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United States Agency for International Development

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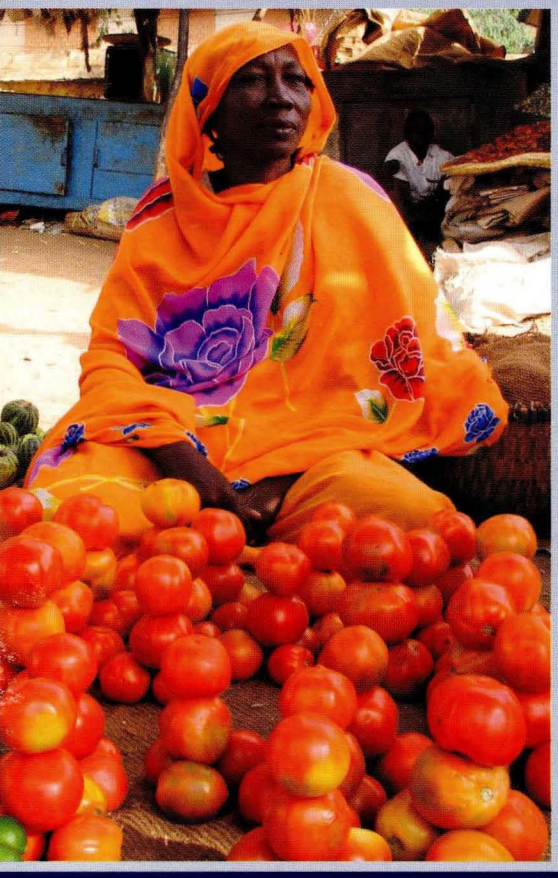
USAID
FROM THE AMERICAN PEOPLE

USAID PRIMER
WHAT WE DO AND HOW WE DO IT



Revised January 2006

ABBREVIATIONS

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ABS
Agency Budget Submission

ACI
Andean Counterdrug Initiative

ADS
Automated Directives System

AEEB
Assistance for Eastern Europe and the Baltic States

AIDAR
USAID Acquisition Regulation

BPBS
Bureau Program and Budget Submission

CBJ
Congressional Budget Justification

CFR
Code of Federal Regulations

CO
contracting officer

CPA
Coalition Provisional Authority

CSH
Child Survival and Health

CTO
cognizant technical officer

DA
Development Assistance

DART
Disaster Assistance Response Team

E-CAM
Central America and Mexico Regional Program (El Salvador)

ESF
Economic Support Fund

FAA
Foreign Assistance Act

FAR
Federal Acquisition Regulation

FSA or FREEDOM Support Act
Freedom for Russian and the Emerging Eurasian Democracies and Open Markets Support Act

FSN
foreign service national

FSO
foreign service officer

FY
fiscal year

GDA
Global Development Alliance

GPRA
Government Performance and Results Act

GS
General Schedule

IDFA
International Disaster and Famine Assistance

IQC
indefinite quantity contract

J-CAR
Caribbean Regional Program (Jamaica)

MCA
Millennium Challenge Account

MEPI
Middle East Partnership Initiative

NGO
nongovernmental organization

OMB
Office of Management and Budget

OYB
operating year budget

PASA
Participating Agency Service Agreement

PEPFAR
President's Emergency Plan for AIDS Relief

PIO
public international organization

PL [Public Law] 480 Title II
U.S. international food assistance

PMI
President's Malaria Initiative

P-SAR
South American Regional Program (Peru)

PVO
private voluntary organization

RCSA
Regional Center for Southern Africa (Botswana)

RDMA
Regional Development Mission for Asia (Thailand)

REDSO
Regional Economic Development Support Office (Kenya)

RFP
request for proposals

RSC
Regional Service Center (Hungary)

SEED
Support for East European Democracy

SO
strategic objective

SOAg
strategic objective agreement

SOW
scope of work

TI
Transition Initiatives

USAID
U.S. Agency for International Development

USDH
U.S. direct hire

USPSC
U.S. personal services contractor

WARP
West Africa Regional Program (Ghana)

LC Control Number
2007 467098

Bib 15005553

Cover photos
Left: A woman sells tomatoes in a Sudanese market (Joanne Giordano, USAID).
Right: U.S. Navy personnel load a helicopter with relief supplies in Indonesia (AP/World Wide Photos).

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INTRODUCTION AND PURPOSE

The purpose of this primer is to explain the internal principles, strategies, structure, legal framework, operating procedures, and program mechanisms of the U.S. Agency for International Development (USAID). It has been prepared primarily for employees of other federal agencies such as the departments of State and Defense, personnel in partner organizations, congressional staff, and new USAID employees.

USAID plays a vital role in advancing U.S. national security, foreign policy, and the War on Terrorism. It does so by addressing poverty fueled by lack of economic opportunity, one of the root causes of violence today. As stated in the President's National Security Strategy, development stands with diplomacy and defense as one of three key pieces of the nation's foreign policy apparatus. USAID promotes peace and stability by fostering economic growth, protecting human health, providing emergency humanitarian assistance, and nurturing democracy in developing countries. These efforts to improve the lives of millions of people around the globe represent U.S. values and advance U.S. interests by building a safer, more prosperous world.

USAID provides assistance in sub-Saharan Africa, Asia and the Near East, Latin America and the Caribbean, and Europe and Eurasia. With headquarters in Washington, D.C., USAID's strength is its field offices in many regions of the world.

