comprehensive, coordinated, and effective. Seven Federal departments and agencies – Agriculture, Defense, Health and Human Services, Labor, State, Peace Corps, and USAID – provided approximately \$5 billion to assist vulnerable children and their families in FY 2008<sup>1</sup>. PL109-95 supports a whole-of-government approach through collaboration across multiple USG agencies and offices to make the impact on children of our collective effort greater than the sum of its individual parts.

An interactive database has been developed to facilitate interagency strategic planning and coordination. The database currently includes information on intervention areas, target groups, recipient organizations and budgets for 2,044 projects in 113 countries.

Some of the programs already in place include:

- Providing humanitarian and emergency assistance to children in dire need of immediate help due to natural disasters or conflict, including children who are refugees or internally displaced, and children associated with armed groups/forces.
- Assisting children outside family care, including many orphans and street children.
- Responding to children who are involved in or vulnerable to the worst forms of child labor.
- Providing care, support, and treatment to children affected by HIV/AIDS.
- Strengthening families and their protective capacities and thus prevent children from being abandoned, abused, exploited, and otherwise highly vulnerable.
- Enabling families to care for disabled children and decrease the risk of abandonment.
- Preventing child marriage.
- Building child welfare capacity to a critical mass and thus enable countries to identify and respond to highly vulnerable children.

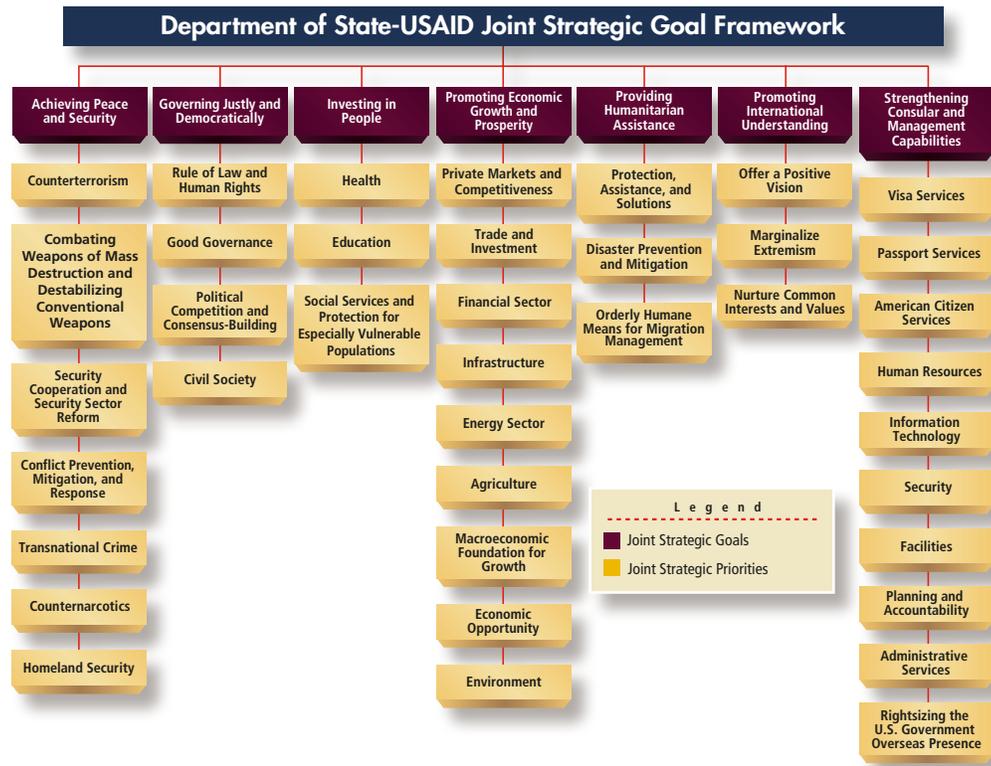
For more information on the implementation of PL109-95, visit: [http://pdf.usaid.gov/pdf\\_docs/PDACN600.pdf](http://pdf.usaid.gov/pdf_docs/PDACN600.pdf).

<sup>1</sup> FY 2009 data not yet available.

# DEPARTMENT OF STATE-USAID JOINT STRATEGIC GOAL FRAMEWORK

The *Department of State-USAID Joint Strategic Plan for Fiscal Years 2007-2012* is anchored in the National Security Strategy and defines the primary aims of U.S. foreign policy and development assistance. The strategic framework outlined in the figure below is comprised of seven strategic goals and 39 cross-cutting strategic priorities. The *Joint Strategic Plan* fulfills the Department of State’s and USAID’s obligation for agency-level planning as mandated

by the Government Performance and Results Act of 1993. The *Joint Strategic Plan* serves as a framework for policy and program goals at the country, regional, and global levels and is an organizational tool through which the Department of State and USAID manage U.S. Government resources efficiently. Learn more about the Joint Strategic Framework at <http://www.state.gov/s/d/r/m/r/s/dosstrat/2007/> or [http://www.usaid.gov/policy/coordination/stratplan\\_fj07-12.html](http://www.usaid.gov/policy/coordination/stratplan_fj07-12.html).



## QUADRENNIAL DIPLOMACY AND DEVELOPMENT REVIEW

In July 2009, Secretary Clinton announced the Quadrennial Diplomacy and Development Review (QDDR). The QDDR will provide the short-, medium-, and long-term blueprint for U.S. diplomatic and development efforts. The goal is to use this process to guide the United States to agile, responsive, and effective institutions of diplomacy and development, including how to transition from approaches no longer commensurate with current challenges; leveraging the full range of American policy tools and resources; measurably impacting global progress in security, prosperity, and wellbeing; preventing and responding to crises and conflict; and providing strong, flexible management platforms to support institutional objectives. The QDDR will, among other things, offer guidance on how State and USAID

should update methodologies; deploy staff; add new tools and hone old ones; and exercise new or restored authorities. At base, it will begin to align policy, strategy, capabilities, authorities, and resources—human and financial—to ensure effective execution of solutions to national security priorities.

The first phase of a deliberative process was completed soon after the end of FY 2009. This phase further identified and refined the capabilities State and USAID require to carry out our missions more effectively. In FY 2010 State and USAID will complete discussions in Washington and the field about how they can address the identified institutional gaps and areas where we lack necessary capabilities. For more information visit <http://www.state.gov/s/dm/r/qddr/>.

# MANAGEMENT HIGHLIGHTS

To manage the successes and meet the challenges of diplomacy and development in the 21<sup>st</sup> century, the Department of State and USAID are continually strengthening their management capabilities. This section summarizes selected accomplishments and key management challenges of the Department of State and USAID. In FY 2009, both agencies demonstrated significant improvements in key management capacities, such as human resources, acquisition and assistance, and information technology. The management challenges, as identified by the agencies' respective Inspectors General and the U.S. Government Accountability Office (GAO) represent areas for continued improvement as well as potential risks.

## MANAGEMENT ACCOMPLISHMENTS – STATE

**Information Technology (IT) Support Consolidation.** IT Consolidation centralizes domestic computer desktop support service in order to standardize systems and configurations, improve customer service and security, and contain costs. In 2009, the Department consolidated nine additional bureaus, bringing the percentage of bureaus consolidated to 76%, and the percentage of bureaus in the process of consolidation to 100%.

**Overseas Posts Management Consolidation.** In 2007, the Department and USAID began to consolidate administrative support services overseas to improve the efficiency and effectiveness of management operations. In 2008 and 2009, consolidation continued at additional posts. The Department and USAID are now planning consolidation activities at the remaining posts where both agencies are represented.

**Greening Diplomacy Initiative (GDI).** Launched by Secretary Clinton on Earth Day 2009, GDI incorporates greening and sustainability into the Department's everyday operations. In recent years, Department domestic facilities received one Green Globes environmental certification from the Green Building Initiative, two Energy Star certifications from the Environmental Protection Agency and the Department of Energy, and one Leadership in Energy and Environmental Design (LEED) gold certification from the U.S. Green Building Council. Under a pilot recycling study in FY 2009, the Department recycled 24% of non-hazardous solid waste generated by six facilities in the Washington, DC area and about 80% in ten Northern Virginia

sites. The Department regularly recycles about 75% of all construction debris generated during large renovation projects. By the end of FY 2009, the Department had 556 E85 flex-fuel vehicles (FFVs), 19 compressed natural gas vehicles, and 17 gasoline hybrid electric vehicles in the domestic fleet, as well as 146 FFVs in the overseas fleet. The Department launched a bicycle pilot program for State employees as an effort to reduce its carbon footprint. In FY 2010, future "greening" initiatives continue through a comprehensive sustainability study of the Department's worldwide operations.

**Collaborative Management Initiative (CMI).** At Embassies and consulates abroad, the Department provides administrative support services both to itself and other USG agencies. In early 2009, the Department began implementing a worldwide platform (eServices) to improve its provision of 195 defined administrative services overseas. Personnel from all USG agencies abroad use eServices to electronically request administrative support services such as office repair/maintenance or procurement of supplies. Envisioned as a one-stop shop, eServices provides a universal look and feel to customers worldwide and automatically captures performance-related metrics to determine whether service performance standards are being met by the Department's service providers. At the end of 2009, 53% of the Department's Embassies and consulates were generating validated performance data from eServices and receiving feedback on the services they provide to their customers.

**Human Resources Shared Services (HRSS).** HRSS establishes a single, integrated human resources service delivery system throughout the Department to enhance customer service and reduce processing times and overall costs. In 2009, the Department integrated five additional bureaus and well over 3,000 employees into its shared services delivery model. It also launched an online searchable database of more than 1,600 HR-related items, receiving more than 6,000 visits in the first two months alone.

**Rightsizing.** Mandated by Congress, the Rightsizing Program ensures that each overseas mission maintains the minimum number of personnel with the right skills to carry out its strategic goals. In 2009, rightsizing reviews lowered five-year staffing

projections by a total of 506 positions worldwide. This will result in an estimated annual cost savings of \$105 million in personnel costs and \$137 million in capital construction costs.

***Fee-for-Service Acquisitions.*** Beginning in 2008, the Department's Office of Acquisition Management became a fee-for-service provider. Under this working capital fund model, the office charges an internal fee to Department bureaus for the contracts and grants that it awards on their behalf. The Office of Acquisition Management uses these assessments to improve its service to the bureaus and re-align its work capacity to match evolving Department policy and program priorities. This new way of operating has allowed the Department to enhance its procurement capacity, provide better service, and increase strategic sourcing of supplies and services.

***Strategic Sourcing Initiative.*** In FY 2009, the Department began participating in the General Services Administration's Federal Strategic Sourcing Initiative Office Supply Program. This program has simplified the purchase of supplies for the Department's offices in the United States; provided tangible benefits, such as facilitating the purchase of "green" office supplies; and is an effective cost cutting strategy.

***American Recovery and Reinvestment Act (ARRA).*** The Department received \$602 million in ARRA funds, of which \$38 million was transferred to USAID. The Department will use ARRA funds to create and save jobs, repair and modernize domestic infrastructure crucial to the safety of American citizens, and expand consular services offered to American taxpayers. By the end of 2009, the Department had obligated 59% of its ARRA funds. The Department's Office of the Inspector General (OIG) has planned nine audits to provide oversight of the ARRA funds.

## DEPARTMENT OF STATE & USAID HIGH PRIORITY PERFORMANCE GOALS

As a first step in developing the President's performance agenda, the White House Office of Management and Budget (OMB) requested agencies to identify a limited number of high priority performance goals (HPPGs). The Department and USAID have selected eight outcome-focused goals, listed below, that reflect the Secretary's and Administrator's highest priorities from now through FY 2011.

- ***Afghanistan and Pakistan.*** Strengthen the host country capacity to effectively provide services to citizens and enhance the long-term sustainability of development efforts by increasing the number of local implementers (government and private) that can achieve a clean audit to clear them to manage civilian assistance funds.
- ***Iraq.*** Helping the Iraqi people continue to build a sovereign, stable, and self-reliant country as the United States transitions from military to civilian responsibility in Iraq, measured by improvements in security, political, and economic metrics.
- ***Global Health.*** By FY 2011, countries receiving health assistance will better address priority health needs of women and children, with progress measured by USG and UNICEF-collected data and indicators. By 2015, the Global Health Initiative aims to reduce mortality of mothers and children under five, saving millions of lives, avert millions of unintended pregnancies, prevent millions of new HIV infections, and eliminate some neglected tropical diseases.
- ***Climate Change.*** By the end of FY 2011, U.S. assistance will have supported the establishment of at least 20 work programs to develop Low-Carbon Development Strategies (LCDS) that contain measurable, reportable, and verifiable actions. This effort will lay the groundwork for at least 30 completed LCDS by the end of FY 2013 and meaningful reductions in national emissions trajectories through FY 2020.
- ***Food Security.*** By FY 2011, up to five countries will demonstrate the necessary political commitment and implementation capacities to effectively launch the implementation of comprehensive food security plans that will track progress towards the country's first Millennium Development Goal (MDG1) to halve poverty and hunger by FY 2015.
- ***Democracy, Good Governance, and Human Rights.*** Facilitate transparent, participatory, and accountable governance in 23 priority emerging and consolidating democracies by providing training assistance to 120,000 rule of law professionals, civil society leaders, democratically elected officials, journalists, and election observers over the 24-month period of October 1, 2009 through September 30, 2011.
- ***Global Security – Nuclear Nonproliferation.*** Improve global controls to prevent the spread of nuclear weapons and enable the secure, peaceful use of nuclear energy.
- ***Management – Building Civilian Capacity.*** Strengthen the civilian capacity of the Department of State and USAID to conduct diplomacy and development activities in support of the foreign policy goals by strategic management of personnel, effective skills training, and targeted hiring.

## MANAGEMENT ACCOMPLISHMENTS – USAID

**Expanding the Workforce.** The Agency is expanding its overseas workforce, increasing existing staff capacity through training and development, and improving personnel and information technology systems. Under the Agency's Development Leadership Initiative (DLI), USAID has set a goal to double its permanent Foreign Service Officer (FSO) corps over the next several years – an increase of 1,200 new positions in total. To date, the Agency has selected 543 candidates, sworn in 374 officers, and sent 165 DLIs to post, strengthening USAID's technical and leadership capacity. New FSOs hired under the DLI will work in more than 90 countries around the globe to promote stability, reduce crises, and allow the Agency to take a more direct role in the design, implementation, and evaluation of development programs. This strengthened FSO corps will provide USAID with greater depth and breadth across technical areas, bringing a wider range of foreign language expertise, more partnership activities, enhanced capacity to ensure accountability, and better-targeted and more tailored local programming. The Agency will be able to assign officers to work directly with their counterparts at all levels of government.

**Promoting Diversity.** The Agency made increasing diversity a priority. For example, DLI recruitment is explicitly targeted to under-represented minority groups by recruiting at Historically Black Colleges and Universities and through the League of United Latin American Citizens. The Agency also established a new Office of Civil Rights and Diversity (OCD). The OCD will promote diversity throughout the Agency and attend to a broad range of diversity issues such as promotions, outreach, accountability, and attention to historically overlooked groups.

**Enhancing Crisis Response.** USAID is providing leadership on behalf of the U.S. Government in response to the new challenges in the developing world. Under the Civilian Stabilization initiative, the Agency is recruiting specialized Civil Service personnel to enhance its development-oriented crisis response capacity. The Agency projects a total of 91 Civilian Response Corps active staff. Currently, nearly a third of these are on board. USAID is also posting officers as development advisors to combatant commands and conducting joint planning exercises with the Department of Defense. A total of 65 DLI officers will be Crisis Response, Humanitarian Assistance, and Democracy and Governance officers.

**Critical Priority Countries.** USAID continues to show leadership and results in the critical priority countries in which it works, from Afghanistan and Pakistan to Iraq and Sudan. The Agency's surge efforts in Iraq in 2006 and 2007 have been successful and, as a result, it is now reducing its footprint in these countries.

**Acquisition, Assistance, and Other Systems.** Expansions in USAID's workforce need to be supported by robust management tools and systems, one of which is the Global Acquisition and Assistance System (GLAAS). Funded with the \$38 million USAID received under ARRA, GLAAS is a new worldwide integrated procurement system that will help to reduce dependence on outside contractors. To date, GLAAS has been deployed to 21 Missions and all or part of six Washington bureaus.

**Private Sector Partnerships.** Since 2001, USAID has leveraged substantial private sector resources, and has established 900 Global Development Alliances with over 1,700 partners to leverage \$9 billion in resources. The Agency has made over \$1 billion available to underserved markets through the Development Credit Authority, bolstering the capacity of host countries to finance their own development. Also, in keeping with its vision of development partnership, it has prioritized the establishment of cost-sharing agreements with emerging donor governments.

## IRAQ – STRENGTHENING THE BILATERAL RELATIONSHIP

State and USAID are supporting the Strategic Framework Agreement (SFA), the foundation for a long-term bilateral relationship with Iraq. This support includes: bolstering Iraq as it strengthens rule of law; enhancing educational and technical training; promoting academic linkages; and, promoting economic opportunities and job creation through expansion and diversification of the economy, principally through private sector development and foreign direct investment. Activities to achieve normalization also support the implementation of the SFA, including assistance with: the political process; national unity within the framework of a unified federal Iraq; and, the development of a diversified, advanced economy that is integrated into the international community.



## MANAGEMENT CHALLENGES – STATE

The Department of State faced significant challenges in FY 2009 associated with protection of people and facilities, information security, financial management, contracting and procurement, counterterrorism and border security, public diplomacy, coordinating foreign assistance, staffing and foreign language proficiency, working in conflict areas, managing for results, acquisition and assistance, human capital management, and information technology management. The following outlines management challenges for the Department for FY 2009 identified by the OIG and GAO. The management challenges are followed by a brief description of actions taken and actions remaining. The full OIG statement for the Department of State can be found on pages 121-124 of the Department’s FY 2009 Agency Financial Report at: <http://www.state.gov/documents/organization/132214.pdf>.

FY 2009 STATE MANAGEMENT CHALLENGES	
PROTECTION OF PEOPLE AND FACILITIES	
<b>OIG Challenge</b>	<b>Security Personnel Staffing and Preparedness.</b> The Department must initiate a more strategic approach to the growing demands placed on its security personnel, increase personnel efficiency and effectiveness, and find ways to accelerate implementation of security measures in response to new threats.
<b>Actions Taken</b>	Using lessons learned in Iraq and Afghanistan, the Department established protective operations and emergency response teams to protect Americans in Peshawar, Pakistan, one of the most dangerous posts.
<b>Actions Remaining</b>	The Department will integrate more strategic approaches to growing security requirements, further streamline the process to update these requirements, and work with other U.S. agencies served by Department security services abroad to share in the costs of these requirements.
<b>OIG Challenge</b>	<b>Overseas Facilities.</b> Until the Department replaces all overseas facilities that do not meet security standards, it must identify and implement temporary mitigating measures.
<b>Actions Taken</b>	In 2009, the Department completed seven new Embassy compounds, moving nearly 1,500 people into more secure installations, implemented ten major compound security upgrade projects, and prepared the first Long-Range Overseas Maintenance Plan to protect new facility investments and capture maintenance requirements in our legacy buildings.
<b>Actions Remaining</b>	The Department will identify and implement further measures to mitigate threats to people, facilities, and information until all facilities are fully secured.
INFORMATION SECURITY	
<b>OIG Challenge</b>	<b>Protection of Personally Identifiable Information.</b> The Department must continue to focus and improve on recently identified weaknesses in its efforts to protect Personally Identifiable Information (PII).
<b>Actions Taken</b>	The Department has made significant improvements in its protection of PII, including developing a more robust Privacy Impact Assessment to identify privacy risks and vulnerabilities in new or substantially modified information systems, examining information sharing agreements with other entities to ensure that adequate protections are in place, and continuing internal reviews of selected business processes to ensure the collection of only the minimum amount of PII to meet business objectives.
<b>Actions Remaining</b>	Additional efforts are ongoing in this area, but the Department will continue enacting greater safeguards to protect the privacy of PII.
<b>OIG Challenge</b>	<b>Use of Laptops.</b> The Department must improve its laptop inventory system and encryption procedures, as well as its tracking of security awareness training.
<b>Actions Taken</b>	State has enhanced its laptop procedures by strengthening its laptop inventory process, implementing automatic alert procedures for every information security-related breach involving laptops without a waiver, requiring installation of encryption on all laptops, and mandating laptop-specific security awareness training for all laptop users.
<b>Actions Remaining</b>	The Department will take additional measures to fully address OIG's findings.
FINANCIAL MANAGEMENT	
<b>OIG Challenge</b>	<b>Financial System Controls.</b> During an independent external audit of the Department’s financial statements, the auditor could not express an opinion by the mandated deadline due to the Department’s untimely response to a document request.
<b>Actions Taken</b>	The Department subsequently provided sufficient documents, and the auditor concluded that the amounts presented in the financial statements were materially fair, and in conformity with generally accepted accounting principles. Overall, the Department continued to improve controls over financial management.
<b>Actions Remaining</b>	State will address certain deficiencies in its internal financial system controls, and improve compliance with federal financial management requirements.

## FY 2009 STATE MANAGEMENT CHALLENGES *(continued)*

### CONTRACTING AND PROCUREMENT

<b>OIG Challenge</b>	<b>Procurement Management.</b> The Department must improve procurement planning and documentation, as well as contract administration and oversight.
<b>Actions Taken</b>	Although procurement volume increased significantly in recent years, there was no corresponding increase in contracting staff. The Department generally followed applicable contracting requirements in soliciting and awarding contracts. It also made significant improvements in the timeliness of some of its payments by providing greater oversight of the payment process, resulting in a dramatic reduction in some interest payments.
<b>Actions Remaining</b>	The Department will further improve management oversight of its procurement process.

### COUNTERTERRORISM AND BORDER SECURITY

<b>OIG Challenge</b>	<b>Cross-Border Issues.</b> The Department must anticipate and adequately prepare for the implementation of recent statutory requirements and foreign policy initiatives that will impact cross-border issues and result in increased staffing, resource, and oversight demands.
<b>Actions Taken</b>	In collaboration with the Department of Homeland Security and other USG agencies, State continues to improve technology at ports of entry, the security of travel documents, and the screening technology used by officials at home and abroad.
<b>Actions Remaining</b>	The Department will address increased staffing, resource, and oversight demands including the implementation of the Western Hemisphere Travel Initiative, requiring travel documents for all land, sea, and air travelers in the region, and border crossing card replacement.

### PUBLIC DIPLOMACY

<b>OIG Challenge</b>	<b>Integration Initiatives.</b> The Department must further develop public diplomacy integration initiatives internally as well as at the interagency level, and needs to continue searching for new ways to conduct public diplomacy.
<b>Actions Taken</b>	The Department made important progress to make public diplomacy part of a total diplomatic effort. It successfully embedded public diplomacy into some regional planning. It also reached out to foreign audiences worldwide through a mobile phone text messaging system, a team of online bloggers, the America.gov website, Twitter, interactive multimedia platforms, and virtual presence posts.
<b>Actions Remaining</b>	The Department will continue integrating public diplomacy into policy formation, further disseminate successful integration efforts, and continue leveraging new technologies. Public Diplomacy will continue to bring strategic focus to how public diplomacy programs, resources, and structures support foreign policy objectives.

### COORDINATING FOREIGN ASSISTANCE

<b>OIG/GAO<sup>1</sup> Challenge</b>	<b>Planning.</b> The Department must advance a time frame for developing a comprehensive U.S. foreign assistance strategy, clearly capture all relevant programs and activities in its planning process, and improve coordination and financial management of its foreign assistance funds.
<b>Actions Taken</b>	State has taken steps to provide a comprehensive view of all U.S. foreign assistance activities in every country in which U.S. resources are targeted, and continue working to integrate foreign assistance planning and budgeting into the strategic planning of other foreign policy goals. The Department initiated a pilot five-year country assistance strategy program, changed the budget formulation process, and implemented a joint Department and USAID budget process. Additionally, it recently reinvigorated its capacity to monitor and evaluate foreign assistance by increasing staff, training, and technical resources.
<b>Actions Remaining</b>	Under the leadership of the new Deputy Secretary for Management and Resources, State is undertaking efforts to better integrate foreign assistance into Department operations.

### STAFFING AND FOREIGN LANGUAGE PROFICIENCY

<b>OIG/GAO<sup>2</sup> Challenge</b>	<b>Language Training.</b> The Department continues to have persistent gaps in its foreign language capabilities due to overall staffing shortages, which limit the number of staff available for language training, and the recent increase in language-designated positions.
<b>Actions Taken</b>	State took an essential first step by conducting additional hiring above attrition levels. Additionally, it convened an internal language working group to further department-wide communication and collaboration in all language-related issues.
<b>Actions Remaining</b>	The Department is in the process of developing a personnel simulation model to determine needs more accurately, and better balance training and operational requirements and staffing resources.

<sup>1</sup> For more information, go to <http://www.gao.gov/new.items/d09192.pdf>, pg. 45.

<sup>2</sup> For more information, go to <http://www.gao.gov/products/GAO-09-1046T>.



## MANAGEMENT CHALLENGES – USAID

Every year, USAID’s OIG identifies management challenges that affect the ability of the Agency to deliver foreign assistance. The FY 2009 challenges relate to working in conflict areas, managing for results, acquisitions and assistance, human capital management, and information technology management. In response to OIG’s recommendations, the Agency takes immediate remedial actions. Some highlights are outlined below. See the FY 2009 USAID Agency Financial Report at <http://www.usaid.gov/policy/afr09/FY2009AFR11-16-09.pdf> (p. 111) for the OIG’s memorandum on this subject, dated November 3, 2009, and the full Agency response.

FY 2009 USAID MANAGEMENT CHALLENGES	
WORKING IN CONFLICT AREAS	
<b>OIG Challenge</b>	<b>Afghanistan, Pakistan, and Iraq.</b> Oversight of USAID programs is complicated by deteriorating security and a myriad other problems, including widespread corruption at the local level and USAID staffing issues.
<b>Actions Taken</b>	USAID/Washington continued to strengthen recruitment of appropriately skilled staff for Critical Priority Countries and issued a new policy on alternative methods for monitoring in High Threat Environments (HTEs). The Asia and Middle East bureaus also launched a website on resources and best practices on monitoring in HTEs gleaned from field officers, implementing partners and other organizations.
<b>Actions Remaining</b>	Continuing investment in security and staff training are essential for effective and efficient program implementation. Further outreach and dialogue with Department of State Regional Security Officers, particularly in the Middle East and South and Central Asia will continue with the goal of increasing USAID program managers’ access to field sites.
MANAGING FOR RESULTS	
<b>OIG Challenge</b>	<b>Assistance Planning.</b> In FY 2009, 20 OIG audits reported that overall program performance indicators and targets were not established, overall program targets were not assigned to specific contractors or grantees, and performance targets in program management plans, contracts and grants, and annual work plans were inconsistent or contradicted each other.
<b>Actions Taken</b>	In 2009, USAID developed and implemented a training course on Managing for Results (MfR) that aims to revitalize staff skills in planning and performance management including lessons on indicator selection, target setting, developing performance management plans, and incorporating monitoring and evaluation actions into contracts and grants. Approximately 140 people have been trained to date.
<b>Actions Remaining</b>	Additional MfR workshops are scheduled to occur in FY 2010, and technical assistance to Missions and offices on performance management is ongoing.
<b>OIG Challenge</b>	<b>Results Reporting.</b> Some of the performance narratives do not place results in context or provide a balanced, objective description of program performance. In FY 2009, 18 OIG reports disclosed that data reported by USAID Operating Units (OUs) or their partners were misstated.
<b>Actions Taken</b>	FY 2008 marked the first year for all USAID and Department of State OUs (over 180 OUs) to submit a Performance Plan and Report (PPR). Each PPR was reviewed and feedback provided to the OU noting the report’s strengths and weaknesses. If narratives lacked country context or linkages to outcome and impact goals, this was noted in a memo to the OU with a deadline for a revised report. The Department’s Office of the Director for Foreign Assistance (State/F) conducted an after action review (AAR) and survey to identify challenges that OUs faced in completing the PPR, to identify and correct any misunderstandings, and to see where the PPR guidance and process could be clarified, strengthened, or modified. The survey findings were incorporated into the guidance for the FY 2009 PPRs.
<b>Actions Remaining</b>	F expects to continue to seek improvements in the way OUs report results and in the review of and feedback process to OUs.
ACQUISITION AND ASSISTANCE	
<b>OIG Challenge</b>	<b>Deploying a Global Acquisition and Assistance System (GLAAS).</b> Potential challenges for USAID include complying with the American Recovery and Reinvestment Act of 2009 mandates, providing adequate direct-hire support for GLAAS activities, and managing various project artifacts.
<b>Actions Taken</b>	USAID increased its staff’s awareness and understanding of procedures for Recovery Act-related funds. The Agency staffed GLAAS with direct hires in the lead positions required to address all challenges and strengthened the document review process to ensure that all deliverables and documents are appropriately reviewed before being finalized. The GLAAS team established a formal Control Account Plan for carrying out the full range of activities necessary to complete the project.
<b>Actions Remaining</b>	Recovery Act invoice payments tracking has improved due to additional training and incorporation of efficiencies. GLAAS direct hire staffing is adequate and standardization and improvement of all processes are ongoing.

*(continued on next page)*

FY 2009 USAID MANAGEMENT CHALLENGES <i>(continued)</i>	
ACQUISITION AND ASSISTANCE <i>(continued)</i>	
<b>OIG Challenge</b>	<b>Using Performance Based Contracting.</b> The OIG audits have shown that USAID has not incorporated all of the Federal Acquisition Regulation requirements for performance-based contracting for some of its procurements. For example, USAID did not always incorporate meaningful performance standards to the maximum extent practicable, use quality assurance surveillance plans, or incorporate performance incentives into the task orders to the maximum extent practicable.
<b>Actions Taken</b>	USAID created a full-time position in the Office of Acquisition and Assistance for a performance-based contracting expert to advise on the subject. The individual was hired on schedule in January 2010.
<b>Actions Remaining</b>	None.
HUMAN CAPITAL MANAGEMENT	
<b>OIG Challenge</b>	<b>Workforce Planning.</b> USAID needs to continue to implement its workforce planning strategy to close skills gaps through recruitment, retention, training, succession planning, and other strategies.
<b>Actions Taken</b>	USAID has developed and begun implementation of the DLI, the Human Capital Strategic Plan FY 2009-13, and a five-year workforce plan for the same period.
<b>Actions Remaining</b>	USAID will continue implementing all aspects of the Human Capital Strategic Plan and associated five-year workforce plan, which will be updated to reflect the strategic directives of the new administration.
INFORMATION TECHNOLOGY MANAGEMENT	
<b>OIG Challenge</b>	<b>Implementing Homeland Security Presidential Directive-12 (HSPD-12) Initiative.</b> USAID lacks the resources needed to carry out this Government-wide initiative and relies on the Department of State implementation plan until one is developed for USAID.
<b>Actions Taken</b>	HSPD-12 identification cards were issued to all domestic USAID employees and Ronald Reagan Building physical access controls are in place.
<b>Actions Remaining</b>	Full compliance for physical access controls overseas is dependent on Department of State implementation.

## GREENING DIPLOMACY

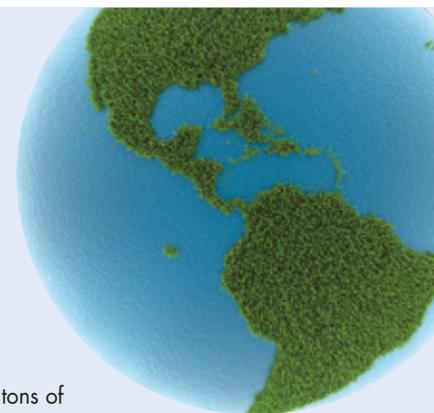
The United States and other countries that have been the biggest historic emitters of greenhouse gases should shoulder the biggest burden for cleaning up the environment and reducing the U.S. carbon footprint. On Earth Day, April 22, 2009, Secretary Clinton launched the Greening Diplomacy Initiative (GDI), a new commitment to lead by example and improve the sustainability of the Department of State’s facilities and operations. The GDI will harness the Department’s policy, management, and public diplomacy capacities to advance greening efforts and incorporate greening and sustainability into the Department’s everyday operations.

### Objectives of the Initiative include:

- Developing and implementing strategies that reduce the Department’s carbon footprint.
- Empowering employees to contribute to and participate in greening efforts.
- Leveraging best practices internally and externally, and monitoring progress of the Department’s ongoing greening efforts.
- Connecting the management of the Department with its diplomacy and development efforts.
- The HST building recycles nearly 250 tons of waste annually and on August 1, the cafeteria completely phased out styrofoam cups, trays, and dishes.
- The Department is recycling or reusing over 75% of all construction and demolition waste from the ongoing HST renovations.
- All new Embassy and consular building projects must receive the U.S. Green Building Council’s LEED certification.
- Members of the League of Green Embassies are working with both the Departments of State and Energy toward a goal of cutting energy usage at their embassies by 30% by 2015.

### Greening in Action:

- There are now 104 solar panels located on the roof of the Department of State’s main building, the Harry S Truman (HST) building.



# DIPLOMACY AND DEVELOPMENT

## REGIONAL HIGHLIGHTS

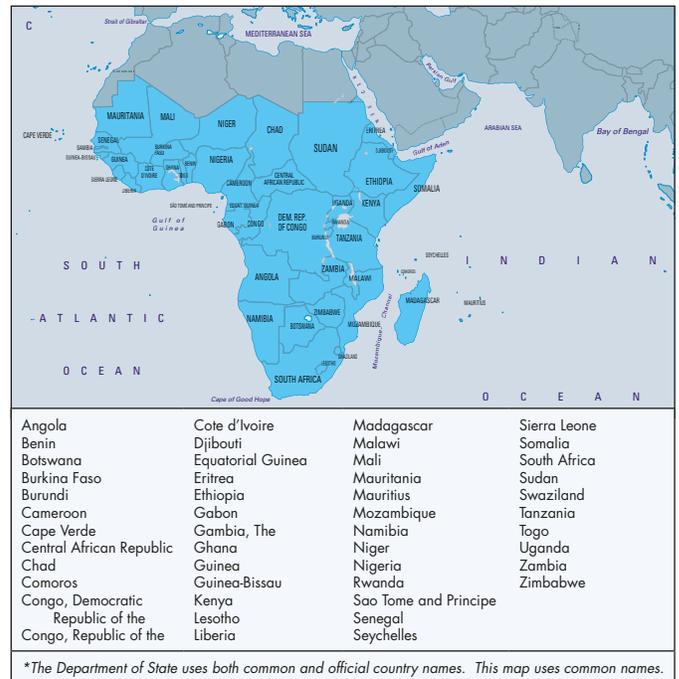
Our diplomatic and development efforts to tackle the complex challenges of the 21<sup>st</sup> century require a multifaceted “Smart Power” toolkit that draws upon the collective expertise of the entire U.S. Government. In Washington and around the world, the Department of State and USAID experts work closely with dedicated colleagues from many agencies to ensure that U.S. diplomatic, development, and defense goals are pursued vigorously and comprehensively. This section summarizes by region the key issues facing the United States as it engages bilaterally, regionally, and in multilateral partnerships to advance U.S. foreign policy and international development goals.

### AFRICA REGION

There has never been a more critical time to consolidate the progress and promise of Africa. Home to approximately 800 million people, Africa is increasingly linked to global markets, holds vast natural resources, and will soon provide 25% of U.S. oil imports. It is in the interest of the United States for Africa to be stable, well-governed, and economically self-sufficient with healthy and productive populations. In addition to significant expanded engagement in food security, climate change, and democracy and governance, USG assistance will continue to address the underlying causes of both conflict and violent extremism that threaten stability, democracy, and prosperity in a number of countries. Furthermore, increased support for trade and investment and private sector competitiveness will encourage the strong economic growth needed to sustain gains in health, education, and democracy.

#### ***Promoting Conflict Prevention and Good Governance.***

Although wars in Liberia, the Democratic Republic of the Congo (DRC), Angola, Burundi, Uganda, and Sierra Leone, and the North-South conflict in Sudan have ended or dramatically abated, sub-Saharan Africa has recently experienced significant stagnation and challenges to its progress towards democracy and good governance. A range of African countries has been affected, and stagnation of progress towards democracy and governance has stemmed in part from military coups, ethnic conflict, and growing suppression of civil society. Continuing conflicts and lawlessness in the DRC and the Horn of Africa remain major stability and peacekeeping challenges. Most worrying are the democratic setbacks in countries that have historically been considered “good performers.” Regional bodies such as the African Union have a growing potential to provide leadership and share best practices, but the influence of poorly governed and autocratic states on these multilateral



institutions complicates the evolution toward better governance in Africa. *This effort relates to the Democracy, Good Governance, and Human Rights High Priority Performance Goal listed on page 8.*

***Providing Food and Emergency Aid.*** Poor governance, conflict, and corruption contribute to the need for billions of dollars per year in food and non-food emergency assistance from the United States and other bilateral and multilateral donors. Lacking any sustained political and economic improvements, and with Africa’s population expected to double by 2050 to 1.8 billion, the continent’s humanitarian needs will only escalate. *This effort relates to the Food Security High Priority Performance Goal listed on page 8.*

**Investing in Healthcare.** Robust support to fight prevalent diseases affecting millions of Africans will continue. Expanded support to maternal and child health, family planning, and reproductive health will undergird stronger health systems. U.S. Government programs have made significant contributions, including reducing mortality among children under 5 by 14% since 1990. And in the fight against AIDS, malaria, and tuberculosis, the United States has been one of Africa’s major partners. *This effort relates to the Global Health High Priority Performance Goal listed on page 8.*

**Promoting Sustainable Economies and Education.** Despite the aid provided, Africa remains the poorest and most economically vulnerable continent in the world, and the current economic crisis threatens to reverse recent economic gains. Now, more than ever, the United States must help its African partners raise per capita income levels, promote broad-based, sustainable growth, and improve the business environment. U.S. support to basic education will continue to be a key factor in educating Africa’s youth and providing the skills they need for a healthy and productive life.

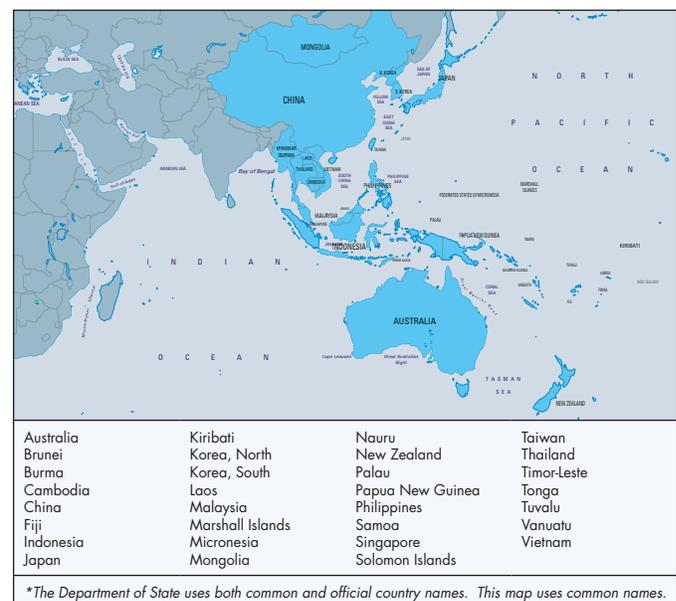
## EAST ASIA AND PACIFIC REGION

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

The region contains five of the United States’ top 15 trading partners and is home to long-standing treaty allies in Japan, the Republic of Korea, Australia, the Philippines, and Thailand, as well as security relationships through Compacts of Free Association with the Marshall Islands, Micronesia, and Palau. Exponential economic growth in China and elsewhere has created market opportunities for U.S. goods and services while diffusing prosperity more widely in the region, creating burgeoning new middle classes, and accelerating regional integration.

**Meeting Security Challenges.** Achieving denuclearization of the Korean Peninsula is the U.S. goal in the region. The United States is strongly committed to, and continues to work toward, full and transparent implementation of all relevant Security Council Resolutions that require the Democratic People’s Republic of Korea to re-establish its moratorium on missile launches and express “gravest concern” that its missile activities have “generated increased tension in the region and beyond.” *This effort relates to the Global Security – Nuclear Nonproliferation High Priority Performance Goal listed on page 8.*

**Reaffirming U.S. Economic Leadership in Creating Economic Stability and Sustainable Growth.** In the wake of the global financial crisis, confidence in U.S. economic stability, policy



prescriptions, and leadership have been shaken. The U.S. strategic priority is to reinvigorate U.S. economic leadership in the face of pressures to forge Asian stand-alone approaches and to create self-sustaining regional organizations.

**Constructive and Cooperative Relationship with China.** China’s reemergence will affect U.S. interests in the areas of peace and security, economic prosperity, health, and the expansion of human dignity and democracy for generations to come. State and USAID are broadening public outreach and working with partners to realize a vision of a region that is prosperous, stable, and democratic, and planning for rapidly expanding engagement. How the United States works with China today will shape the global geopolitical, economic, security, and public health environment tomorrow.

**Promoting Good Governance, Human Rights, and Democratic Institutions in Transitional Countries.** It is a major priority to promote good governance, strengthen public institutions, and create more vibrant, effective local governments. Civil societies and media foster responsive central governments and promote human rights. For example, U.S. efforts in Burma continue to press for democratic transition, and make long-term investments that will help build civil society and civic leadership needed to manage the enormous

governance challenges that will arise when political change finally comes. In Fiji, the United States continues to work with the Pacific Island Forum and other regional partners to press for the return of democratic government. And in North Korea, the USG carries on its commitment to keeping international attention focused on human rights abuses and the plight of refugees. *This effort relates to the Democracy, Good Governance, and Human Rights High Priority Performance Goal listed on page 8.*

## EUROPEAN AND EURASIAN REGION

Spanning 50 countries – and including critical relationships with the North Atlantic Treaty Organization (NATO), the European Union (EU), and the Organization for Security and Cooperation in Europe (OSCE) – the Department of State and USAID engage with European and Eurasian partners to address the greatest challenges facing our societies today. Europeans are often the first partners to which the United States looks for leadership, support, and cooperation in any major initiative – whether to combat terrorism and proliferation, resolve regional conflicts, mitigate the global economic crisis and restore economic growth, address climate change and energy security, promote global health, or advance American values.

**A Peaceful, Free, and United Europe.** With Central and Eastern Europeans now core members of NATO and the EU – one of the most significant post-Cold War accomplishments – there is still unfinished business. These countries have stood by the United States in Afghanistan, Iraq, and the Balkans; have agreed to partner with the United States on missile defense; and are among the strongest advocates for democracy and human rights worldwide. The United States must sustain and strengthen the relationships by demonstrating continued commitment to these allies, while also encouraging them to make further progress on key internal issues including transparency and the rule of law, combating anti-Semitism and extremism, and improving respect for minority groups.

**Democracy in the Caucasus and Europe’s East.** The United States will continue to encourage peace, stability and prosperity in the countries of the Caucasus and Europe’s East – Armenia, Azerbaijan, Georgia, Ukraine, Moldova, and Belarus. The United States strongly supports the sovereignty and independence of all European states, including those that emerged from the former Soviet Union. The United States supports Georgian territorial integrity and its right to choose



Albania	Estonia	Latvia	Russia
Andorra	European Union	Liechtenstein	San Marino
Armenia	Finland	Lithuania	Serbia
Austria	France	Luxembourg	Slovakia
Azerbaijan	Georgia	Macedonia	Slovenia
Belarus	Germany	Malta	Spain
Belgium	Greece	Moldova	Sweden
Bosnia and Herzegovina	Greenland	Monaco	Switzerland
Bulgaria	Holy See	Montenegro	Turkey
Croatia	Hungary	Netherlands	Ukraine
Cyprus	Iceland	Norway	United Kingdom
Czech Republic	Ireland	Poland	
Denmark	Italy	Portugal	
	Kosovo	Romania	

\*The Department of State uses both common and official country names. This map uses common names.

its own alliances, as well as Georgia’s democratic and market transformation. The United States will continue a policy of non-recognition of Georgia’s separatist regions of Abkhazia and South Ossetia, and must firmly reject the outdated notion of “spheres of influence” in the greater region. While working to take advantage of historic opportunities for resolution of the Nagorno-Karabakh conflict between Armenia and Azerbaijan, the United States is promoting rapprochement between Turkey and Armenia and encouraging reform in Armenia and Azerbaijan. In Ukraine, the goal is to bring the country further into the Euro-Atlantic family, strongly support Ukraine’s independence and territorial integrity, consolidate democratic gains, and promote sound economic policies and good governance. *This effort relates to the Democracy, Good Governance, and Human Rights High Priority Performance Goal listed on page 8.*

**NATO and EU Membership in the Balkans.** Considerable U.S. engagement in the region has yielded tangible results, but more work remains to secure a peaceful and prosperous future. An important goal is to keep NATO and EU membership prospects credible by bolstering democratic institutions, strengthening rule of law, and promoting economic development - including enhanced trade, investment, and job creation. The United States must keep Serbia focused on its EU path, bolster stability and modernize governance structures in Bosnia, strengthen independent Kosovo, support the completion of Croatia's EU accession and move Albania along the same path, while working to accelerate Macedonia's and Montenegro's integration into NATO and the EU. At the same time, it will be essential to nurture cooperative relationships among the countries of the region, which must include acceptance of Kosovo as a full and equal partner, and as an eventual candidate for Euro-Atlantic integration.

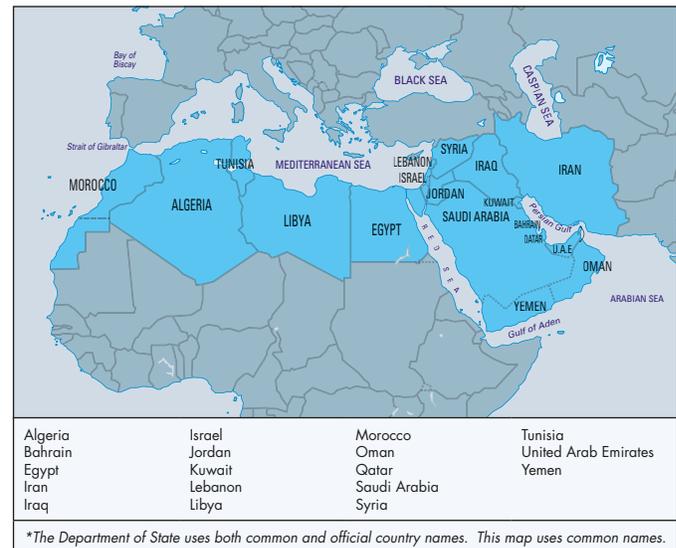
**NEAR EAST REGION**

The Near East presents the United States with some of its most pressing security and political issues. The U.S. Government is looking forward to a new horizon of peace and cooperation based on a renewed commitment to the region to increase prosperity, spread freedom, and counter extremist ideology. Peace is the United States' number-one priority for the Middle East. The United States will continue to help build a sovereign, stable, and self-reliant Iraq; counter the malign influence of Iran and its nuclear ambition; and promote political, social, and economic progress throughout the region.

**Arab-Israeli Peace.** The United States will advance a two-state solution to the Israeli-Palestinian conflict. The USG will support a Palestinian Authority Government committed to recognition of Israel, renunciation of violence, compliance with previous agreements (including the Roadmap for Peace), and assurance that the future Palestinian state will be just, viable, and democratic. While the U.S. commitment to Israel's security is unshakable, the United States endeavors to advance peace on all tracks between Israel and its neighbors.

**Principled Engagement with Iran.** The United States is prepared for principled, respectful engagement with Iran. A nuclear-armed Iran would threaten its neighbors, derail efforts for comprehensive Middle East Peace, and pose a threat to international security. Working with its partners,

**Renewed Relationship with Russia.** Another regional issue is a fresh start in relations with Russia in order to cooperate more effectively in areas of common national interest, including reducing nuclear arsenals and securing the stability of Afghanistan, and take advantage of opportunities that contribute to shared progress and mutual prosperity, such as deepening ties on trade and investment. The United States is also working with Russia and European Allies to find a way forward on the Conventional Forces in Europe Treaty, which established comprehensive limits on key categories of conventional military equipment in Europe and mandated the destruction of excess weaponry. President Obama has rejected the notion that relations between the United States and Russia are a "zero-sum game," and believes that the United States and Russia can cooperate more effectively in areas of common national interest and should deepen ties between societies to contribute to future progress and mutual prosperity. As the United States seeks a fresh start in relations, Russia must seek to resolve differences in a candid and constructive way.



the U.S. Government will confront Iran's illicit behavior – noncompliance with international nuclear obligations, state sponsorship of terrorism, destabilizing activities in the Middle East, and an abysmal human rights record - on various fronts.

**An Iraq that is Sovereign, Stable, and Self-Reliant.** The Iraqi and American people share a common goal for the future: an Iraq that is sovereign, stable, and self-reliant. The United States supports an Iraqi Government that is just, representative, accountable, and provides neither support nor safe-haven

to terrorists. The U.S. Government will continue to help the Iraqi people build a sovereign, stable, and self-reliant country as the U.S. transitions from military to civilian responsibility in Iraq. *This effort relates to the Iraq-Transition from Military to Civilian High Priority Performance Goal listed on page 8.*

***Strengthen the Security of Allies and Combat Extremism while Advancing Moderate Politics and Tolerance throughout the Region.*** The United States will continue to support military, law enforcement, and regulatory mechanisms to combat terrorism and terrorism finance in partnership with regional governments. Social, economic, and security cooperation are critical to moderate governments’ abilities to

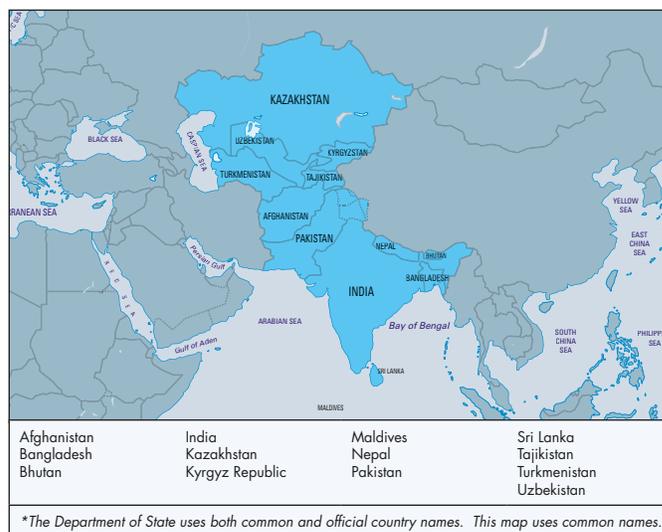
combat extremism and terrorism, and to defend against external threats. *This effort relates to the Democracy, Good Governance, and Human Rights High Priority Performance Goal listed on page 8.*

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

## SOUTH AND CENTRAL ASIA REGION

There are few regions of the world where the stakes are higher for U.S. national security than in South and Central Asia. As the USG tries to eliminate terrorist safe havens in Afghanistan and Pakistan, it also pursues a comprehensive strategy that addresses the root causes of violent extremism and instability throughout the region. This is also a region of extraordinary opportunity for new political and economic openings and for growing partnerships.

***Building Security and Stability.*** Stability in Afghanistan and Pakistan remains a critical priority. As the United States works to defeat terrorist networks, expand government directives, and bolster local and national government capacity to meet the needs of their peoples, it also addresses regional causes of instability. State and USAID, along with the Departments of Defense and Justice, strive to improve border security, professionalize militaries and security forces, enhance law enforcement capacity to combat transnational terrorism and crime, and prevent the proliferation of weapons of mass destruction. U.S. assistance to Sri Lanka includes consolidating a lasting and equitable peace and enabling it to resume the impressive social and economic development it enjoyed prior to the start of its 26-year civil war. In Nepal, the United States continues supporting the development and implementation of a new constitution that respects the basic rights of all of its citizens and national development policies that overcome widespread poverty and a weak economy. In the Central Asian Republics, USAID programs focus on increasing jobs, democracy, and food security. *This effort relates to the Afghanistan and Pakistan High Priority Performance Goal listed on page 8.*



***Expanding the U.S. Strategic Partnership with India.*** The Secretary refers to India as “...one of a few key partners worldwide who will help us shape the 21<sup>st</sup> century.” Building on a firm foundation of shared values and common interests, the USG will increase cooperation in bilateral, regional, and global spheres. U.S. assistance programs focus on trade, health, agriculture, education, science and technology, and infrastructure.

***Increasing U.S. Engagement with Central Asia.*** The five states of Central Asia have supported U.S. and coalition efforts in Afghanistan by providing important access and supply routes. Enhanced U.S. engagement and assistance create greater opportunities for American business, instill greater respect for human rights, and establish sustainable solutions to natural resource challenges.

**Nurturing Democratic Institutions and Responsive Governance.** Across the region, The United States works to strengthen the rule of law, respect for human rights, independent media, civil societies that advocate effectively for citizens’ rights and participation, fair and open political processes, and strong

government institutions that deliver basic services like health and education. The USG continues supporting democratic reform and governance in Bangladesh and in Central Asia. *This effort relates to the Democracy, Good Governance, and Human Rights High Priority Performance Goal listed on page 8.*

**WESTERN HEMISPHERE REGION**

Countries in the Western Hemisphere must work together to advance prosperity and security throughout the region. In FY 2009, the United States reaffirmed its commitment to fulfilling its responsibility to nations in the hemisphere as an equal partner, recognizing that it must stimulate growth in order to create prosperity and provide assistance to those that are most vulnerable.

**Promoting Common Prosperity.** In FY 2009, the global economic crisis seriously affected the region, threatening recent progress in poverty reduction. To mitigate its significant impact on the availability of credit for the small and medium businesses that provide most jobs in the region, the USG initiated a new Microfinance Growth Fund that provided stable sources of finance and rebuilt lending capacity. Continuing efforts to make the benefits of market-based economies flow to all, the United States re-launched its Pathways to Prosperity in the Americas program to reinforce labor and environmental standards, improve economic competitiveness, bolster small and medium businesses, and promote trade growth.

**Advancing Social Inclusion.** In FY 2009, the region continued to have the largest gap in the world between rich and poor. The United States is committed to supporting the newly launched Inter-American Social Protection Network to promote the exchange of social protection best practices among hemispheric countries and help reduce social inequality and poverty. The United States also proposed a pilot program to form education partnerships with certain countries in the hemisphere and focus on at-risk youth.

**Improving Common Security.** Organized crime, terrorism, and trafficking in people and illicit goods continued to be the principal hemispheric security threat in FY 2009. The United States continued work to break the power of criminal organizations in the region through the enduring support of the Merida Initiative, a new paradigm for security



cooperation with Mexico and Central America. The United States also continued to make advances in efforts to combat illicit narcotics cultivation and trafficking; the Andean Trade Promotion and Eradication Act contributed significantly to export diversification in the Andean region, and strengthened its legitimate economies as alternatives to narcotics production. Finally, through the Security and Prosperity Partnership, the USG continued to improve security with Canada and Mexico by coordinating border policies, cooperating on regulations, and preparing for potential pandemic situations.

**Protecting the Democratic State.** In FY 2009, the United States continued its commitment to fostering democratic governance and protecting fundamental rights by working multilaterally through the Organization of American States and other institutions in the Inter-American system. While seeking a new beginning with Cuba, the United States continued to urge the Cuban Government to begin a peaceful transition to democracy. *This effort relates to the Democracy, Good Governance, and Human Rights High Priority Performance Goal listed on page 8.*

**Combating Climate Change and Increasing Energy Security.** With nearly 50% of U.S. oil imports coming from the hemisphere, the United States proposed the creation of a new Energy Climate Partnership of the Americas, a voluntary and flexible framework for advancing energy security and

combating climate change. The United States also expressed a commitment to working closely on energy and climate with Brazil, Canada, and Mexico through the Major Economies Forum on Energy and Climate. *This effort relates to the Climate Change High Priority Performance Goal listed on page 8.*

## INTERNATIONAL ORGANIZATIONS

The challenges facing the United States have never been more multilateral in nature: nonproliferation, disarmament, food security, human rights, and climate change. International organizations, including the United Nations (UN) and the Millennium Challenge Corporation, are crucial partners in any effort to address these challenges, and the United States employs vigorous and constructive interaction with these organizations to advance U.S. national interests. Multilateral institutions leverage greater global resources and complement bilateral assistance. The Administration's reinvigorated commitment to multilateral diplomacy and promotion of more effective, responsive, and accountable international organizations is best supported through a whole-of-government approach.

The United States works with the UN and its many subordinate and affiliated organizations, and supports UN agencies in humanitarian and development responses around the world. Together, both the Department of State and USAID have been vocal advocates for the management reforms that are now reshaping how agencies such as the UN Office for the Coordination of Humanitarian Affairs, the UN High Commissioner for Refugees, the World Food Program, the UN Children's Fund (UNICEF), and the Food and Agriculture Organization coordinate during humanitarian crises.

In the last year, the United States has reinvigorated multilateral engagement that leads to direct benefits for American citizens. Early results of that effort include:

- President Obama's initiative to strengthen and support UN peacekeeping.



*Secretary Clinton chairs the UN Security Council Session on Women, Peace, and Security, New York, September, 2009. AFP Image*

- Secretary Clinton's leadership in combating sexual violence in armed conflict, which resulted in the adoption of Resolution 1888 in a UN Security Council (UNSC) meeting chaired by the Secretary.
- Adoption of tough UNSC sanctions on North Korea.
- Election of the United States to a seat on the Human Rights Council.
- Direct involvement in the evaluation of the Paris Declaration including election to a seat on the evaluation management group.
- The re-opening of the Trans-Atlantic Development Dialogue with the European Union focused on climate change, food security, and the Millennium Development Goals after a decade's hiatus.

## U.S. GOVERNMENT'S ROLE IN HAITI RELIEF

On January 12, 2010, a magnitude 7.0 earthquake struck southern Haiti, with an epicenter 10 miles southwest of Port-au-Prince. On January 13, President Obama named the USAID the lead Federal agency for earthquake relief and reconstruction. The U.S. Government's joint civilian-military response to assist the Haitian people following the earthquake is being carried out in coordination with the United Nations, the international community, and nongovernmental organizations worldwide. The Department of State and USAID work as one to coordinate the overall American humanitarian response, successfully demonstrating the ongoing linkage of diplomacy and development. Preliminary estimates of the Haitian death toll ranged from 150,000 to 200,000, with at least another 200,000 people seriously injured, and one million displaced by the earthquake. As of April 1, 2010, over \$9 billion for relief had been pledged by the international community.

In support of the Government of Haiti, the United States focused its initial efforts on saving lives and life-sustaining activities. U.S. assessment teams evaluated public health requirements, the structural integrity of critical infrastructure, and longer-term food and nutrition needs – all with a view to post-disaster reconstruction. The Department also coordinated assistance to American citizens affected by the disaster in Haiti, and provided information on individuals to their relatives in the United States as it became available. As of April 16, 2010, USAID had provided more than \$574 million in response to the Haiti earthquake, including support for search and rescue, health, nutrition, humanitarian coordination and information management, protection, economic recovery and market systems, and water, sanitation, and hygiene activities, as well as logistical support and provision of emergency food aid and relief supplies. President Obama characterized the American contribution by saying “...we are moving forward with one of the largest relief efforts in our history -- to save lives and to deliver relief that averts an even larger catastrophe. In these difficult hours, America stands united. We stand



USAID Administrator Rajiv Shah delivers remarks on the situation in Haiti during a special briefing at the State Department, Washington, January 13, 2010. U.S. SOUTHCOM Commander General Douglas Fraser and State Department Counselor Cheryl Mills stand behind him. Department of State Image

united with the people of Haiti, who have shown such incredible resilience, and we will help them to recover and to rebuild.”

On January 25, Secretary Clinton attended a meeting in Montreal, convened and hosted by Canadian Foreign Minister Lawrence Cannon to lay the foundation for a reconstruction donors' conference to be held following the completion of a joint needs assessment. Assisting Haiti to recover from this devastation and rebuild for the future will require many years of active involvement by the world community. Experts agree that among the priority reconstruction goals are restoring roads, scaling up existing community development programs, and addressing reforestation requirements. Critical to long-term success will be government capacity building assistance from all donors. Efforts in the reconstruction of Haiti cannot just return to the old status quo, and as World Bank President and former Deputy Secretary of State Robert Zoellick has said, “...we must emphasize learning from the past as we rebuild for the future.” For further information on the U.S. government's role in Haiti relief, visit <http://www.state.gov/p/whal/ci/ha/earthquake/index.htm> and <http://www.usaid.gov/haiti/>.



## AMERICAN RECOVERY AND REINVESTMENT ACT

The American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law by President Obama on February 17th, 2009. It is an unprecedented effort to jumpstart the economy, create or save millions of jobs, and make a down payment on addressing long-neglected challenges so the United States can thrive in the 21st century.

ARRA specifically identifies five goals as its purpose:

- Preserve and create jobs and promote economic recovery.
- Assist those impacted by the recession.
- Provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- Invest in transportation, environmental protection, and other infrastructures that will provide long-term economic benefits.
- Stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Of the total \$787 billion appropriated for ARRA, the Department received \$564 million. The Department will use ARRA funds to create and save jobs, repair and modernize domestic infrastructure crucial to the safety of American citizens, and expand consular services offered to American taxpayers. USAID received \$38 million for immediate information technology security and upgrades to support mission-critical operations. Due to Agency IT priorities to maximize job creation with ARRA funds, USAID determined that the funding should be dedicated to the GLAAS project. GLAAS will bring increased efficiency and accountability to USAID's procurement process by implementing a world-wide, web-based Acquisition and Assistance system.

**Construction Projects.** A Hard Skills Training Center for Diplomatic Security (\$70 million) will be built within 150 miles of Washington, DC, and provide a centralized location to support all security-related training that is currently conducted at 15 locations throughout the United States. Passport Facilities (\$15 million) will fund five new start-up sites and the renovation and expansion of two existing sites. The National Foreign Affairs Training Center (\$5 million) will expand training capacity to ensure personnel assigned overseas have the necessary language and IT training. Projects include upgrading facility and grounds, updating orientation signage for the 72-acre campus, and upgrading infrastructure wiring and public address systems. An enterprise Data Center (\$120 million) will be established in the western United States and consolidate all domestic servers into four enterprise data centers. The program will provide a highly available, scalable, and redundant data center infrastructure that will substantially reduce the Department's risk and provide for future IT growth.



Three USIBWC engineers, (l to r) John Merino, Gabriel Duran and Rod Dunlap, inspect the site of the levee rehabilitation financed by the ARRA.  
USIBWC Image

**Information Technology Platform and Cyber Security.** Funding (\$132 million) will provide for new telephone systems, IT equipment, mobile communications for emergency situations, and projects to guard against and track cyber attacks. It will also be used to improve hardware security and testing, safeguard U.S. citizens' cyber security, and expand cyber education.

**Global Acquisition and Assistance System.** GLAAS project funding (\$38 million) contributes towards employing individuals in the Washington, DC area, the majority of whom are small business employees. Recovery Act funding will support procuring the staff and resources needed to successfully implement GLAAS. ARRA funding provides the ability to retain critical systems development staff to improve functionality and to hire much needed system trainers and help desk support staff. Upon implementation, GLAAS will allow USAID to increase opportunities targeted to new partners, small businesses, and local and indigenous organizations in support of the Agency's mission.

**International Boundary and Water Commission (IBWC).** These projects (\$220 million) will evaluate and repair portions of the flood control systems for 495 miles of the upper and lower Rio Grande River, protecting about 3 million U.S. citizens in New Mexico and Texas. The projects consist of \$213 million for construction and repair of levees, \$6 million to rehabilitate contaminated soil and groundwater, and \$1 million for other related projects.

**Office of Inspector General.** Funding (\$2 million) will provide oversight of use of ARRA funds and ARRA projects by the Department.

For further information on ARRA, visit <http://oig.state.gov/arra/index.htm> and <http://www.usaid.gov/recovery>.

# PERFORMANCE HIGHLIGHTS

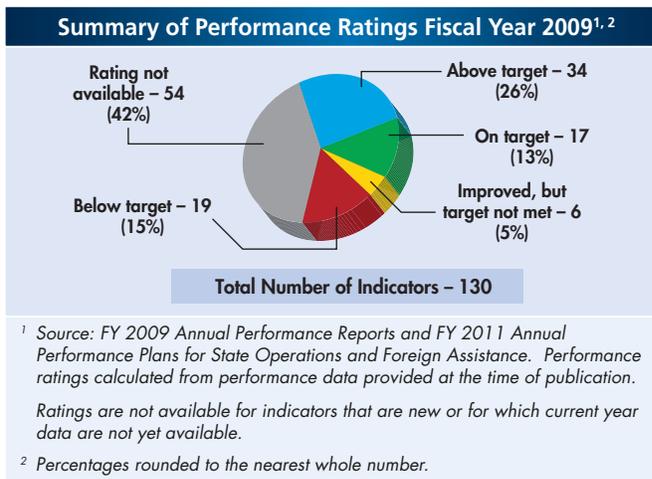
## PERFORMANCE MANAGEMENT

The Department of State and USAID devote considerable effort towards the collection and use of data to improve performance in support of U.S. diplomatic and development results. The Department and USAID utilize performance management to measure organizational effectiveness, strengthen and inform decision-making, and improve programs and policies so that they are linked to specific performance targets and broader strategic goals. Both agencies use performance management best practices to assess and mitigate risks, benchmark program results, comply with legislative requirements, and learn where to adjust strategies in response to performance successes and shortcomings.

In order to measure the Department of State's and USAID's performance in FY 2009, agency working groups selected 130 performance indicators that best show U.S. progress toward achieving its foreign policy goals. The working groups examined each indicator closely to determine whether the FY 2009 result met a previously determined target and how the results impact the achievement of State and USAID strategic goals. A rating was then assigned to each indicator based on the analysis. The chart featured on this page summarizes FY 2009 ratings for the 130 Department of State and USAID performance indicators. Thirty-two illustrative indicators of the 130 are highlighted in the following section, which is organized by Strategic Goal and accompanied by an explanation of each goal and analyses of results achieved in FY 2009. All 130 indicators were published in the agencies' FY 2009 Annual Performance Reports, which were incorporated into the FY 2011 Congressional Budget Justification.

### DEPARTMENT OF STATE

The relationship between performance transparency and agency management practice is clearly manifested through senior leadership who support and realize the benefits of measuring for organizational results. The Department practices an interagency, participatory whole-of-government approach

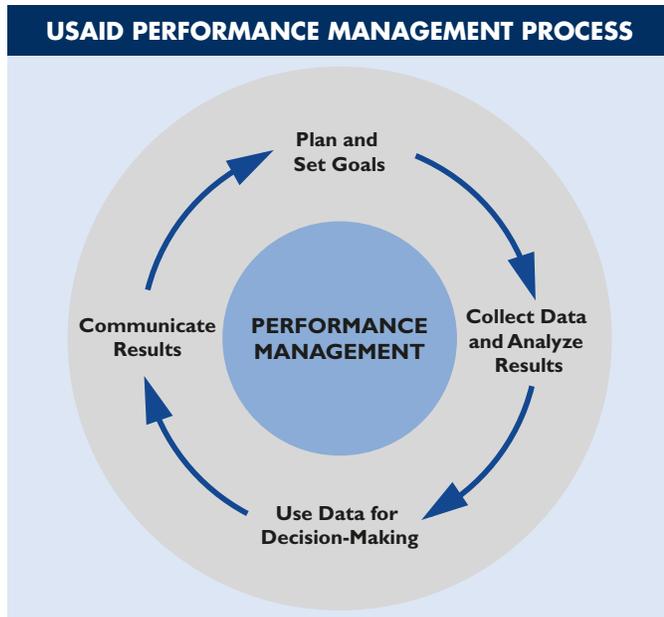


that yields productive and long-lasting organizational reform. Performance management at the Department of State is entrenched in annual strategic planning and budget processes. Performance management is one avenue the Department uses to build consensus around organizational vision and direction, support prioritizing investments, facilitate interagency planning and coordination, and institutionalize a culture of accountability and continuous improvement.

This year, the Department has adopted a new set of criteria for developing and selecting performance indicators that represent its diplomatic, consular and management efforts. This shift to more “outcome-oriented” performance indicators has resulted in a largely new set of indicators designed to provide information that is more meaningful to Congress, the President, and the American public, and more useful internally in supporting budget, policy, and planning decisions.

### USAID

Performance management represents the commitment of USAID to increase its accountability by striving to improve development outcomes. The Agency follows a four-part performance management process: plan and set goals, collect



data and analyze results, use data for decision-making, and communicate results.

USAID Missions and offices are responsible for establishing Performance Management Plans to measure progress towards intended objectives. They are also responsible for reporting on key indicators of progress in their annual performance reports. At USAID, the tools of assessing, learning, and sharing are interrelated through the concept of performance management. Performance management is crucial for informing decisions on funding, program development, and implementation.

Key to performance management is an ambitious, optimistic, and achievable performance target. USAID follows a multi-step process when carefully determining its program-level targets by examining the baseline value before USG intervention, historical trends and the level of progress that occurred in the past, expert judgments from technical experts in the field, research findings and empirical evidence cited in research, accomplishments of similar programs elsewhere (with similar characteristics), customer expectations, and what will be accomplished over a five-year period with the current fiscal year budget and future funds, and then plans progress from the baseline.

Similarly, data are only useful for performance management if the information collected is of high quality. As indicated in USAID’s Automated Directive System Chapter 203.3.5, (<http://www.usaid.gov/policy/ads/200/203.pdf>), all USAID Missions and offices are required to conduct data quality assessments for all performance data reported to Washington. USAID

has three data source categories: primary data (collected by USAID or where collection is funded by USAID), partner data (compiled by USAID implementing partners but collected from other sources), and data from third-party sources (from other Government agencies or development organizations). Primary data undergo rigorous USAID assessments to ensure that it meets quality requirements. Third-party data do not go through the same USAID quality assessments, but sources are carefully chosen based on the organization’s experience, expertise, credibility, and use of similar assessments.

## PROGRAM EVALUATION

Program evaluations are essential to implementing and managing foreign policy and foreign assistance programs at the Department of State and USAID. Evaluation results and performance data are used to inform programmatic and budget decisions in both Washington and the field, and convey the effectiveness of programs to program managers, Congress, and the public. State/F and USAID provided intensive training to over 100 participants through an Evaluation Certificate Course and through a web-based Monitoring and Evaluation Distance Learning Course, enhancing capacity in this field. USAID and F also actively participated in evaluating the implementation of the Paris Declaration on Aid Effectiveness, of which the United States is a signatory. The number of foreign assistance evaluations reported by operating units for FY 2009 doubled from the previous fiscal year to over 800, and spanned five Strategic Goals.

### DEPARTMENT OF STATE

The Department of State recognizes program evaluation as a means to systematically capture reliable data that allows the Department to understand more clearly links between current resources and Department foreign policy and program impacts. Qualitative and quantitative data are then assessed, and that assessment better informs conclusions and decisions about programs, performance, and resources.

A robust, coordinated evaluation function is essential to the Department’s ability to document program accomplishments, promote higher levels of performance, identify best practices, assess return on investment, provide evidence for policy and planning decisions, manage organizational change, and strengthen accountability to the American people. From an

internal perspective, evaluations help program managers justify Department of State program and project resource requests. For example, Missions and bureaus incorporate program evaluation as a best practice to determine the impact of U.S. policies, understand better what is effective in U.S. programs, and increase accountability to U.S. stakeholders.

The Department's evaluation work is supported by legislation requiring Federal agencies to report on whether programs achieve stated goals and are cost effective. Evaluation supports the goal of aligning performance data with budget requests, so that resource decisions can be made based on program impact and results. The State Department's goal is to help managers understand how programs are working and provide them with tools to do so.

The Department supports evaluation research, strategies, and activities through workshops, monthly lecture series, and conferences; working with USAID on joint evaluation guidelines and definitions; and by asking bureaus to focus on program assessments related to the joint strategic framework. In FY 2009, State worked with USAID and other evaluation partners to provide training, raise evaluation's importance through a draft policy statement, and collect baseline evaluation information. State Department bureaus reported on foreign assistance and State operations-funded evaluations in the Country Operational Plans and State Bureau Strategic Plans. In addition, the Department hosted an international evaluation conference at which Deputy Secretary Jacob Lew spoke, and Secretary Clinton provided a message about evaluation's importance for affecting change in foreign affairs. The conference also served as an exchange of ideas and best practices through panel discussions with Canadian and British Government representatives.



*"Assessing Achievement" – Department's second annual evaluation conference – June 2009. Department of State Image*

## USAID

USAID has a track record of more than 40 years in the practice and leadership of evaluation, leading the development of the Logical Framework in the 1960s, establishing a Central Evaluation Office in the early 1970s, and creating the Center for Development Information and Evaluation in the 1980s to store evaluation information and best practices. Despite the slight decline in practice, evaluation remains a valuable tool in USAID's efforts to improve development effectiveness based on empirical knowledge of what works and what does not. USAID is committed to reenergizing its existing capacities and developing new ones in keeping with accepted best practices and new technologies.

During FY 2009, USAID took a number of steps to strengthen evaluation and re-establish its leadership both within the Federal Government and across the international development community. This included re-establishing USAID's central evaluation unit charged with providing Agency-wide oversight, leadership, and coordination in assessing program performance and impact; and reaffirming Agency evaluation requirements.

In FY 2009, USAID established a new evaluation community of interest, the Evaluation Interest Group, with more than 125 members, monthly meetings, and a lively internet presence through a redesigned USAID evaluation website, EvalWeb (<http://www.usaid.gov/policy/evalweb/>). Together with the Department, USAID established a Foreign Affairs Evaluation Working Group that meets biweekly and also includes representation from the Millennium Challenge Corporation and the Office of Global AIDS Coordinator.

Just as importantly, USAID reasserted its global leadership in evaluation and actively engaged in a variety of inter-agency, national, and international evaluation forums. This included participating actively in the Organization for Economic Cooperation and Development/Development Assistance Committee (OECD/DAC) Evaluation Network, organizing and moderating a highly successful Advisory Committee on Foreign Voluntary Assistance Workshop on strengthening evaluation, and serving on OMB's Evaluation Experts and Evaluation Working Groups. During FY 2009, USAID also played key roles in several collaborative, multi-donor evaluations, including the OECD/DAC-led Paris Declaration Evaluation (Phase Two) and the Dutch-led Sudan Humanitarian Assistance Evaluation.

# STRATEGIC GOALS AND RESULTS

In FY 2009, the Department of State and USAID increased analytical rigor in performance planning by focusing on outcome-oriented performance measures and resources at the strategic priority level. Below is a discussion of selected priorities for the Department and USAID's seven Strategic Goals: Achieving Peace and Security, Governing Justly and Democratically, Investing in People, Promoting Economic Growth and Prosperity, Providing Humanitarian Assistance, Promoting International Understanding, and Strengthening Consular and Management Capabilities.

## 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

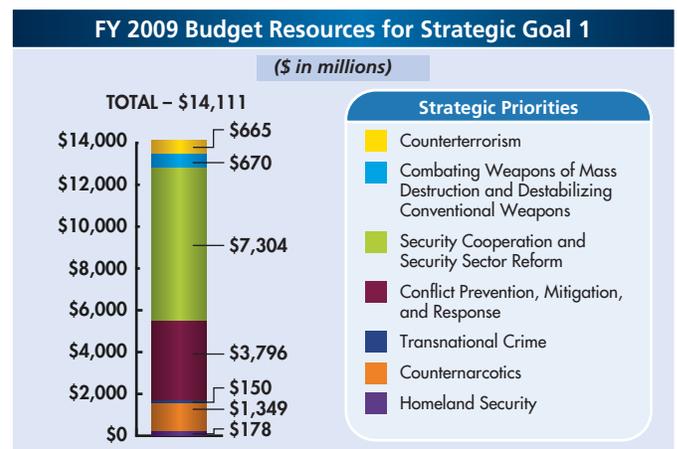
The Department of State and USAID support a national security strategy to enhance and influence peace and security for the United States and the world community. Peacekeeping and security operations require sound policies, concerted U.S. effort, and international cooperation. The Department of State and USAID respond to direct threats to achieving peace and security through mitigation in the following priority areas: preventing the spread and use of nuclear weapons through bilateral and multilateral arms control efforts, combating weapons of mass destruction, countering terrorism, fighting transnational crime, emphasizing stabilization operation activities and security sector reforms, supporting counternarcotics activities, sponsoring conflict mitigation and reconciliation, and ensuring homeland security.

### II. SUMMARY OF PERFORMANCE AND RESOURCES

Of the 29 indicators within this Strategic Goal, 12 met or exceeded targets, and nine were below target. Ratings are not available for eight indicators that are either new or for which data are not yet available. The Department of State and USAID allocated \$14.1 billion toward this Strategic Goal in FY 2009, which is 29% of the total State-USAID budget



Secretary Clinton meets with Russian Foreign Minister Sergei Lavrov in Moscow. AFP Image



supporting all strategic goals. A more detailed discussion of the priorities under this Strategic Goal and USG performance for six illustrative indicators is provided in the following section.

**Key Selected Achievements**

- Trained over 92,000 people in Conflict Mitigation/Resolution skills—with Haiti, Indonesia, Kenya, Nepal, Uganda, and the USAID Bureau for Democracy, Conflict, and Humanitarian Assistance reporting better than expected results.
- Resumed negotiations with Russia to replace the expired Strategic Arms Reduction Treaty (START) with an agreement to reduce and limit strategic offensive arms to levels lower than those in the Moscow Treaty, while including effective verification measures drawn from START.
- Produced 93,777 hectares of alternative crops in Colombia exceeding target by 28,777 hectares.
- Held first round of the United States-China Strategic and Economic Dialogue, engaging China on regional security concerns, nonproliferation, and military-to-military relations.

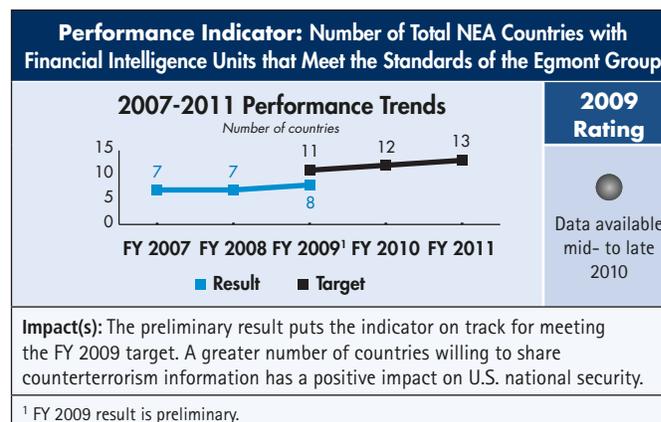
**III. SELECTED STRATEGIC PRIORITIES AND ANALYSES**

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

**Analysis:** Terrorism is the greatest challenge to U.S. national security. Combating it will continue to be the focus of development, diplomatic, and defense efforts as long as the proponents of violent extremist ideologies find safe havens and support in unstable and failing states. The United States aims to expand foreign partnerships and to build global capabilities to prevent terrorists from acquiring or using resources for terrorism.

The Department of State supports counterterrorism efforts by working with foreign governments to establish Financial Intelligence Units (FIUs) that meet rigorous standards published by the non-profit Egmont Group. Governments that establish FIUs are more capable of analyzing and disclosing financial information concerning suspected criminal activities and potential financing of terrorist networks. The establishment of an FIU is also an indication that a foreign government is increasingly willing to share counterterrorism information and pass antiterrorism finance legislation. The indicator highlighted here

shows that the number of additional countries establishing FIUs has increased slightly according to preliminary results.



**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.*

**Analysis:** The United States supports capacity-building in foreign military partners through the provision of training and equipment. The United States will increase the number of foreign military personnel trained in the United States by continuing relationships across Europe, the Near East, South and Central Asia, East Asia and the Pacific, and throughout the Western Hemisphere. Overall results for FY 2009 were stronger than expected due to larger than anticipated numbers of personnel able to participate in U.S. training.



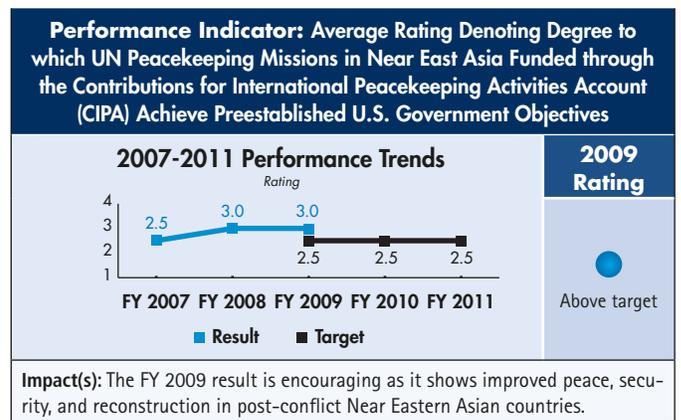
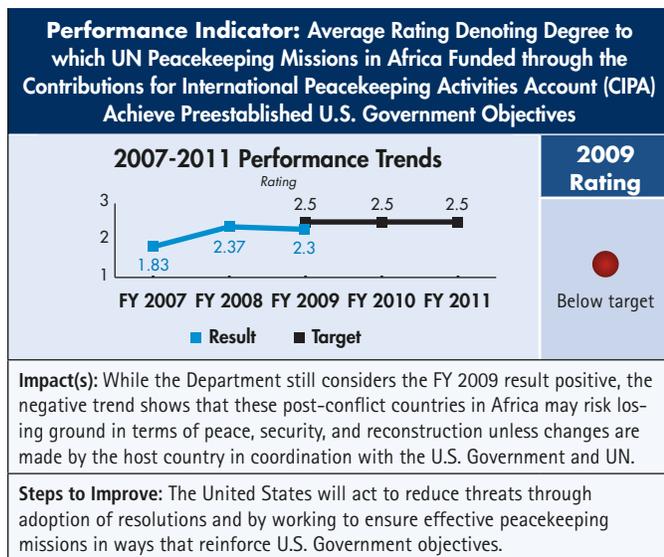
**CONFLICT PREVENTION, MITIGATION, AND RESPONSE:** *Support the prevention, containment or mitigation, and resolution of existing or emergent regional conflicts, as well as post-conflict peace, reconciliation, and justice processes.*

**Analysis:** U.S.-supported activities improve the capacity of citizens, both to better mitigate conflict, and to be more effective in implementing and managing peace processes. Through

training and technical assistance, U.S. programs strengthened local capacity to resolve disputes at the lowest administrative level. Training focused on factors that underpin conflicts such as land disagreements, including disputes involving claims by women and indigenous groups. Efforts were also made to involve young people in tolerance, peace, and reconciliation programs. For example, in Nepal, a nine-month youth literacy program emphasizing conflict mitigation and peace building skills attracted 30,381 participants, of which 78% were female. Country program results like these enabled the U.S. to greatly exceed its overall training target.



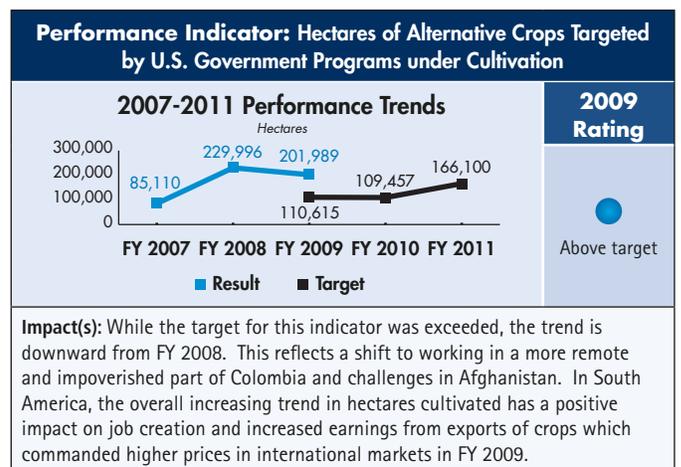
**Analysis:** A significant proportion of activities in Conflict Prevention is concentrated in peacekeeping operations in Africa and Near East Asia. Peacekeeping ratings in Africa declined in FY 2009, likely reflecting the increasingly difficult security, political, and economic environment in many parts of Africa. Ratings in Near East Asia, on the other hand, have remained above target.



**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.*

**Analysis:** Alternative crop development is playing an important role in countering the illicit drug trade and creating jobs in Latin America. The number of hectares of alternative crops under cultivation has a direct relationship to job creation and income levels. In Colombia, the United States is supporting comprehensive training, technical assistance, and co-financing of municipal infrastructure projects. The program also provides assistance to build small businesses, including agribusinesses, to enhance competitiveness in local, regional, and global markets. Similar USAID programs are being carried out in Ecuador, Bolivia, and Peru.

U.S. programs reported overall better than expected results in FY 2009. For example, the U.S. supported the production of 93,777 hectares of alternative crops in Colombia exceeding the FY 2009 target by 28,777 hectares. In Peru, the program generated \$16.5 million in sales and created 10,629 jobs, 18% of which went to women.



*“To the people of poor nations, we pledge to work alongside you to make your farms flourish and let clean waters flow; to nourish starved bodies and feed hungry minds.”*

*—President Obama’s inaugural address,  
January 20, 2009*

## FOOD SECURITY

Today, out of a total world population of 6.7 billion, over 1 billion people suffer from chronic hunger and malnutrition. By 2050, the world population is projected to increase to over 9 billion people. At the G8 Summit in July 2009, the United States and other nations agreed to commit \$20 billion over the next three years to address the challenge of simultaneously lifting 1 billion people out of poverty while increasing food production by an estimated 70% by 2050 to meet the needs of a larger and wealthier population. As part of this commitment, President Obama announced his intention to provide at least \$3.5 billion over the next three years (FY 2010 to 2012) as the U.S. contribution. To fulfill the President’s commitment, the United States is launching a Government-wide response to global hunger that will include assistance for agricultural development and nutrition provided by USAID, and contributions to the proposed World Bank Global Agriculture and Food Security Program. The core of this new effort will be country-led partnerships and investments in market-driven agriculture to provide reliable access to nutritious food and raise the incomes of the rural poor. USAID supports efforts to increase food security as part of the U.S. Government-wide response to global hunger.

The same five principles that underpin Rwanda’s progress toward achieving national food security are endorsed in the L’Aquila Joint Statement on Food Security. Building on the momentum of the L’Aquila Summit, the Department of State has established the Global Hunger and Food Security Initiative, setting the five principles of the



Two farmers work on USAID’s Model Rice Farm in northern Nigeria.

Jide Adeniyi-Jones Image

L’Aquila Joint Statement as the foundation for this effort. Through this Initiative, the U.S. Government will invest heavily in solutions throughout the agricultural supply chain and will seek to reduce under-nutrition. The U.S. Government’s priorities will also include enhancing the effectiveness of American emergency food aid to complement long-term food security goals and empowering women, who constitute the majority of the world’s farmers.

USAID invests in improving food security in some of the most vulnerable countries in the world. It builds agricultural productivity through research and technology development; increases access to finance, inputs, markets, and trade; and seeks opportunities to help small farmers both mitigate and adapt to climate change, which otherwise threatens to further exacerbate food insecurity. Increasing opportunities for smallholder farmers, especially women, and other very poor people is a priority. USAID works closely with host governments and a variety of partners including other donors, foundations, universities, and for-profit firms to increase food security in developing countries. For further information on food security, visit <http://www.state.gov/s/globalfoodsecurity/index.htm> and [http://www.usaid.gov/our\\_work/agriculture/food\\_security.htm](http://www.usaid.gov/our_work/agriculture/food_security.htm).

## 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

Just and democratic governance is important to the U.S. Government and the American public for three interrelated reasons: as a matter of principle, as a contribution to U.S. national security, and as a cornerstone of a broader development agenda. Governments that respect human rights, respond to the needs of their people, and govern by 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 goal of the U.S. Government is therefore to promote freedom and strengthen effective democracies by assisting countries to move along a continuum toward democratic consolidation. Within this strategic goal, there are four strategic program areas: rule-of-law and human rights, good governance, political competition and consensus-building, and civil society.



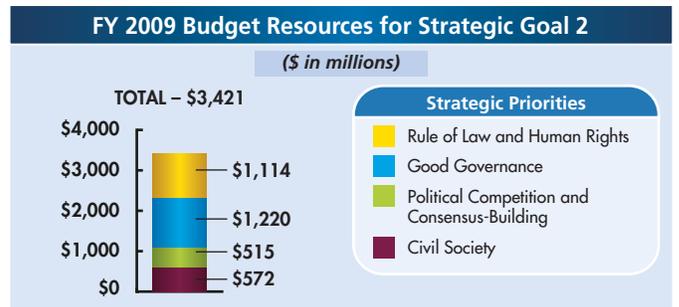
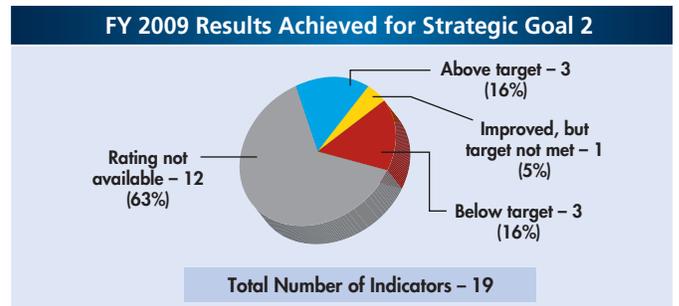
The new virtual courtrooms allow justice to be imparted in Colombia's most remote areas. FIU/Carlos E. Vargas Camacho Image

### II. SUMMARY OF PERFORMANCE AND RESOURCES

Of the 19 indicators within this Strategic Goal, three met or exceeded targets and four were below target. Ratings are not available for 12 indicators that are either new or for which data are not yet available. The Department of State and USAID allocated \$3.4 billion toward this Strategic Goal in FY 2009, which is seven percent of the total State-USAID budget supporting all strategic goals. A more detailed discussion of the priorities under this Strategic Goal and U.S. Government performance for five illustrative indicators is provided in the following section.

#### Key Selected Achievements

- The Department supports the work of more than 130 nongovernmental organizations with democracy and human rights foreign assistance programs. The majority of these programs – more than 70% – met or exceeded their program goals.
- Responding to unanticipated demand, the Department trained 54,835 justice sector personnel worldwide with U.S. assistance.

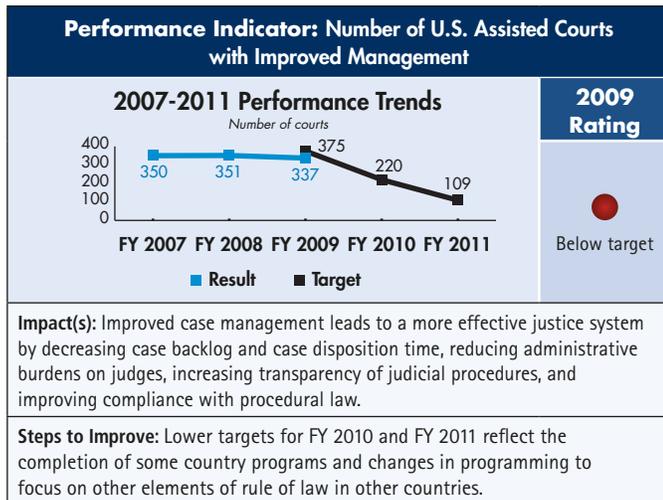


- U.S. foreign assistance programs exceeded the target for U.S. assisted political parties working to increase the number of candidates and members who are women, youth, and from marginalized groups.

### III. SELECTED STRATEGIC PRIORITIES AND ANALYSES

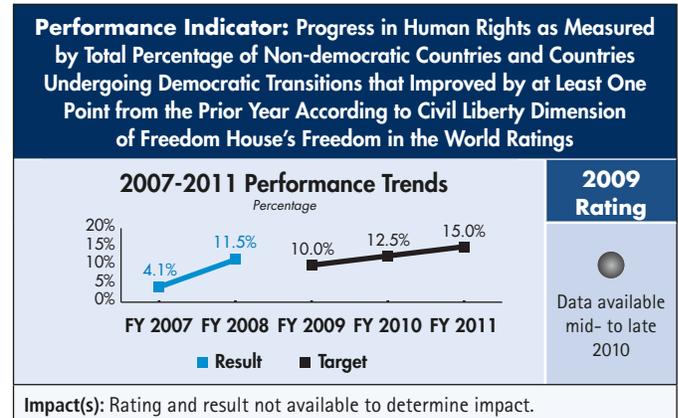
**RULE OF LAW AND HUMAN RIGHTS:** *Advance and protect human and individual rights, and promote societies where the state and its citizens are accountable to laws that are publicly promulgated, equally enforced, and independently adjudicated, consistent with international norms and standards.*

**Analysis:** Improved court case management is one of the key activities pursued by U.S. Government programs within the area of rule of law and human rights. This representative indicator tracks improved court case management as reported by 27 countries receiving U.S. assistance. The FY 2009 target for the number of USG-assisted courts with improved case management was not met, due mainly to delays in some countries in establishing a case management process and in others in expanding the number of courts using a piloted process. In Guatemala, for example, the Supreme Court delayed the USAID-supported Trial Court Model, leaving little time to expand implementation of the model outside of Guatemala City as originally planned.



**Analysis:** In addition to monitoring shorter-term activities for more immediate impact, the United States also tracks longer term trends, such as the percent of countries with improved civil liberties ratings as reported by Freedom House, to assist in planning and designing future efforts, as well as to adjust ongoing programs. Combating corruption, strengthening democracy through civil society organizations, and encouraging nations to be democratic and responsible members of the world community are key long-term priorities for the Department and USAID. FY 2009 results for this indicator will be available in mid- to late 2010, but FY 2007 and 2008 results show

positive trends in civil liberties in non-democratic countries and countries in transition to a full democracy. The percentage of countries showing improved civil liberties ratings increased to 12% in FY 2008, from 4% in FY 2007.



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

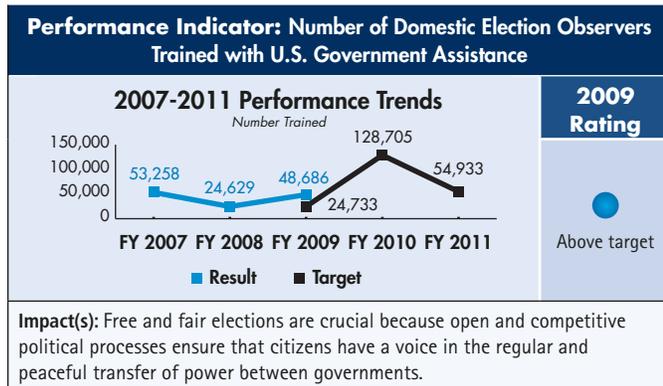
**Analysis:** Constitutional order, legal frameworks, and judicial independence constitute the foundation for a well-functioning society, but they remain hollow unless the government has the capacity to apply these tools appropriately. Activities include support avenues for public participation and oversight and for substantive separation of powers through institutional checks and balances. Transparency and integrity are also vital to government effectiveness and political stability. One of the long-term measures used by the United States to track the effectiveness of its efforts to improve good governance is the percentage of countries with improved governance ratings. According to the World Bank the percentage of countries with improved governance ratings jumped to 10% in FY 2008 from 7% in FY 2007. FY 2009 results for this indicator are expected in mid-2010.



**POLITICAL COMPETITION AND CONSENSUS-BUILDING:**

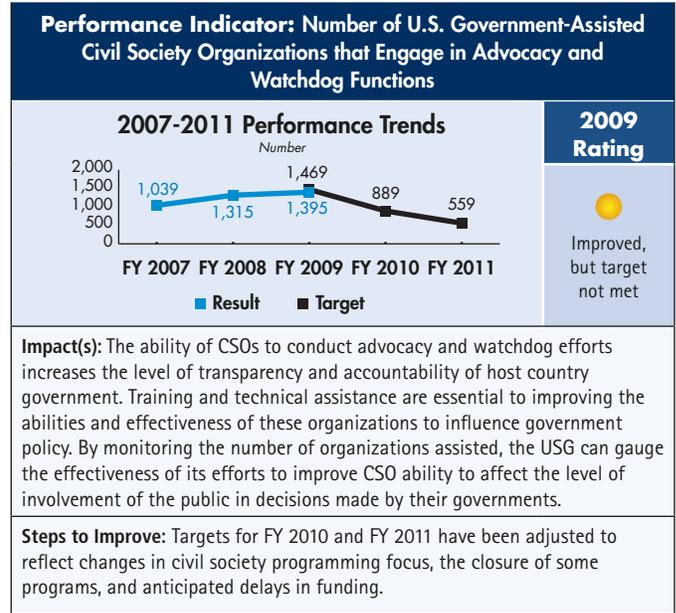
*Encourage the development of transparent and inclusive electoral and democratic, responsive and effective political parties.*

**Analysis:** The number of domestic election observers trained with U.S. Government assistance is tracked as one component of promoting free and fair elections. The target and results for persons trained for deployment as observers before or during national elections are dependent on the number of elections scheduled in a given year. In FY 2009, U.S. assistance programs exceeded the target despite the postponement or cancellation of several elections. In those countries where elections were held, the actual numbers of people trained were frequently double the anticipated target. For example, in Ecuador, the complexity of the election process necessitated a large increase in the number of domestic observers trained, and the Mission obtained supplemental funding for the program.



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

**Analysis:** In FY 2009, U.S. assistance programs improved their performance over FY 2008, but did not meet the target for the number of U.S. Government-assisted civil society organizations (CSOs) that engaged in advocacy and watchdog functions. Some country-level targets were not met due to delays in program start-up and shifts by CSOs from advocacy to humanitarian assistance. In countries where the targets were exceeded, it was often due to increased advocacy at the local level or on a particular issue. For example, results exceeded the target due to forest land advocacy efforts in Cambodia, and due to an expanded constituency for a Freedom of Information Bill in Nigeria.



## AFGHANISTAN AND PAKISTAN

The United States has made a long-term commitment to help Afghanistan rebuild itself after years of war. The insurgency in Afghanistan and parts of Pakistan poses a fundamental threat to U.S. strategic interests. Disrupting, dismantling, and eliminating al-Qaeda safe havens in Afghanistan and Pakistan are a top foreign policy priority. The Administration’s strategy to achieve this goal in Afghanistan is to promote a more capable, accountable, and effective Afghan Government that serves its people by generating economic opportunities, and can function with limited international support. Through diplomatic and development efforts, the United States supports the Afghan Government in its efforts to establish a framework for a vibrant civil society, one that emphasizes democratic principles through the rule of law and creates accountable and transparent forms of government. In Pakistan, the strategy is to stabilize the government through macroeconomic reforms and private sector growth to lay the foundations for long-term economic stability and sustainable growth. Pakistan must also be convinced to systematically confront extremist threats by further developing its security capabilities. Both State and USAID are working together to strengthen each host country capacity to provide services to its citizens effectively and enhance the long-term sustainability of development efforts.

## STRATEGIC GOAL 3: INVESTING IN PEOPLE

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

### I. PUBLIC BENEFIT

Lack of education and training, poor health and disease, high levels of unintended pregnancy, and lack of services, particularly for vulnerable populations, are important root causes of the problems faced by U.S. partners in development assistance. These problems destroy lives and destabilize countries. The U.S. approach for the Investing in People Strategic Goal is to help partner nations achieve sustainable improvements in the wellbeing and productivity of their citizens, and build sustainable capacity to provide services that meet the people’s needs in three priority program areas: health, education, and social services and protection for especially vulnerable populations. These programs also seek to improve the lives of individuals by increasing their ability to contribute to economic development and participate in democratic decision-making, and mitigating the root causes of poverty and conflict.

### II. SUMMARY OF PERFORMANCE AND RESOURCES

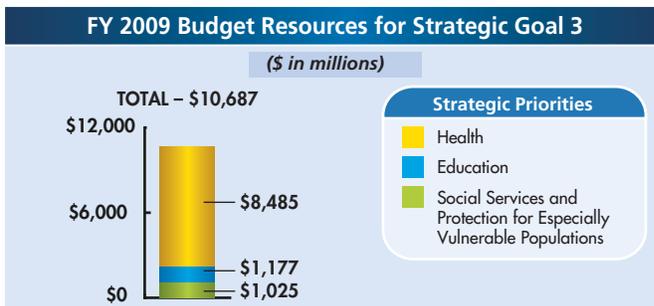
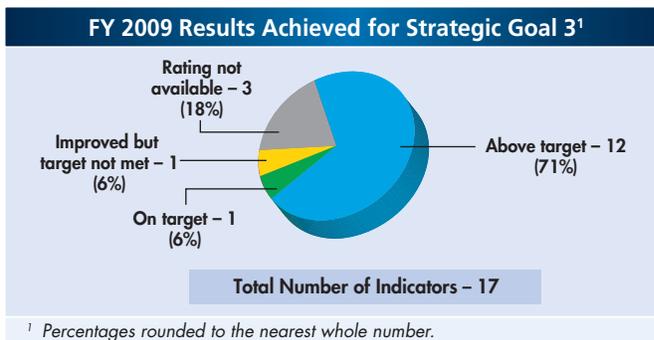
Of the 17 indicators within this Strategic Goal, 13 met or exceeded targets, and one was not met. Ratings are not available for three indicators that are either new or for which data are not yet available. The Department of State and USAID allocated \$10.7 billion toward this Strategic Goal in FY 2009, which is 22% of the total State-USAID budget supporting all strategic goals. A more detailed discussion of the priorities under this Strategic Goal and U.S. Government performance for seven illustrative indicators is provided in the following section.

#### Key Selected Achievements

- Supported HIV/AIDS treatment for approximately 2.4 million people.
- Supported HIV counseling and testing for nearly 29 million people.



At the Sauyemwa Primary School in Caprivi Region, Namibia, students arrive to class in uniforms sewn by volunteer tailors. A small grant program provides money for the materials the tailors use to create uniforms specifically for students who have been orphaned. AED Image



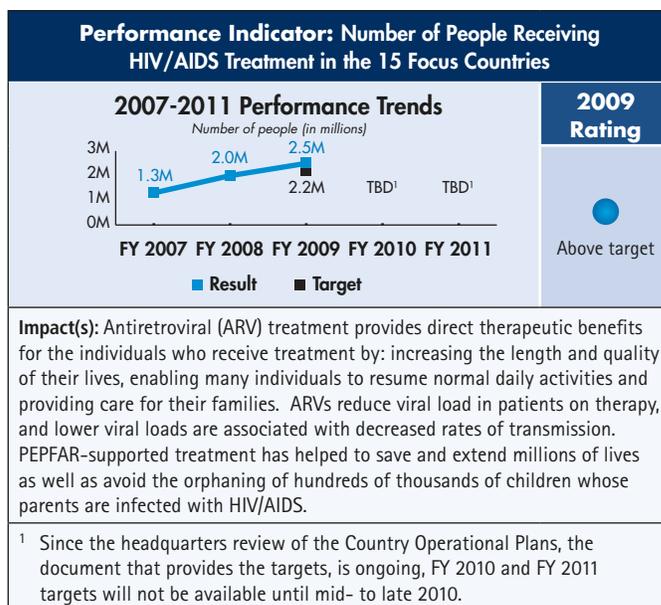
- The President’s Malaria Initiative protected 30 million people against malaria using either insecticide-treated bed nets or indoor spraying methods.
- Increased access to improved drinking water supplies for 7.8 million people, 2.9 million more than targeted.

### III. SELECTED STRATEGIC PRIORITIES AND ANALYSES

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

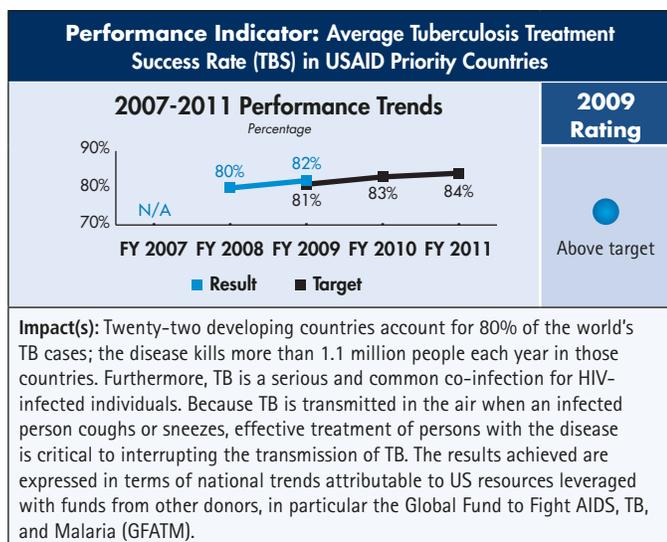
Critical interventions work to combat HIV/AIDS, tuberculosis, malaria, avian and pandemic influenza, neglected tropical diseases, polio, pneumonia, and diarrhea. Within these program areas, mothers and children are two special target groups. In addition, U.S. assistance works to strengthen local capacity to detect and respond to disease outbreaks; improve delivery of health services, essential drugs, and commodities; and support advances in health technology. The Global Health Initiative (GHI) which the President announced in May 2009, seeks to improve outcomes across these elements by adopting a women- and girl-centered approach, increasing strategic integration and coordination within the U.S. Government and with partner countries, strengthening and leveraging multilateral institutions, encouraging country ownership, enhancing sustainability by strengthening healthy systems, improving metrics and evaluation, and promoting research and innovation.

**HIV/AIDS Analysis:** The bulk of U.S. HIV/AIDS funding is provided through the President’s Emergency Plan for AIDS Relief (PEPFAR), which takes a comprehensive approach to HIV/AIDS prevention, treatment, and care in developing countries. This program works in close cooperation with host country governments and national and international partners. The indicator on the number of people receiving HIV/AIDS treatment measures the reach of PEPFAR and highlights which countries are facing challenges in scaling up their programs and which may have best practices that should be replicated elsewhere. PEPFAR-supported treatment has helped to save and or extend millions of lives as well as avoid the orphaning of hundreds of thousands of children whose parents have HIV/AIDS. Because of the rapid scale-up of the programs, the United States directly supported treatment for some 2.4 million people living with HIV in FY 2009, exceeding the target by over 200,000. Targets for FY 2010 and FY 2011 will be available in mid- to late 2010, following the headquarters review of Country Operational Plans.



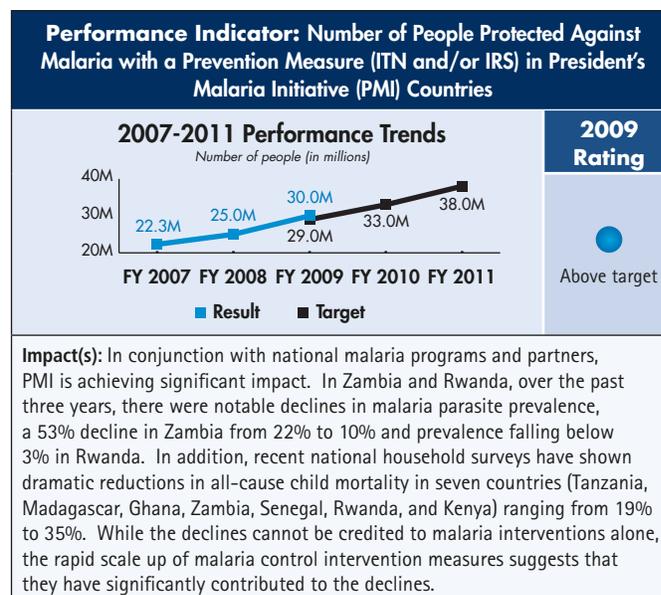
**Tuberculosis Analysis:** Twenty-two developing countries account for 80% of the world’s tuberculosis (TB) cases; the disease kills more than 1.1 million people each year in those countries. Furthermore, TB is a serious and common co-infection for HIV-infected individuals. The focus of USAID’s TB program is to combat multi-drug-resistant TB and extremely drug-resistant TB, and to prevent drug resistance by improving the quality of basic TB services.

One of the performance indicators for TB is the tuberculosis treatment success rate (TBS), or the proportion of patients who complete their entire course of treatment. Because TB is transmitted in the air when an infected person coughs or sneezes, effective treatment of persons with the disease is critical to interrupting the transmission of TB. Tracking progress toward meeting or exceeding the TBS target of 85% is a key indicator as to how effectively the United States is fighting this disease. TBS has improved steadily in high-burden countries in Africa, Asia, and the Middle East, and several countries receiving U.S. support have met or exceeded the threshold for this indicator. The United States exceeded its FY 2009 target because the impact of a \$70 million FY 2008 funding increase for USAID led to the scaling up of TB activities in priority countries. Progress will be slower in countries like Russia due to high rates of HIV infection, drug resistance, and inadequate health services.



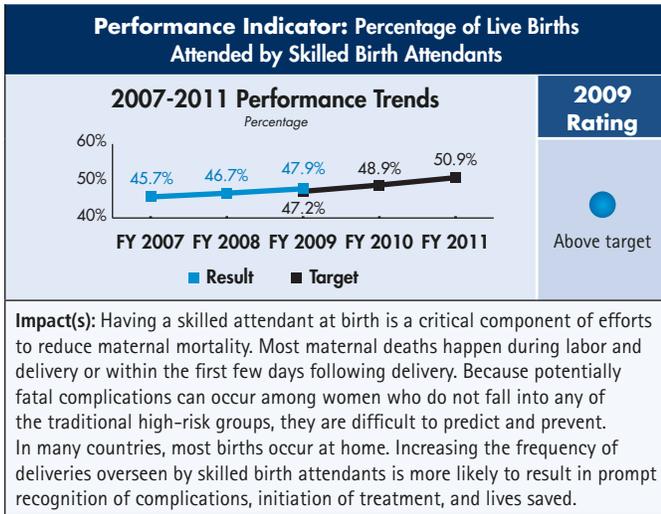
**Malaria Analysis:** In June 2005, the President's Malaria Initiative (PMI) was launched, pledging to increase U.S. funding by more than \$1.2 billion over five years to reduce deaths from malaria by 50% in 15 African countries. The increased funding enables the United States to accelerate expansion of the malaria initiative program to achieve the target. The two critical emphases of the malaria initiative are insecticide-treated mosquito nets (ITN) and indoor residual spraying (IRS), which when used properly are highly effective in controlling malaria. These prevention measures are expected to contribute to lower prevalence of malaria in countries and, as a consequence, reductions in morbidity and mortality, especially among pregnant women and children.

The number of people protected against malaria with a prevention measure (ITN, IRS, or both) supported by PMI funds is an indicator of U.S. progress in extending the prevention measures that are necessary to reduce the number of malaria deaths in 15 African countries by 50%. In FY 2009, the United States exceeded its target because PMI is now a more mature program that has strong national commitment from the host country and other donors. With this support, PMI has been able to implement its program more effectively.



**Maternal and Child Health Analysis:** This program aims to increase the availability and use of proven life-saving interventions that address the major killers of mothers and children. These interventions include effective maternal and newborn care, management of obstetric complications, routine immunization, polio eradication, micronutrients, and improved maternal, infant, and young child feeding. Maternal and child health is also a core component of the GHI.

Increasing the frequency of deliveries overseen by skilled birth attendants is more likely to result in prompt recognition of complications, initiation of treatment, and lives saved. The use of skilled birth attendants has increased considerably, more than doubling over the past decade in Nepal, Indonesia, Bangladesh, and Egypt. An increase in the coverage of attended births is expected to contribute to lower maternal and child morbidity and mortality. In FY 2009, U.S. assistance programs exceeded their target and continued a trend of steady improvement in the percent of live births attended by skilled birth attendants.

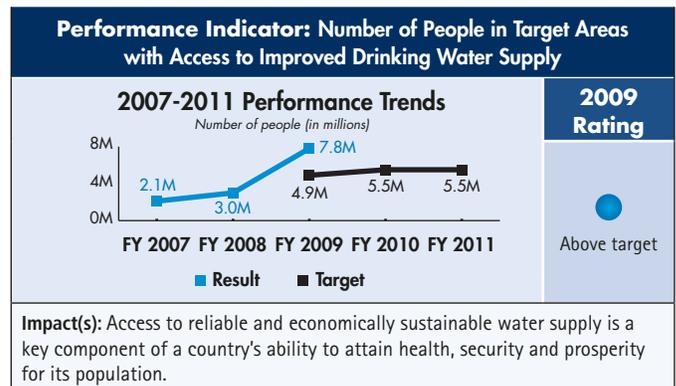


**Family Planning and Reproductive Health Analysis:** The United States’ family planning and reproductive health (FP/RH) program aims to expand access to high-quality, voluntary family planning and reproductive health information and services, in order to reduce unintended pregnancies and promote healthy reproductive behaviors. Increased use of modern contraception, one of three main indicators for this area, translates into fewer unintended pregnancies and fewer abortions. A strong family planning program can be expected to increase the modern contraceptive prevalence rate (MCPR) at the country level by one to two percentage points annually. The MCPR indicator measures the percentage of in-union women of reproductive age (15-49) using, or whose partner is using, a modern method of contraception at the time of the survey. In FY 2009, U.S. programs contributed to nearly a percentage point increase in MCPR in assisted countries, but fell very slightly short of the target.



**Water Supply and Sanitation Analysis:** Access to a reliable and economically sustainable water supply is a key component of a country’s ability to attain health, security and prosperity for its population. Access is achieved through diverse approaches, including both direct support for small and large-scale infrastructure development and indirect support through institutional development, community-based systems, facilitation of private supply of products and services, and financing to ensure long-term sustainability and expansion of access.

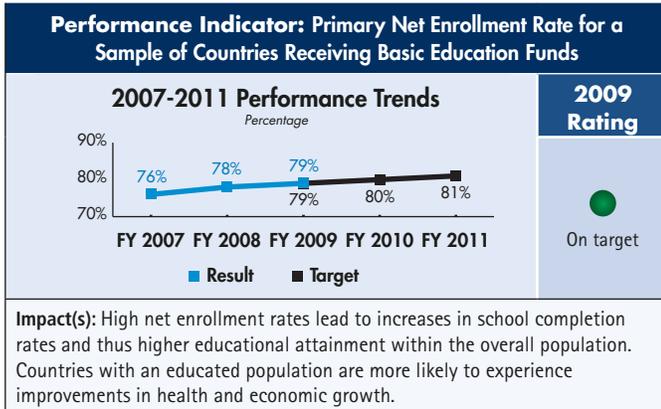
The United States tracks the number of new people who gain access to an improved water source in the reporting period, such as a household connection, public standpipe, borehole, protected well or spring, or rainwater collection as a result of U.S. assistance. The overall target for FY 2009 was greatly exceeded due in part to momentum gained from a new regional program in Asia. In South Africa, a greater than anticipated number of water projects were approved by the local government, and Haiti reached more beneficiaries due to the additional resources from the 2008 hurricane recovery funds.



**EDUCATION:** Promote the creation and maintenance of effective, equitable, high-quality educational services and systems, from the primary education and literacy program level to strengthening the institutional capacities of public and private higher educational institutions.

**Analysis:** In the basic education sector, the United States assesses its performance based on the primary net enrollment rate (NER) for a sample of countries receiving basic education funds. Although USAID is certainly not solely responsible for supporting increases in enrollment rates, there is plausible attribution to the U.S. Government for this meaningful performance indicator. Since 2002, NER have steadily improved in countries receiving U.S. assistance. This trend is expected to continue with additional funding to help ministries of education establish and maintain more effective

school systems, provide teacher training, develop and conduct learning assessments, and collect and use data to assist with school management decisions, particularly those related to enrollment and the learning environment. The rate of increase will be slower as countries approach 100% enrollment, with the remaining population the most difficult and expensive to reach. In FY 2009, the United States met its target of 79% NER.



USAID supports social and economic transformation and reconciliation for vulnerable rural women in Rwanda. World Relief Rwanda and Ikirezi Image

## CLIMATE CHANGE

The world community must work collaboratively to slow, stop, and reverse greenhouse gas emissions in a way that promotes sustainable economic growth, increases energy security, and helps nations deliver greater prosperity for their people. The U.S. Government addressed this challenge during FY 2009 through a whole-of-government approach that combines actions from reducing U.S. emissions at home, to developing transformational low-carbon technologies, to improving observation systems that will help the USG better understand and address the impacts of climate. Within the U.S. Government, the State Department led the effort to reach a global climate change accord at Copenhagen in December 2009 that captures President Obama’s vision, working closely with other large emitters such as the EU,

China, Russia, and India in the Major Economies Forum on Energy and Climate. USAID led bilateral assistance efforts that promote cleaner and renewable energy technologies, energy and building efficiency, protection of forests that serve as carbon “sinks,” and assistance to build the resilience of nations and communities that are highly vulnerable to climate change. As the international community moves to implement the Copenhagen Accord, the United States will do its part by meeting the commitment to reduce emissions at home and to provide increased financial resources for developing countries, particularly those most vulnerable to climate change and with the least capacity to respond. For further information on climate change, visit <http://www.state.gov/g/oes/climate/index.htm> and [http://www.usaid.gov/our\\_work/environment/climate/](http://www.usaid.gov/our_work/environment/climate/).

## WOMEN AND GIRLS' ISSUES

For over three decades, the United States has recognized violence against women as a human rights problem. In September 2009, the United States led the UN Security Council in adopting a unanimous resolution to end sexual violence against women and children in conflict situations. As a result, the UN Secretary General will appoint a Special UN Representative on Sexual Violence in Armed Conflict, and rapidly deploy teams of experts to armed conflicts.

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

- **Global Health.** PEPFAR – a five-year, \$15 billion global initiative – dedicates specific funds to combat gender-based violence. USAID missions in Ethiopia, Egypt, Kenya, Mali, and Guinea support programs to prevent female genital mutilation.
- **Humanitarian Assistance and Refugees.** U.S. humanitarian and refugee assistance incorporates programs to prevent violence against women. The Department of State's refugee programs in Pakistan, along with USAID's global programs through the Office of U.S. Foreign Disaster Assistance and the Displaced Children and Orphans Fund, contain elements aimed at protecting women and children.
- **Foreign Military Training.** The Department of State cooperates with the Department of Defense to incorporate combating violence against women into training programs aimed at international military students and foreign militaries.



Céline Nambi works with the Association of Mothers of Students to keep girls in school in Tabota, Benin. USAID/André Roussel Image



First Lady Michelle Obama and Secretary of State Hillary Rodham Clinton at the Department of State ceremony honoring recipients of the International Women of Courage Award, Washington DC, March 11, 2009. AP Image

- **Trafficking in Women and Girls.** The Department of State and USAID, in collaboration with other U.S. Government agencies, support nearly 140 global and regional anti-trafficking programs in 70 countries.
- **Legal and Political Rights.** The Department of State funds initiatives in sub-Saharan Africa to empower women and youth. USAID supports programs to strengthen economic legal rights for women in Albania, Guatemala, Benin, South Africa, and Rwanda.

Women's issues are a core factor in U.S. foreign policy. Secretary Clinton, a long-time champion of women's rights, has inspired women worldwide with her declaration that "human rights are women's rights, and women's rights are human rights." Her efforts have renewed the U.S. commitment to women as keys to progress and prosperity around the world. For further information about women's and girls' issues, visit the Department of State's Office of Global Women's Issues website at <http://www.state.gov/s/gwi/index.htm> and USAID's Office of Women in Development website at [http://www.usaid.gov/our\\_work/cross-cutting\\_programs/wid](http://www.usaid.gov/our_work/cross-cutting_programs/wid).

# 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

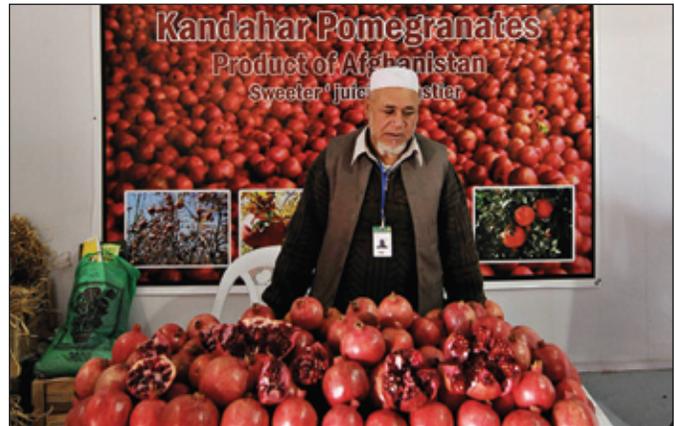
The U.S. Government’s goal is to achieve rapid, sustained, and broad-based economic growth for the United States, its trading partners, and developing countries. Further, economic diplomacy plays a large role in advancing the Department’s priorities in the areas of U.S. energy security, climate change, and the environment. All countries derive enormous benefits from a stable, resilient, and growing world economy. The United States plays a leadership role to promote economic growth and prosperity. The latest global economic downturn, however, demonstrates how quickly growth can reverse into rapid decline and the importance of implementing economic policies that promote sustainability.

## II. SUMMARY OF PERFORMANCE AND RESOURCES

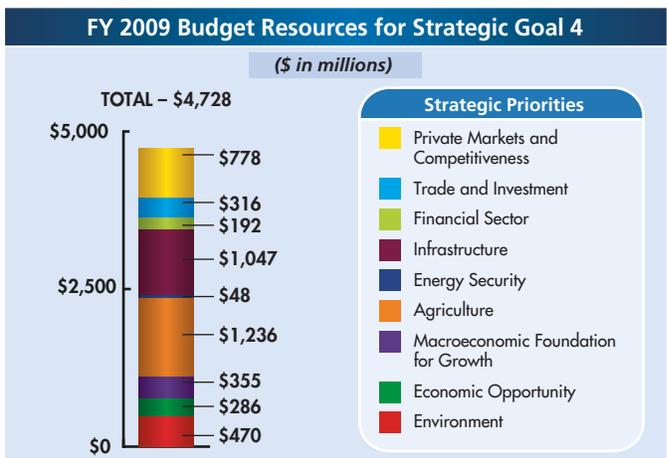
Of the 24 indicators within this Strategic Goal, seven met or exceeded targets and six were below target. Ratings are not available for 11 indicators that are either new or for which data are not yet available. The Department of State and USAID allocated \$4.7 billion toward this Strategic Goal in FY 2009, which is 10% of the total State-USAID budget supporting all strategic goals. A more detailed discussion of the priorities under this Strategic Goal and U.S. Government performance for six illustrative indicators is provided in the following section.

### Key Selected Achievements

- Intensified U.S. dialogue with key emerging economies including Brazil, India, and Russia, and held three G20 Summits at the leaders level.
- Launched a global initiative to fight hunger and promote sustainable agricultural development.
- Appointed a Special Envoy for Climate Change, a Coordinator for International Energy Affairs, an Economic Envoy to Northern Ireland, and a Special Envoy for Eurasian Energy.



A successful World Pomegranate Fair in Kabul, Afghanistan, sponsored by USAID, enabled farmers to boost production and stimulate the Afghan economy with international exports. Here, a seller displays his produce at the fair. AFP Image



### III. SELECTED STRATEGIC PRIORITIES AND ANALYSES

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

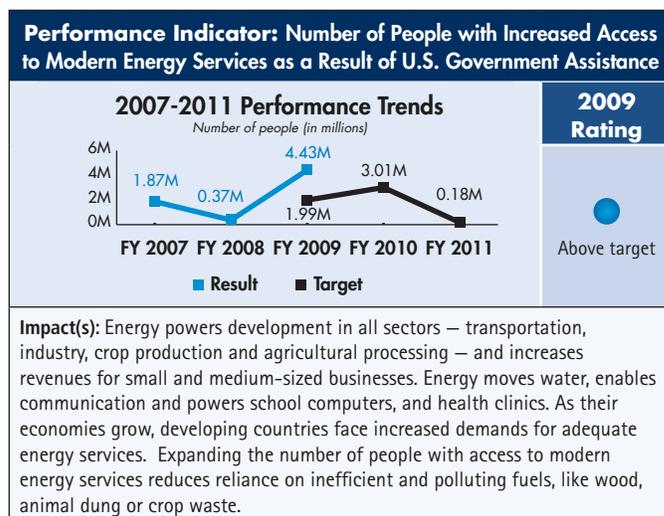
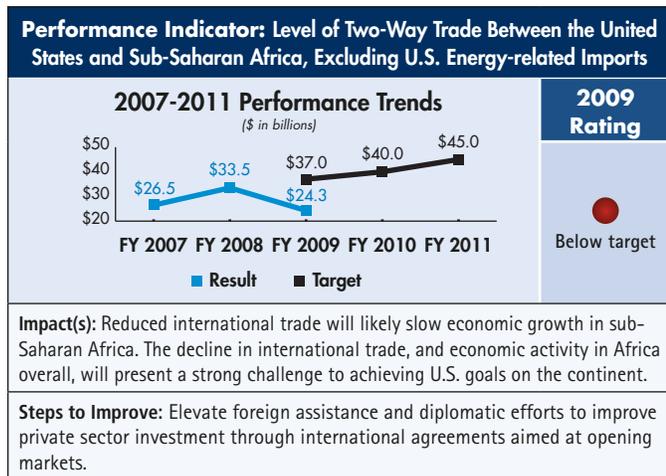
**Analysis:** The U.S. Government promotes increased trade and investment, a powerful engine for growth, and has negotiated a number of bilateral free trade agreements to open new markets for American goods and services. In Africa, economic trade data shows declining trends, with trade between the United States and sub-Saharan Africa decreasing in FY 2009. Slow growth will impact virtually all sectors of African economies and threatens to erase recent gains in economic growth, living standards, and poverty reduction.

While these far-reaching effects will be difficult to counteract, they elevate the importance of U.S. foreign assistance and diplomatic efforts in helping sub-Saharan countries achieve their development goals. Sub-Saharan Africa needs increased private sector investment, both foreign and domestic, to achieve sustained rates of economic growth necessary to reduce poverty on the continent. At present, the region is largely disconnected from the global marketplace and the benefits that arise from trade. If Africa were to increase its share of world trade by just one percentage point from its current 2% to 3%, it would generate additional export revenues of \$70 billion annually, which is nearly three times the amount of annual assistance to sub-Saharan Africa from all donors. U.S. diplomats are working with sub-Saharan countries on policies that promote growth in trade and foster Africa’s integration into the global marketplace.

**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.*

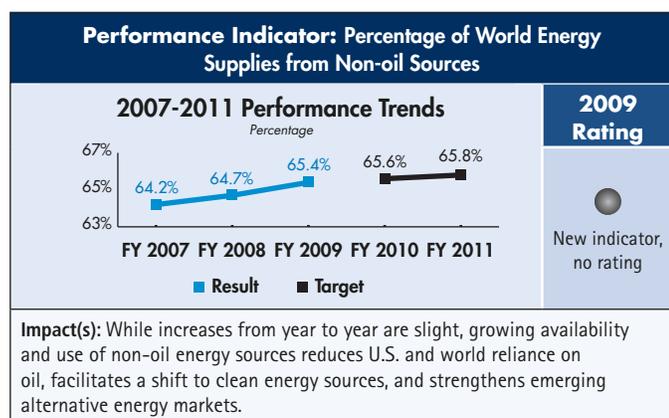
**Analysis:** The U.S. Government supports the creation, improvement, and sustainability of physical infrastructure and related services in both urban and rural areas, to enhance the economic environment and improve economic productivity, including for women. It also promotes sustainable improvements in the governance of infrastructure by utilizing opportunities for public-private partnerships, strengthening capacities for oversight and management, expanding markets for tradable infrastructure services, and promoting clean energy activities. This approach is based on data that shows that countries rich in energy resources but also have efficient markets are more likely to foster transparency, strengthen the rule of law, and ensure that subsequent benefits are enjoyed widely. Dependence on natural resource wealth works to inhibit the political and economic development of a country.

In FY 2009, the United States exceeded its target for increasing access to modern energy services by more than 100%, due in large part to results reported by OUs not included in the initial program target. For example, USAID’s Office of Development Partners (ODP) reported serving an additional 1.85 million people with rural electricity cooperatives in the Philippines, Bangladesh, Sudan, and the Dominican Republic under the Cooperative Development Program. ODP’s results were not included in target planning for FY 2009, but are nonetheless a significant achievement. Target levels for FY 2010 and FY 2011 are reflective of the varying number of countries implementing programs in this area.



**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 energy.*

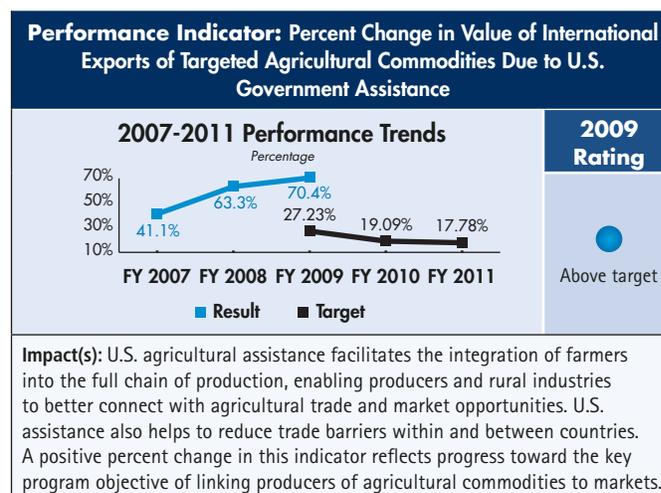
**Analysis:** The Department of State is the lead U.S. Government agency responsible for formulating and implementing U.S. foreign policy relating to energy security, sanctions, and commodities. Because imports supply roughly half of U.S. oil needs and the United States has only 2% of proven world oil reserves, the international aspects of energy with which the Department deals are critical to U.S. national security. A primary focus of the Department of State’s diplomatic efforts in the area of energy security is promoting the development and implementation of policies in foreign governments designed to foster growth in the clean energy sector. Growing availability and use of non-oil energy sources will help the United States and other countries reduce their reliance on oil.



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

**Analysis:** Increased agricultural productivity is an important goal for nearly all the countries in which the United States provides assistance. In FY 2009, producers benefiting from U.S. assistance increased the value of international exports of targeted agricultural commodities by an average of 70.4%, greatly exceeding the targeted 27.23%. The average was impacted by results reported by Serbia (though not included in the original target), due in part to the fact that more agribusinesses were surveyed in 2009 than in 2008. The impact of Serbia’s value was balanced to some degree by

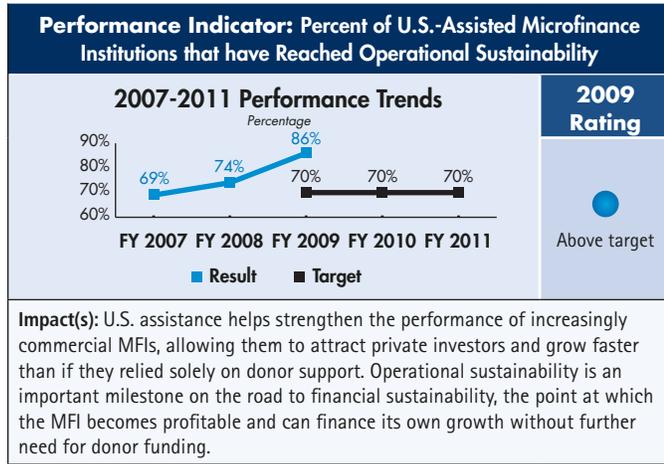
negative changes in value in Uganda and Timor-Leste. The value of Timor-Leste’s export of targeted commodities declined by 22% because its principal export commodity, Arabica coffee, undergoes a biennial fluctuation in production, and FY 2009 corresponded to a “down” year. Despite the drop in export volume, participants in coffee value chains still benefited from the sale of coffee cherries due to prior and continuing contributions from the U.S.-funded activity and are expected to do better next season. In FY 2011, activities in this strategic priority will be a core element of the President’s Global Hunger and Food Security Initiative.



**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 productivity, and improve economic law and property rights.*

**Analysis:** Economic opportunity includes efforts to help families gain access to financial services, build inclusive financial markets, improve the policy environment for micro and small enterprises, strengthen microfinance institution (MFI) productivity, and improve economic law and property rights. MFIs provide access to financial services to those who would otherwise not have access. Operational sustainability is an important milestone on the road to financial sustainability, the point at which the MFI becomes profitable and can finance its own growth without further need for donor funding. The indicator on the following page summarizes performance among a mix of MFIs ranging from new to more mature institutions as they progress toward operational sustainability (within three to four years of initial U.S. assistance) and eventual financial sustainability (seven years or less).

In FY 2009, 86% of U.S.-assisted MFIs reached operational sustainability, exceeding the performance target. The larger share of operationally sustainable MFIs may have resulted from a tendency among USAID missions and other partner organizations toward supporting MFIs that have made greater progress toward financial sustainability. Alternatively, it may reflect a general shift within the microfinance industry toward greater emphasis on financial sustainability, or some combination of the two trends.

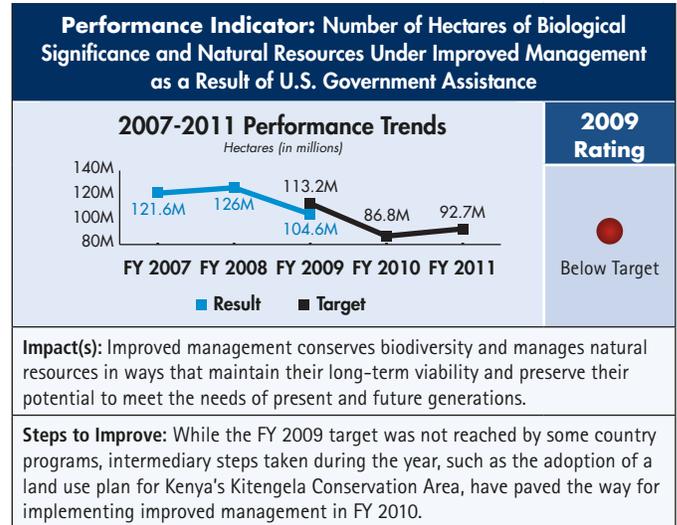


**ENVIRONMENT:** *Promote partnerships for economic development that reduce greenhouse gas emissions, improve air quality, and create other co-benefits by using and developing markets to improve energy efficiency, enhance conservation and biodiversity, and expand low-carbon energy sources.*

**Analysis:** The United States uses the spatial indicator tracking the number of hectares of biological significance and natural resources under improved management as an appropriate measure of the scale of impact of natural resource and biodiversity interventions. The standard of ‘improved’ management is defined as implementation of best practices and approaches and demonstration of progress and results from a potentially wide range of tailored and relevant interventions.

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. In FY 2009, slightly more than 104 million hectares were under improved natural resource or biodiversity management because of U.S. assistance, falling short of the target of 113.2 million hectares. Targets for FY 2010 and FY 2011 have been adjusted to reflect

the closure of some country programs and other changes in programming focus. Beginning in FY 2011, activities in this program area will be central to the President’s Global Climate Change Initiative.



## IRAQ – USAID/TIJARA PRIVATE SECTOR DEVELOPMENT PROGRAM

USAID/Tijara promotes private sector development by supporting improved access to finance and business development services to micro, small, and medium enterprises (SMEs). The program supports nine indigenous Iraqi MFIs in addition to three international MFIs, which together provide access to credit in all 18 Iraqi provinces. Since 2004, USAID supported MFIs under Tijara and its predecessor program Izdihar have distributed more than 172,690 loans worth over \$397 million, and boasts a 98% repayment rate. Tijara also helped to establish the Iraqi Company for Bank Guarantees and the Iraqi Company for Financing SMEs which have enabled nearly \$32 million in SME lending by Iraqi private banks to date. SMEs are Iraq’s best source of potential for non-oil private sector growth and employment generation outside of the public sector. For further information, visit <http://www.tijara-iraq.com>.

# 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. agencies that respond 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. It requires urgent responses to emergencies, concerted efforts to address hunger and protracted crises, and planning to build the necessary capacity to prevent and mitigate the effects of conflict and disasters.

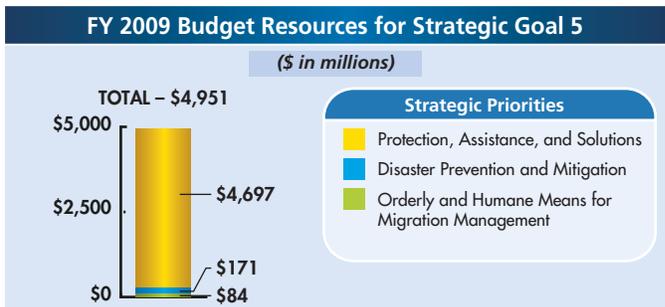
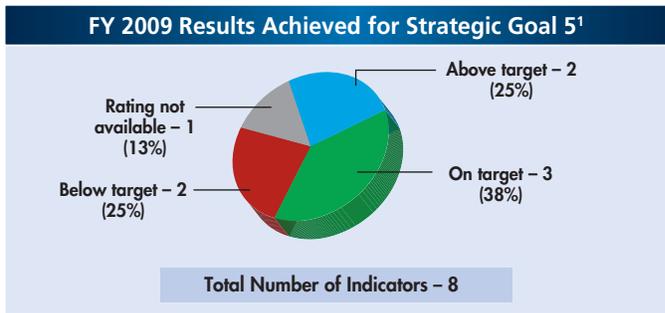
The U.S. Government’s emergency response to population displacement and distress caused by natural and human-made disasters is tightly linked to all other foreign assistance goals, including the protection of civilian populations, programs to strengthen support for human rights, provision of health and basic education, and support for livelihoods of beneficiaries. 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. U.S. strategic priority areas in this goal are providing protection, assistance, and solutions; preventing and mitigating disasters; and promoting orderly and humane means for migration management.

## II. SUMMARY OF PERFORMANCE AND RESOURCES

Of the eight indicators within this Strategic Goal, five met or exceeded targets and two were below target. A rating is not available for one new indicator. The Department of State and USAID allocated \$4.95 billion toward this Strategic Goal in FY 2009, which is 10% of the total State-USAID budget supporting all strategic goals. A more detailed discussion of



More than 500,000 people have been displaced and over 100 killed after Cyclone Aila hit Bangladesh and eastern India on Monday, May 25, 2009. CARE/Peter Caton Image



the priorities under this Strategic Goal and U.S. Government performance for two illustrative indicators is provided in the following section.

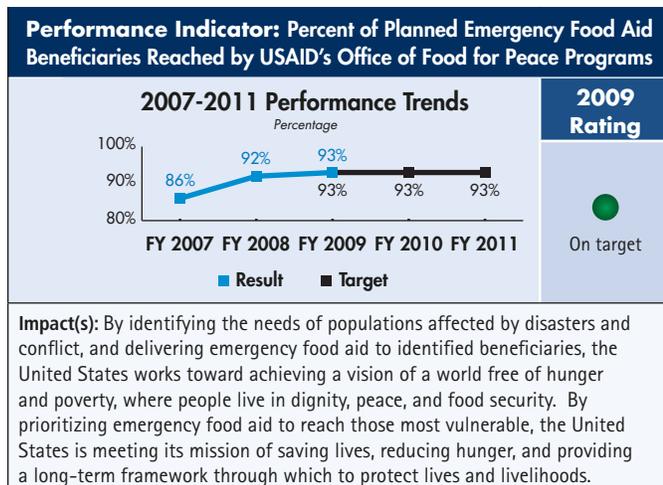
**Key Selected Achievements**

- USAID humanitarian assistance programs responded to 57 life-threatening disasters in 46 countries, providing more than \$754 million to those in need.
- Under the direction of the Department, the United States resettled more refugees than all other countries combined. Refugee admissions to the U.S. in FY 2009 totaled 74,652, which represents 99.5% of the regional ceilings established by Presidential Determination.

**III. SELECTED STRATEGIC PRIORITIES AND ANALYSES**

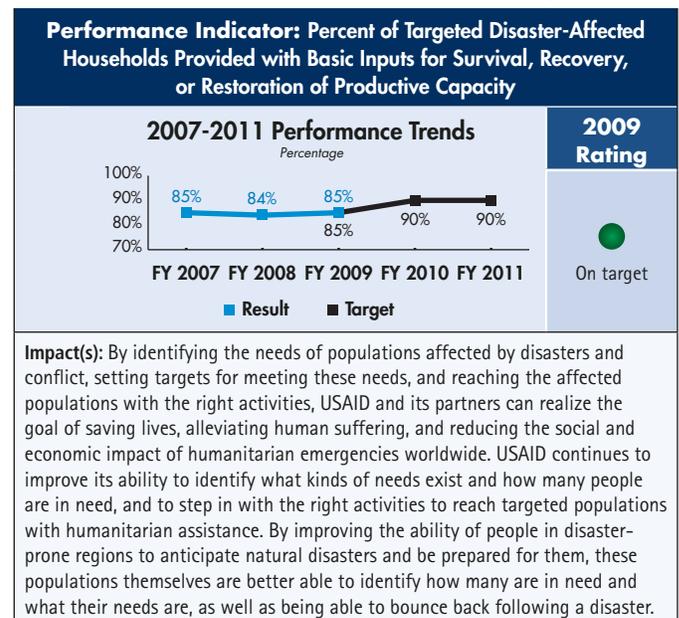
**PROTECTION, ASSISTANCE, AND SOLUTIONS:** *Protect vulnerable populations (e.g. refugees, internally displaced persons, and others affected by natural disasters and human-made crises) from physical harm, persecution, exploitation, abuse, malnutrition, disease, and other threats by providing disaster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

**Analysis:** By prioritizing emergency food aid to reach those most vulnerable, the United States is meeting its mission of saving lives, reducing hunger, and providing a long-term framework through which to protect lives and livelihoods. The emergency food aid indicator demonstrates the effectiveness of USAID’s Office of Food for Peace (FFP) programs by measuring the percentage of beneficiaries it actually reaches compared to planned levels. Over time, FFP has determined that a fixed annual target of reaching 93% of planned emergency food aid beneficiaries is ambitious, but achievable and realistic. FFP has greatly improved its ability to reach planned food aid beneficiaries in recent years and in FY 2009 reached the targeted 93%.



**Analysis:** U.S. humanitarian assistance also provides basic inputs for survival, recovery, and restoration of productive capacity in communities that have been devastated by natural and human-made disasters. USAID maintains stockpiles of emergency relief commodities, such as plastic sheeting, blankets, water containers, and hygiene kits, in three warehouses around the world. To ensure that disaster-affected populations receive sufficient relief supplies, USAID’s Office of Foreign Disaster Assistance (OFDA) manages the provision and delivery of these warehoused commodities and also provides funding to implementing partners to procure relief supplies locally.

Providing these basic inputs is the first and most significant step toward restoring the social and economic capabilities of affected areas, and tracking the percentage of households receiving this support in a crisis is a solid indicator of OFDA’s effectiveness in providing lasting solutions during a humanitarian crisis. Performance in FY 2009 was on target, with 85% of targeted households reached. Plans to improve performance in order to achieve future targets include increasing cooperation with international humanitarian partners to obtain better access for humanitarian assistance from host country government authorities.



# STRATEGIC GOAL 6: PROMOTING INTERNATIONAL UNDERSTANDING

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

## I. PUBLIC BENEFIT

The President is committed to renewing America’s engagement with the people of the world by enhancing mutual respect and understanding and creating partnerships aimed at solving common problems. Public diplomacy must embrace and pursue this long-term objective even as it seeks in the short term to engage, understand, inform, and persuade foreign publics on issues of U.S. policies, society and values. The Department of State and USAID foster strategic communication with international audiences through cultural programming, academic grants, educational exchanges, international visitor programs, and U.S. Government efforts to confront and counter ideological support for terrorism. Thanks to the communication revolution that has swept across the world, State and USAID are expanding the scope of public diplomacy and foreign assistance by engaging with broader and younger audiences around the world, with particular emphasis on Muslim communities. The two agencies tailor messages and programs to reach new audiences and better coordinate interagency activities. Embracing new technologies, which, if used creatively and in partnership with U.S. posts overseas, holds the promise of dramatically scaling up many traditional public diplomacy outreach efforts.



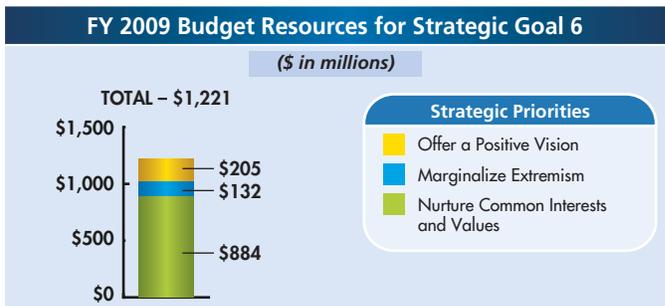
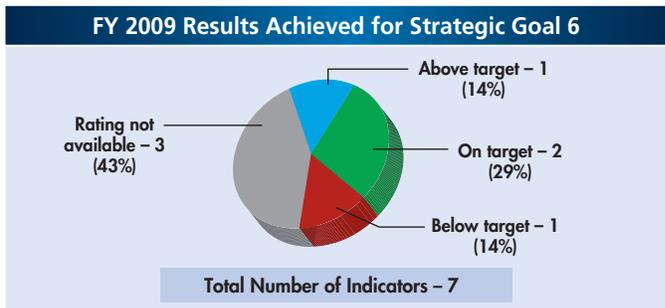
Secretary of State Clinton met with Palestinian students in the West Bank city of Ramallah in March 2009. AP Image

## II. SUMMARY OF PERFORMANCE AND RESOURCES

Of the seven indicators within this Strategic Goal, three met or exceeded targets and one was below target. Ratings are not available for three indicators that are either new or for which data are not yet available. The Department of State and USAID allocated \$1.2 billion toward this Strategic Goal in FY 2009, which is two percent of the total State-USAID budget supporting all strategic goals. A more detailed discussion of the priorities under this Strategic Goal and U.S. Government performance for two illustrative indicators is provided in the following section.

### Key Selected Achievements

- The Department is reaching out to foreign audiences worldwide through a mobile Short Message Service (SMS) messaging system, a team of online bloggers, the



America.gov website, Twitter, publications, and Co.Nx, a multimedia interactive platform.

- To support Secretary Clinton’s trip to Africa, America.gov produced more than 30 articles, eight podcasts, four photo galleries, Twitter feeds, and Flickr pages to amplify the trip’s themes. Many of these items were used by news aggregators,

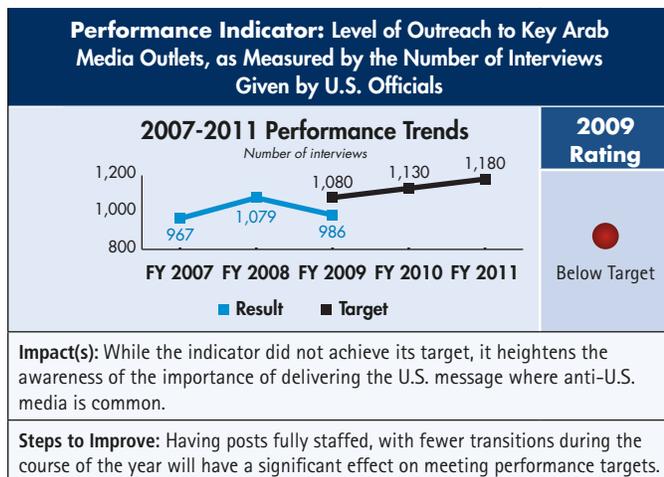
local African media, and blogs, helping to shape the global conversation on democracy and good governance.

- Anti-American sentiment dropped by 11% among key foreign audiences exposed to Public Diplomacy efforts, as compared to a non-Public Diplomacy control group.

### III. SELECTED STRATEGIC PRIORITIES AND ANALYSES

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

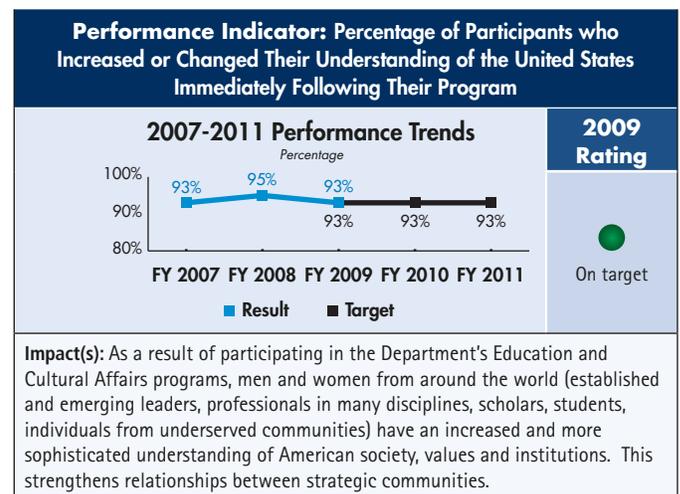
**Analysis:** The number of media interviews given by U.S. officials to key Arab media outlets in the NEA region shows an uneven trend in support of U.S. efforts to Offer a Positive Vision. The indicator showed an increase from FY 2007 to 2008, but registered a decline in FY 2009 to 986 interviews, down from 1,079 the previous year. This decrease reflects gaps at U.S. posts in the NEA region. Although it is sometimes challenging to determine the specific impact of interviews given by U.S. officials, any opportunity to communicate the message of the U.S. responsibly and accurately is critical in an environment where anti-American sentiment and misinformation are pervasive. This performance indicator reflects the State Department’s ongoing priority of person-to-person engagement to form lasting relationships.



**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.*

**Analysis:** The State Department and USAID work to nurture common interests and values between Americans and people of different countries, cultures, and faiths around the world. Creating indigenous capacity – whether it is in health, education, free press, 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 multi-lateral relationships. Even in autocratic societies, leaders must increasingly respond to the opinions and passions of their people. Public diplomacy is working to develop new ways to communicate and engage with foreign publics at all levels of society. In doing so, the United States must do a better job listening, learn how people in other countries and cultures listen to the United States, understand their desires and aspirations, provide them with context for U.S. decisions, and offer information and services of value. The U.S. Government sponsors educational and information sharing programs at all levels to advocate peace, liberty, and justice for all. The Department communicates through a wide range of speaker, print, and electronic outreach programs in English, Arabic, Chinese, French, Persian, Russian, and Spanish. Below is an indicator that tracks the percentage of non-U.S. citizens’ understanding of the United States after participating in a USG-sponsored exchange.

Trends in the area of Nurturing Common Interests and Values suggest a high correlation between participation in U.S. Government sponsored educational and cultural exchange programs and an increase in participants’ understanding of and favorable views toward the United States. This underscores the importance of maintaining and leveraging an active alumni network of exchange participants that have benefited from a positive experience with the United States.



# STRATEGIC GOAL 7: STRENGTHENING CONSULAR AND MANAGEMENT CAPABILITIES

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

## I. PUBLIC BENEFIT

The Department of State’s 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.

The Department pursues human resource initiatives aimed at building, deploying, and sustaining a knowledgeable, diverse, and high-performing workforce. Through programs 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.

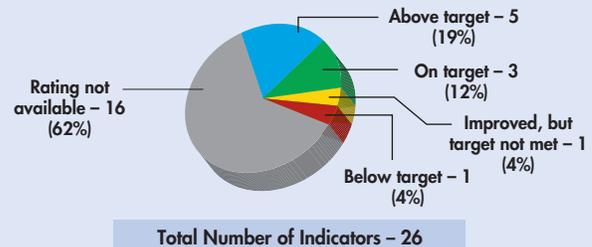
## II. SUMMARY OF PERFORMANCE AND RESOURCES

Of the 26 indicators within this Strategic Goal, eight met or exceeded targets and two were below target. Ratings are not available for 16 indicators that are either new or for which data are not yet available. The Department of State and USAID allocated \$10.08 billion toward this Strategic Goal in FY 2009, which is 20% of the total State-USAID budget supporting all strategic goals. A more detailed discussion of the priorities under this Strategic Goal and U.S. Government performance for four illustrative indicators is provided in the following section.



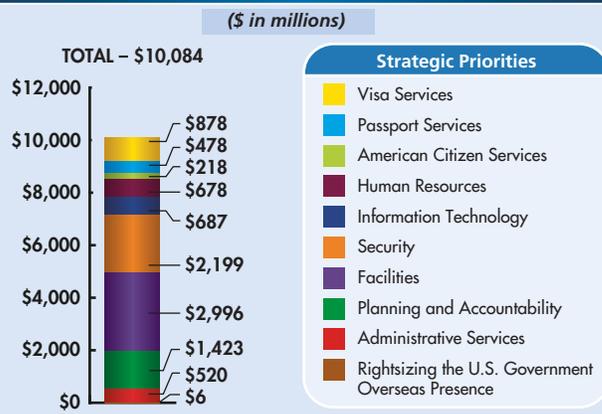
U.S. Embassy in Berlin. Department of State Image

### FY 2009 Results Achieved for Strategic Goal 7<sup>1</sup>



<sup>1</sup> Percentages rounded to the nearest whole number.

### FY 2009 Budget Resources for Strategic Goal 7



**Key Selected Achievements**

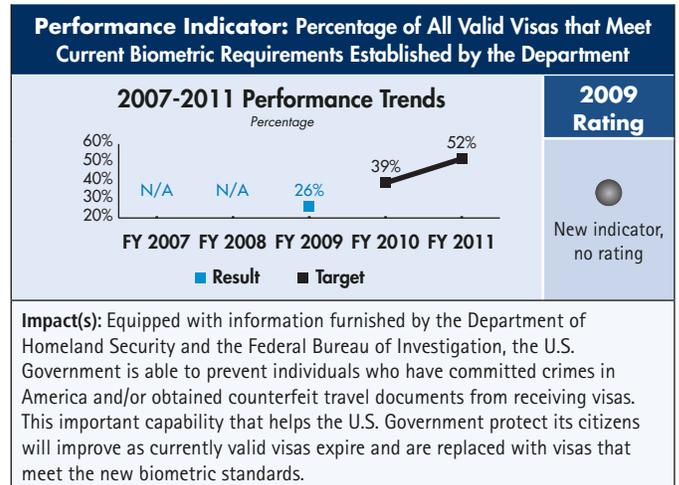
- Overseas Buildings Operations completed seven major capital construction projects, ten major compound security upgrade projects, and prepared the first Long-Range Overseas Maintenance Plan (submitted in support of the FY 2011 budget). This effort provides secure, safer, and more functional facilities to all employees assigned to overseas missions.
- The Foreign Service Institute expanded distance learning to its global audience by 43%, reaching more Department employees with greater resource efficiency and timeliness.
- The Office of Children’s Issues in the Bureau of Consular Affairs assisted with the successful return of or access to more than 550 children wrongfully taken to or kept in another country.

**III. SELECTED STRATEGIC PRIORITIES AND ANALYSES**

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

**Analysis:** The Department strives to promote legitimate travel while protecting U.S. borders. U.S. visas allow foreigners to visit the United States for a variety of reasons, including tourism, business, or study. In the case of immigrant visas, they are the first step in obtaining permission to reside permanently in the United States.

Collecting the biometric data of visa applicants is a central element in the Department’s efforts to keep America safe and illicit travels from entering the United States. In July 2005, the U.S. Government announced a 10-print biometric standard to ensure consistent screening of foreign nationals entering the United States. The Biometric Visa Program screens the 10 fingerprints of visa applicants against the fingerprint databases of both the Department of Homeland Security and the Federal Bureau of Investigation. At ports of entry, Customs and Border Protection officers compare fingerprints of the arriving alien to verify the visa holder’s identity. The following graph shows that 26% of all currently valid visas meet these new biometric standards. This percentage will improve as older visas expire.



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

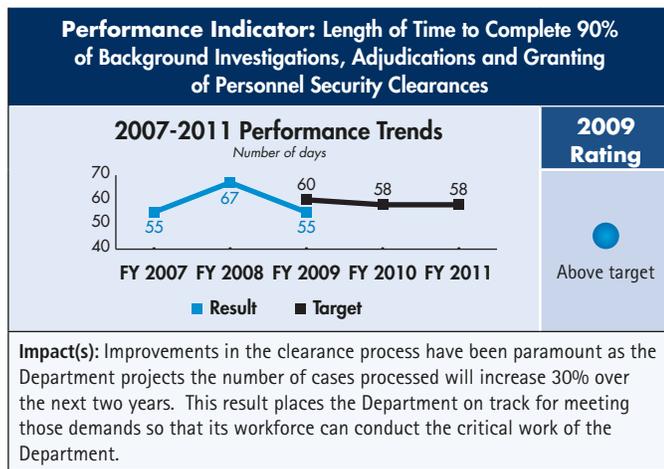
**Analysis:** The U.S. passport identifies the bearer as a U.S. citizen or national. It is a request to foreign governments to permit travel or temporary residence in their territories and provide access to all lawful, local aid and protection. It also allows bearers access to U.S. consular services and assistance while abroad and re-entry into the United States. As more Americans travel overseas, the percentage of Americans holding passports continues to grow.

The Department of State issued 13.5 million passports in 2009, a decrease of more than 16% over 2008. In 2007, the U.S. Government began requiring Americans flying to the United States from Canada, Mexico, and the Caribbean region to carry a passport. Implementation of new travel rules under the Western Hemisphere Travel Initiative resulted in a record volume of passport applicants. Since 2007, the percentage of passports issued within the targeted timeframe (4-6 weeks) has increased to 99%.



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

**Analysis:** The Department maintains dual efforts to safeguard national security information while allowing State personnel to be cleared in a timely manner to conduct the critical work of the Department. The Department forecasts the number of cases processed will increase 30% over the next two years, making improvements in the clearance process vital. In FY 2009, the Department showed progress on this strategic priority by significantly increasing the speed of its background investigations to an average of 55 days, from 67 days in FY 2008; this effort also exceed our target of 60 days for FY 2009.



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

**Analysis:** U.S. Embassies provide are the diplomatic platform for all agencies of the U.S. Government with overseas missions and official duty travel visits. The Department is responsible for providing and maintaining secure, safe, and functional facilities for U.S. personnel permanently assigned to overseas posts (as well as official travel visitors including members of Congress). In FY 2009, through capital security projects the Department moved 1,473 U.S. Government permanently assigned personnel to secure and safer facilities.



## DID YOU KNOW?

### DIPLOMACY AND DEVELOPMENT FACTS

- On any given day, in FY 2009, approximately 22,300 visitors received a non-immigrant visa to visit the United States.
- On any given day, in FY 2009, approximately 51,869 Americans were issued a passport.
- On any given day, in FY 2009, there were approximately 670,000 foreign students studying at American colleges and universities with visas issued by United States Embassies.
- In FY 2009, the State Department made payments to support diplomatic operations worldwide in 149 different foreign currencies.
- In FY 2009, PEPFAR directly supported prevention of mother-to-child transmission programs that allowed nearly 100,000 babies of HIV-positive mothers to be born HIV-free.
- In FY 2009 in Afghanistan, more than 52,300 agricultural loans, ranging from approximately \$200 to \$2 million, went to small businesses with a repayment rate of 94%.
- In FY 2009, USAID leveraged \$36 in private financing for every \$1 spent on Development Credit Authority loan guarantees.
- The first woman to win the Nobel Prize for economics, Elinor Ostrom, credits USAID with launching her career in development research.
- A USAID-funded scientist, Gebisa Ejeta, won the 2009 World Food Prize for developing drought and striga resistant sorghum.

## PERFORMANCE INDICATORS AT-A-GLANCE

The 32 indicators featured in the table below serve as illustrative performance measures reflecting the Department of State and USAID's progress toward achieving goals set out in the Joint Strategic Plan. An interagency working group selected these indicators from a total of 130 state operations and foreign assistance indicators reported by the agencies for FY 2009 to represent the strategic goals based on their budgetary significance; policy significance; availability of a quantitative, objective, and outcome-oriented data set; and consistency with reporting in prior years. Additional information on performance indicators, data, and analysis may be found in the Performance Overview and Analysis section of the FY 2011 Congressional Budget Justification (CBJ) for State Operations, pages 769-776; and the Annual Performance Report included in the FY 2011 CBJ for Foreign Operations, pages 271-347. The documents may be respectively found at <http://www.state.gov/documents/organization/136355.pdf>, and <http://www.state.gov/freleases/iab/fy2011cbj/pdf/index.htm>

FY 2009 ILLUSTRATIVE INDICATORS BY STRATEGIC GOAL AND PRIORITY <sup>1</sup>			
Strategic Priority		Indicator <sup>2</sup>	FY 2009 Rating
<b>STRATEGIC GOAL 1: ACHIEVING PEACE AND SECURITY</b>			
1	Counterterrorism	Number of Total NEA Countries with Financial Intelligence Units that Meet the Standards of the Egmont Group	 Data available mid- to late 2010
2	Security Cooperation and Security Sector Reform	Number of Personnel (Foreign Military) Trained in the U.S. Who are at National Leadership Levels	 Above target
3	Conflict Prevention, Mitigation, and Response	Number of People Trained in Conflict Mitigation/Resolution Skills with U.S. Assistance	 Above target
4	Conflict Prevention, Mitigation, and Response	Average Rating for UN Peacekeeping Missions in Africa funded by the U.S.	 Below target
5	Conflict Prevention, Mitigation, and Response	Average Rating for UN Peacekeeping Missions in Near East Asia funded by the U.S.	 Above target
6	Counternarcotics	Hectares of Alternative Crops Targeted by U.S. Programs under Cultivation	 Above target
<b>STRATEGIC GOAL 2: GOVERNING JUSTLY AND DEMOCRATICALLY</b>			
7	Rule of Law and Human Rights	Number of U.S. Assisted Courts with Improved Management	 Below target
8	Rule of Law and Human Rights	Percent of Non-Democratic and Transitioning Countries with Improved Civil Liberties Ratings	 Data available mid- to late 2010
9	Good Governance	Percent of Non-Democratic and Transitioning Countries with Improved Governance Ratings	 Data available mid- to late 2010
10	Political Competition and Consensus Building	Number of Domestic Election Observers Trained with U.S. Assistance	 Above target
11	Civil Society	Number of U.S. Assisted Civil Society Organizations that Engage in Advocacy and Watchdog Functions	 Improved, but target not met
<b>STRATEGIC GOAL 3: INVESTING IN PEOPLE</b>			
12	Health/HIV/AIDS	Number of People Receiving HIV/AIDS Treatment	 Above target
13	Health/Tuberculosis	Average Tuberculosis Treatment Success Rate (TBS) in USAID Priority Countries	 Above target
14	Health/Malaria	Number of People Protected Against Malaria with a Prevention Measure (ITN and/or IRS) in President's Malaria Initiative (PMI) Countries	 Above target

(continued on next page)

<sup>1</sup> Indicators are not listed in priority order and are numbered for reference purposes only.

<sup>2</sup> Performance indicators listed in this table have been abbreviated, but are fully articulated in the Strategic Goals report sections.

FY 2009 ILLUSTRATIVE INDICATORS BY STRATEGIC GOAL AND PRIORITY <i>(continued)</i>			
Strategic Priority		Indicator	FY 2009 Rating
<b>STRATEGIC GOAL 3: INVESTING IN PEOPLE <i>(continued)</i></b>			
15	Health/Maternal and Child Health	Percentage of Live Births Attended by Skilled Birth Attendants	 Above target
16	Health/Family Planning and Reproductive Health	Average Modern Contraceptive Prevalence Rate	 Improved, but target not met
17	Health/Water Supply and Sanitation	Number of People in Target Areas with Access to Improved Drinking Water Supply	 Above target
18	Education	Primary Net Enrollment Rate for a Sample of Countries Receiving Basic Education Funds	 On target
<b>STRATEGIC GOAL 4: PROMOTING ECONOMIC GROWTH AND PROSPERITY</b>			
19	Trade and Investment	Level of Two-Way Trade Between the United States and Sub-Saharan Africa <sup>3</sup>	 Below target
20	Infrastructure	Number of People with Increased Access to Modern Energy Services as a Result of U.S. Assistance	 Above target
21	Energy Security	Percentage of World Energy Supplies from Non-oil Sources	 New indicator, no rating
22	Agriculture	Percent Change in Value of International Exports of Targeted Agricultural Commodities Due to U.S. Assistance	 Above target
23	Economic Opportunity	Percent of U.S.-Assisted Microfinance Institutions that have Reached Operational Sustainability	 Above target
24	Environment	Number of Hectares of Biological Significance and Natural Resources Under Improved Management as a Result of U.S. Assistance	 Below target
<b>STRATEGIC GOAL 5: PROVIDING HUMANITARIAN ASSISTANCE</b>			
25	Protection, Assistance and Solutions	Percent of Planned Emergency Food Aid Beneficiaries Reached by USAID's Office of Food for Peace Programs	 On target
26	Protection, Assistance and Solutions	Percent of Targeted Disaster-Affected Households Provided with Basic Inputs for Survival, Recovery, or Restoration of Productive Capacity	 On target
<b>STRATEGIC GOAL 6: PROMOTING INTERNATIONAL UNDERSTANDING</b>			
27	Offer a Positive Vision	Level of Outreach to Key Arab Media Outlets, as Measured by the Number of Interviews Given by U.S. Officials	 Below target
28	Nurture Common Interests and Values	Percentage of Participants who Increased or Changed Their Understanding of the United States Immediately Following Their Program	 On target
<b>STRATEGIC GOAL 7: STRENGTHENING CONSULAR AND MANAGEMENT CAPABILITIES</b>			
29	Visa Services	Percentage of All Valid Visas that Meet Current Biometric Requirements Established by the Department	 New indicator, no rating
30	Passport Services	Percentage of Passport Applications Processed within Targeted Timeframe	 Below target
31	Security	Length of Time to Complete Personnel Security Clearances	 Above target
32	Facilities	Total Cumulative Number of U.S. Government Personnel Moved into More Secure, Safe, and Functional Facilities	 New indicator, no rating

<sup>3</sup> Excludes energy imports.

# BUDGET HIGHLIGHTS

In an increasingly interdependent world, America needs every element of its national power - vigorous diplomacy, targeted development assistance, and a strong military – to be robust and aligned in pursuit of the nation’s foreign policy goals. As part of the President’s FY 2011 budget, the Department of State and USAID have requested resources to strengthen the diplomatic and development elements of America’s national security portfolio. Strengthening these two key pillars of America’s “Smart Power” toolkit will enable the Department and USAID to operate in partnership with uniformed colleagues around the world to advance America’s vital interests.

The Department of State and USAID are using the resources entrusted to them to address critical challenges and grasp key opportunities for the United States to promote a world that is more secure, healthier and prosperous. Foreign policy and development professionals – working on behalf of the American people – are pursuing priorities such as responding to humanitarian crises, combating terrorism, advancing democratic values, negotiating nonproliferation and environmental treaties, facilitating free enterprise, promoting U.S. exports, and assisting American citizens abroad.

The annual budget request to Congress for Agency funding is presented in two volumes: the Congressional Budget Justification for Department of State Operations, and the Congressional Budget Justification for Foreign Operations. Both components of the budget and key performance measures link directly to the seven strategic goals in the Department of State and USAID Joint Strategic Plan for Fiscal Years 2007-2012. The chart on the following page reflects the combined FY 2011 State Operations and Foreign Assistance Budget by strategic goal and includes a table listing the actual FY 2009, estimated FY 2010 and the requested FY 2011 resources. Following are highlights of the President’s FY 2011 International Affairs budget request which represents approximately 1% of the total federal budget.

The Department of State and USAID are committed to being worthy stewards of the resources entrusted to them. The Department of State and USAID are demonstrating the relationship between resource requests and the performance of the programs that these budgets support by including performance data in the budget submissions. In addition, the budget promotes the efficient use of resources by eliminating duplicative overseas services and consolidating administrative functions when feasible.

**State Department FY 2011 Budget.** The budget request for appropriations for all Department of State operations totals \$16.4 billion (not including fees) and includes resources to support the people, platforms, and programs required by the Department of State to carry out foreign policy, including key components of the Department’s operations and infrastructure, as well as U.S. engagement abroad through public diplomacy and international organizations. The request reflects the Department’s critical role as a national security institution and identifies resources required for diplomatic solutions to national security issues.

Highlights of the State Operations budget include supporting diplomatic operations in the frontline states of Pakistan, Afghanistan, and Iraq along with the transition of Department of Defense activities to civilian agencies in Iraq. Other key priorities include targeted investments to expand American diplomatic capacity by adding 599 new foreign and civil service employees; and supporting construction of safe, secure, and functional overseas facilities and maintenance of existing diplomatic facilities abroad, many of which present safety and security challenges.

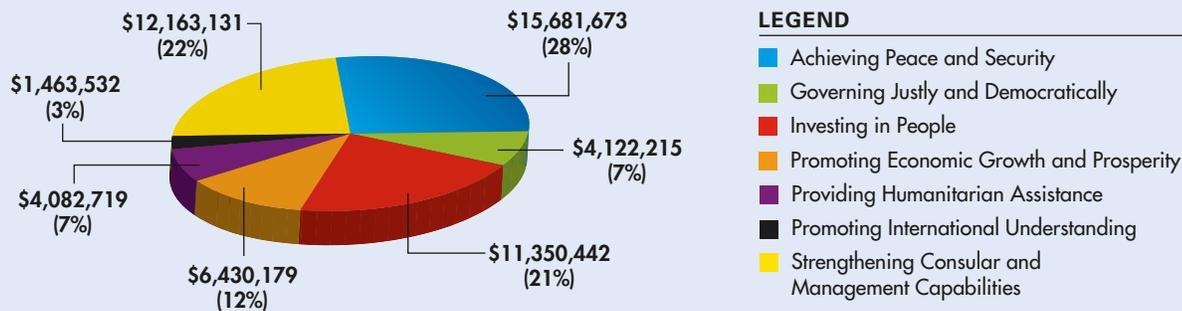
**Foreign Assistance FY 2011 Budget.** The foreign assistance appropriations request totals \$36.4 billion. This request reflects a goal to make targeted investments in the key areas of convergence that play a central role in the overall prosperity and stability of a country and region. The priority areas of food security, global health, climate change, global engage-

ment, and women's issues are interdependent issues critical to catalyzing a cycle of sustained capacity building, peace, and economic growth within the nations receiving development assistance. The strategic direction will focus on implementation that invests in the capacity of partner nations to build strong, transparent, and accountable institutions. Breaking the cycle of dependence that aid can create is a priority.

For additional information and details, please consult the FY 2011 Budget of the U.S. Government at <http://www.whitehouse.gov/omb/budget>, the Congressional Budget Justifications, and the Executive Budget Summary, Function 150 and Other International Programs for Fiscal Year 2011 at <http://www.state.gov/s/d/rm/c6113.htm> and <http://www.usaid.gov/policy/budget>.

**Combined FY 2011 State Operations and Foreign Assistance Budget Resources by Strategic Goal \$55.3 billion (includes appropriations and fees)**

**Budget by Strategic Goal (\$ in thousands)**



- LEGEND**
- Achieving Peace and Security
  - Governing Justly and Democratically
  - Investing in People
  - Promoting Economic Growth and Prosperity
  - Providing Humanitarian Assistance
  - Promoting International Understanding
  - Strengthening Consular and Management Capabilities

**State Operations and Foreign Assistance Budget Resources by Strategic Goal Fiscal Years 2009, 2010, & 2011<sup>1</sup>**

Strategic Goals (\$ in thousands)	FY 2009 Actual		FY 2010 Estimate <sup>2</sup>		FY 2011 Request	
	State Operations	Foreign Assistance	State Operations	Foreign Assistance	State Operations	Foreign Assistance
Achieving Peace and Security	\$ 4,526,594	\$ 9,584,611	\$ 4,394,160	\$ 9,047,299	\$ 4,838,062	\$ 10,843,611
Governing Justly and Democratically	719,124	2,702,037	720,382	2,663,132	789,254	3,332,961
Investing in People	401,008	10,286,085	430,129	10,520,330	378,160	10,972,282
Promoting Economic Growth and Prosperity	739,187	3,988,834	731,930	4,292,263	903,254	5,526,925
Providing Humanitarian Assistance	67,513	4,883,934	71,403	4,031,157	76,894	4,005,825
Promoting International Understanding	1,220,544	N/A	1,406,052	N/A	1,463,532	N/A
Strengthening Consular and Management Capabilities	8,818,165	1,265,959	9,046,438	1,735,851	10,456,095	1,707,036
<b>Total Resources Allocated by Strategic Goal</b>	<b>\$ 16,492,135</b>	<b>\$ 32,711,460</b>	<b>\$ 16,800,494</b>	<b>\$ 32,290,032</b>	<b>\$ 18,905,251</b>	<b>\$ 36,388,640</b>
Office of the Inspector General <sup>3</sup>	121,122	N/A	102,000	N/A	120,152	N/A
International Commissions	337,080	N/A	142,834	N/A	130,286	N/A
Buying Power Maintenance	5,000	N/A	8,500	N/A	-	N/A
Foreign Service National Separation Liability Trust Fund Payment	12,294	N/A	27,946	N/A	30,770	N/A
Foreign Service Retirement & Disability Fund	157,100	N/A	158,900	N/A	158,900	N/A
<b>Total Resources Not Allocated by Strategic Goal<sup>4</sup></b>	<b>\$ 632,596</b>	<b>N/A</b>	<b>\$ 440,180</b>	<b>N/A</b>	<b>\$ 440,108</b>	<b>N/A</b>
<b>Grand Total</b>	<b>\$ 17,124,731</b>	<b>\$ 32,711,460</b>	<b>\$ 17,240,674</b>	<b>\$ 32,290,032</b>	<b>\$ 19,345,359</b>	<b>\$ 36,388,640</b>

<sup>1</sup> State Operations resources allocated by Strategic Goal include all appropriated and fee-based funds.

<sup>2</sup> FY 2010 Estimate for Foreign Assistance includes two supplementals. FY 2010 Estimate for State Operations does not include these supplementals.

<sup>3</sup> State Department Office of Inspector General only. USAID Inspector General budget included in Strategic Goals allocation.

<sup>4</sup> Resources for these accounts and offices are not allocated by Strategic Goal because they represent programs that support the Department of State as an institution rather than diplomatic, consular and management programs linked to Strategic Goals and Priorities.

# FINANCIAL HIGHLIGHTS

**T**ransparent reporting about U.S. stewardship and management of public funds is an integral part of the Department of State and USAID's collaborative efforts to improve accountability to U.S. customers, constituents and the public. The following summarizes the Agency Financial Reports (AFRs) for both the Department of State and USAID for FY 2009. The AFRs present each agency's audited financial statements and footnotes, along with performance and other required information.

The following pages include financial information on each agency's assets, liabilities, and net position in a Balance Sheet Summary, information on each agency's cost of operations in a Net Cost Summary, and available resources in a Budgetary Resources Summary. In addition, summary financial information from each agency's FY 2009 principal financial statements is included. Both agencies' AFRs are posted online.

For a complete version of the Department of State AFR, see: <http://www.state.gov/s/d/r/m/r/l/s/perfrpt/2009/index.htm>.

For the USAID AFR, see: <http://www.usaid.gov/policy/afr09/>.

**Department of State.** During FY 2009, the Department engaged a new audit firm to conduct the annual audit. The new Independent Auditor (IA) issued an unqualified opinion on the Consolidated Statement of Net Cost and qualified opinions on the Consolidated Balance Sheet and Consolidated Statement of Changes in Net Position. The qualified opinions were based on the IA's inability to satisfy themselves that property and equipment was free of material misstatement as of September 30, 2009. The new IA was not able to satisfy themselves as to whether the FY 2009 Combined Statement of Budgetary Resources was free of material misstatement in time to meet the deadline imposed by OMB. Therefore, the IA issued a disclaimer of opinion on the Statement of Budgetary Resources for the year ended September 30, 2009.

The FY 2009 audit resulted in a restatement of the FY 2008 Balance Sheet and Statement of Changes in Net Position to remove a \$381 million environmental liability established prior to FY 2008 by the International Boundary and Water Commission in response to a court order. It was determined that the amount should be reflected solely in the footnotes versus on the principal financial statements. Additionally, an adjustment for land valuation established in FY 1996 reduced property and equipment by \$399 million. The original FY 2008 financial statements and the restated amounts received an unqualified opinion. The new IA identified three material weaknesses and three significant deficiencies. The material weaknesses relate to the need for the IBWC liability restatement, accounting for property and equipment and timely financial reporting. The Department has actions underway to resolve these weaknesses.

**USAID.** The agency received an unqualified opinion for the seventh consecutive year from OIG. This affirms that USAID's financial statements for the year ended September 30, 2009, were presented fairly in all material aspects and prepared in conformance with Generally Accepted Accounting Principles (GAAP). The Independent Auditor's Report can be found at <http://www.usaid.gov/oig/public/fy10rpts/0-000-10-001-c.pdf>. The auditor identified one material weakness related to unreconciled differences between the Agency's Fund Balance and its cash balance reported by the U.S. Treasury, and three significant deficiencies. Corrective action plans are in place to resolve these findings and related audit recommendations by September 30, 2010.

The following summarized financial statement information is based on the same underlying data presented in the FY 2009 Agency Financial Report (AFR). This condensed information provides a high level analysis of each agency's financial performance and should not be viewed as a substitute for the financial statements and notes contained in the AFR.

## BALANCE SHEET SUMMARY

The Condensed Balance Sheets shown here present the assets, liabilities, and net position of each agency. Each agency's asset and liability amounts include interagency transactions between the Department of State, USAID, and other Federal agencies.

**Department of State.** Assets increased 16% over 2008, primarily due to greater Fund Balance with Treasury available in the Global Health and Child Survival fund and for Embassy Security, Construction and Maintenance. Investments and Property and Equipment increased as well with the Department's continued emphasis on construction of new embassies and security upgrades. Liabilities increased 7% between FY 2008 and FY 2009 due to the \$1.8 billion increase in the Foreign Service Retirement Actuarial Liability. An experience study conducted by the Department's actuaries in FY 2009 indicated a need to change key assumptions used to adjust the projected plan benefits.

**USAID.** Assets increased by 7% in FY 2009 from 2008. Fund Balance with Treasury (unspent appropriations) represents 82% of these total assets. The increase in assets was due mainly to the Agency's receiving more appropriation in the Economic Support Fund. The five largest uses of that fund were Afghanistan, West Bank/Gaza, Jordan, Iraq, and the Global Financial Crisis. The Agency's liabilities increased three percent because of increased loan guarantees. Credit reform related payables to the U.S. Treasury account for 46% of overall liabilities.

## NET COST SUMMARY

The charts on the next page show each agency's net cost; that is, gross costs less earned revenue, invested in each joint strategic goal. These goals, or objectives, are consistent with the State-USAID Strategic Planning Framework. Operating Unit Management and Executive Direction are costs that cannot be directly traced or reasonably allocated to strategic goals; however, these costs are captured and included in the total net cost of operations. In addition, total net cost includes intra-agency eliminations, but does not include eliminations between State and USAID.

**Department of State.** Total Net Cost of \$21.6 billion is an increase of 22% or \$3.9 billion, over 2008. The goal of

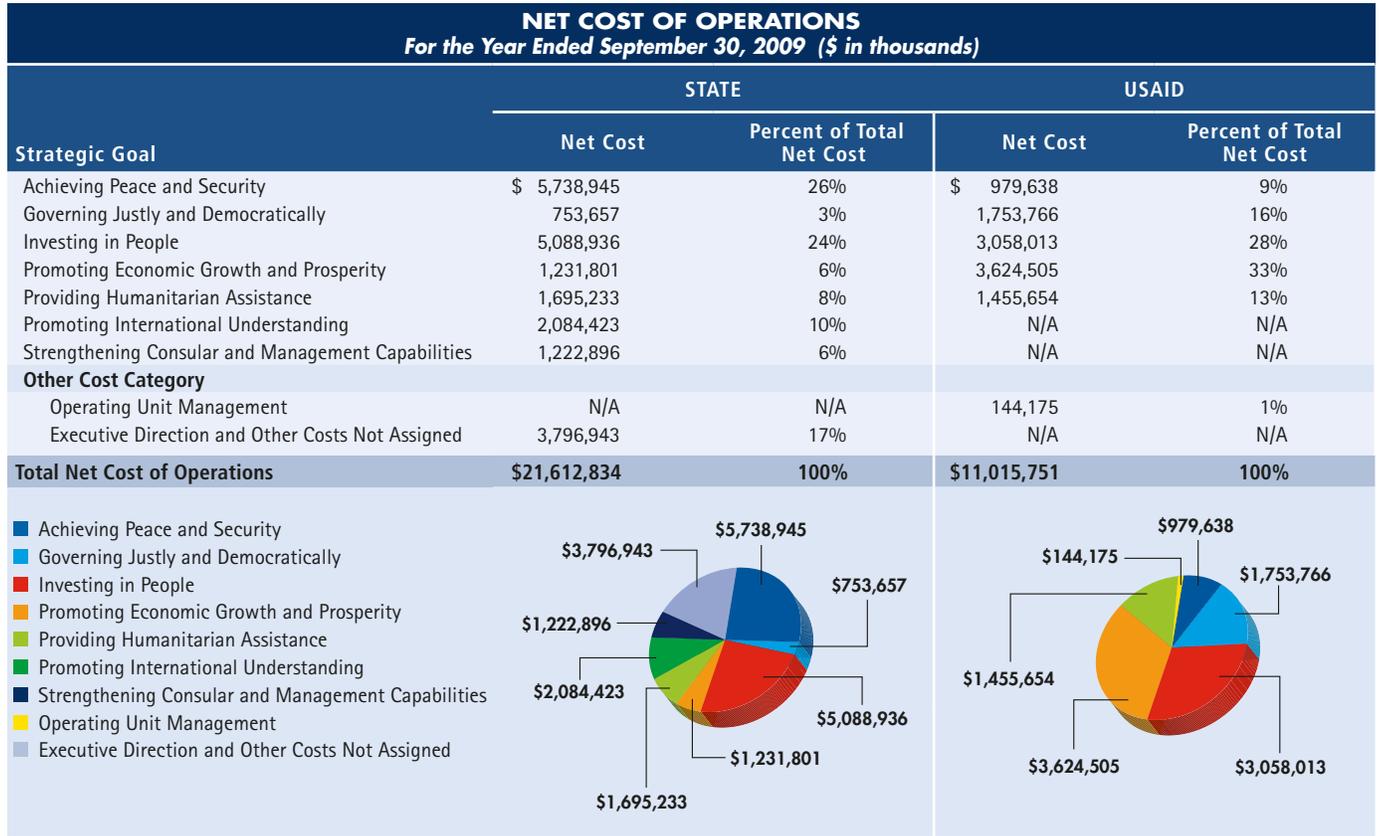
CONDENSED BALANCE SHEETS As of September 30, 2009		
(\$ in thousands)	State	USAID
<b>Assets:</b>		
Fund Balance with Treasury	\$ 31,737,770	\$ 21,437,709
Investments, Net	15,371,574	—
Property, Plant, and Equipment, Net	11,675,889	117,794
Accounts, Loans, and Interest Receivables, Net	—	3,847,554
Other Assets	1,068,073	735,379
<b>Total Assets</b>	<b>\$59,853,306</b>	<b>\$26,138,436</b>
<b>Liabilities:</b>		
Foreign Service Retirement Actuarial Liability	\$ 16,983,300	\$ —
Liability for Capital Transfers to the General Fund of the Treasury	—	3,945,582
Accounts Payable	2,076,189	1,836,631
Loan Guaranty Liability	—	2,283,273
Liability to International Organizations	1,450,764	—
All Other Liabilities	1,970,120	603,085
<b>Total Liabilities</b>	<b>22,480,373</b>	<b>8,668,571</b>
<b>Net Position:</b>		
Unexpended Appropriations	23,546,300	16,464,124
Cumulative Results of Operations	13,826,633	1,005,741
<b>Total Net Position</b>	<b>37,372,933</b>	<b>17,469,865</b>
<b>Total Liabilities and Net Position</b>	<b>\$59,853,306</b>	<b>\$26,138,436</b>

Investing in People and Executive Direction and Other Costs account for most of the increase. Executive Direction Costs include the \$1.5 billion increase in actuarial liability for the Foreign Service Retirement and Disability Fund. Costs in furtherance of the Investing in People goal increased \$1.8 billion due to initiatives and additional appropriations received and expended this year by the fund established in 2008 for Global Health and Child Survival. The goal of Achieving Peace and Security represented the largest category of costs, at 27%, for FY 2009.

**USAID.** The Statement of Net Cost shows the amounts spent on meeting the Agency's six objectives. These objectives are consistent with the State-USAID Strategic Planning Framework. The Economic Growth objective is the largest investment at 33%. The spending levels increased due to budget changes to align with the normal course of USAID's operations. The 23% increase in net cost of operations is a result of changes in the Economic Growth, Investing in People and Humanitarian Assistance objectives. The Economic Growth objective shows the highest variance with an increase in spending under Macroeconomic, Financial sector,

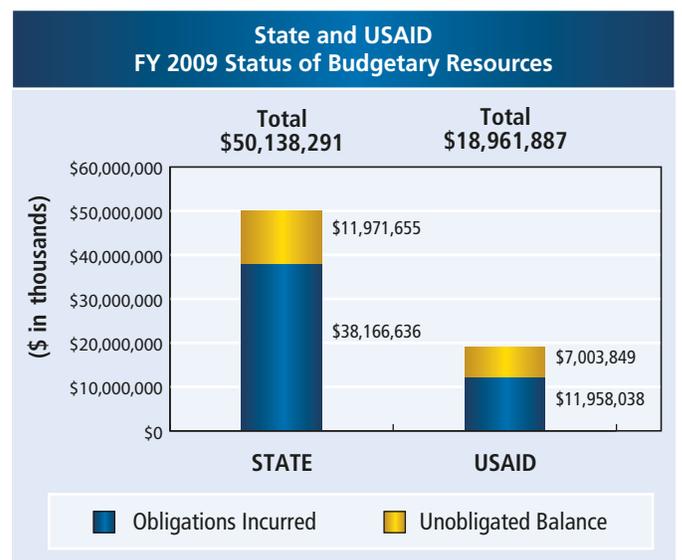
Infrastructure, and Agriculture program areas. The Investing in People variance is due to an increase in revenues for the Health program area. Complete details are provided in the

AFR <http://www.usaid.gov/policy/af09/USAIDFY2009AFR.pdf>, page 18. The table below documents the net cost of operations by strategic goal.



### BUDGETARY RESOURCES SUMMARY

The Department reported budgetary resources of \$50.1 billion as of September 30, 2009, an increase of 29% from the prior fiscal year, and USAID reported \$19.0 billion in budgetary resources, a 24% increase from the previous fiscal year. Most of the Department's increase in resources is due to the \$9.2 billion increased budget authority from appropriations as well as spending authority from offsetting collections granted by Congress and authorized by the OMB. The chart to the right presents the Department's and USAID's status of budgetary resources on September 30, 2009.



## ACKNOWLEDGMENTS

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## IMAGE CREDITS

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**Associated Press (AP):** Cover, Table of Contents, 38, 45  
**CARE:** 43  
**Department of State:** Table of Contents, 21, 25, 47  
**Family Health International:** Table of Contents  
**Florida International University (FIU):** 30  
**Jide Adeniyi-Jones:** 29  
**USAID:** Cover, 2, 38  
**USIBWC:** 22  
**World Relief Rwanda and Ikirezi:** 37

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**Department of State and USAID Strategic Plan for Fiscal Years 2007 to 2012**  
<http://www.state.gov/documents/organization/86291.pdf>

**FY 2009 Agency Financial Reports**  
<http://www.state.gov/documents/organization/132214.pdf>  
<http://www.usaid.gov/policy/afr09/FY2009AFR11-16-09.pdf>

**FY 2011 Department of State Congressional Budget Justification: Volumes 1 and 2**  
(FY 2009 Annual Performance Reports and FY 2011 Annual Performance Plans for State Operations and Foreign Assistance are included in the Congressional Budget Justification)  
<http://www.state.gov/s/d/rm/rls/statecbj/2011/pdf/index.htm>  
<http://www.usaid.gov/policy/budget/cbj2011/>

### For More Information...

**Regional Issues:** <http://www.state.gov/p/> and <http://www.usaid.gov/locations/>

**International Organizations:** <http://www.state.gov/p/io/index.htm>

#### Afghanistan & Pakistan

<http://www.state.gov/p/sca/ci/af/index.htm>, <http://www.state.gov/p/sca/ci/pk/index.htm>,  
<http://www.usaid.gov/locations/asia/countries/afghanistan/>, and <http://www.usaid.gov/locations/asia/countries/pakistan/>

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Electronic versions are available at:

<http://www.state.gov/s/d/rm/rls/perfrpt/2009performancesummary/index.htm> and

<http://www.usaid.gov/policy/summary09>



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