USAID seeks to involve beneficiaries in development and reconstruction projects from start to finish for more successful, sustainable results.

The Agency operates in approximately 100 developing countries (the number varies from year to year), working closely with private voluntary organizations (PVOs), indigenous groups, universities, American businesses, international organizations, other governments, trade and professional associations, faith-based organizations, and other U.S. government agencies. Through contracts and grant agreements, USAID partners with more than 3,500 companies and over 300 U.S.-based PVOs.

The types of assistance USAID provides include

- technical assistance and capacity building
- training and scholarships
- food aid and commodity purchases
- construction of infrastructure (e.g., roads, water systems)
- small-enterprise loans
- budget support
- enterprise funds supporting transition to a free market society
- credit guarantees

We hope you find the information in this primer useful. For additional information, visit USAID's website at www.usaid.gov.

STATEMENT FROM THE ADMINISTRATOR

New international challenges that now face the United States have prompted the most thorough reassessment of the country's development mission since the end of World War II.[1] As part of this reassessment, USAID has embraced five core goals:

- supporting transformational development
- strengthening fragile states
- supporting U.S. geostrategic interests
- addressing transnational problems
- providing humanitarian relief

Each of these goals is vitally relevant to combating terrorism and strengthening American security at home and abroad.

Supporting Transformational Development

Foreign aid has long been justified to U.S. taxpayers in terms of American generosity, yet it should also be appreciated as an investment in a stable, interdependent world. In transformational countries, USAID supports far-reaching, fundamental changes in institutions of governance, human services such as health and education, and economic growth. USAID's work enables these nations to build the capacity to sustain their own progress.

Strengthening Fragile States

The President's National Security Strategy wisely recognizes the growing global risks of failing states: "The events of September 11, 2001, taught us that weak states…can pose as great a danger to our national interests as strong states…. Poverty, weak institutions, and corruption can weaken states vulnerable to terrorist networks and drug cartels within their borders." The failure of states such as Afghanistan, Lebanon, Bosnia, Somalia, and Liberia had repercussions far beyond their own regions. USAID is dealing with the consequences today. There is, perhaps, no more urgent matter—and no more difficult set of problems—in USAID's portfolio than fragile states.

Supporting U.S. Geostrategic Interests

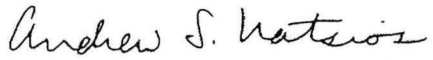
Aid is a potent leveraging instrument for keeping countries allied with U.S. policy while they win their own battles against terrorism. The tasks today are broader and more demanding than just winning the allegiance of key leaders. For example, while it is vital that the U.S. government help keep Pakistan allied with the United States in the War on Terrorism, the United States must also help Pakistan move toward becoming a more stable, prosperous, democratic society.

Addressing Transnational Problems

Global and transnational issues are those where progress depends on collective effort and cooperation among countries. Examples include combating AIDS and other infectious diseases, forging international trade agreements, and combating criminal activities such as money laundering and trafficking in persons and narcotics. USAID will continue to play a leading role on these issues, assisting countries in addressing large-scale problems that create danger and instability.

Providing Humanitarian Relief

The United States has always been a leader in humanitarian aid and disaster relief. It is the largest contributor of the food aid that has fed the hungry and combated famine around the world. This moral imperative has not changed. USAID is also making sure that the recipients are aware of the help and of U.S. generosity. This is particularly important in areas of the world subjected to anti-Americanism and terrorist propaganda.



Andrew S. Natsios
USAID Administrator
January 2006

1 See *U.S. Foreign Aid: Meeting the Challenges of the Twenty-First Century* (Washington, D.C.: USAID, 2004). www.dec.org/pdf_docs/PDABZ322.pdf

CORE GOALS FOR BILATERAL FOREIGN AID

Category	Characteristics	U.S. Goals	Factors Affecting Funding Levels	Assistance Requirements
FRAGILE STATES				
	Of those that are vulnerable • Limited willingness or ability of government to provide basic security and services to significant portions of population; or legitimacy of government in question	• Prevent crisis and advance recovery to stage where development progress is possible • Address problems with effectiveness and legitimacy of institutions of governance	**For all fragile states** • Need, in terms of degree of fragility • Government commitment to progress toward transformational development status • Local, nongovernmental commitment to address sources of fragility • Feasibility of achieving significant impacts • Foreign policy importance	**For all fragile states** • Enhance stability, addressing sources of stress and conflict in political, economic, and social spheres • Improve security, providing environment that enhances personal safety and establishes conditions under which serious outbreaks of generalized violence are averted • Encourage reforms related to conditions driving fragility and that increase likelihood of long-term stability • Develop capacity of institutions fundamental to lasting recovery and transformational development
	Of those in crisis • Ineffective government control over its territory; inability or unwillingness of government to assure provision of vital services to significant parts of territory; or legitimacy of government weak or nonexistent • Violent conflict is a reality or great risk	• Achieve basic level of stability • Mitigate impact of conflict, where it exists • Move from crisis to vulnerable status		
TRANSFORMATIONAL DEVELOPMENT STATES				
MCA Eligible (Millennium Challenge Account)*	• Mostly low income, with correspondingly low social indicators • Strong, sustained commitment to development progress, as indicated by policy performance • Sound proposals for using MCA funding	• Support government efforts to strengthen policies and institutions, make sound public investments, and achieve economic, political, and social progress • Accelerate progress toward middle-income status and graduation from foreign aid	• Quality of government proposals and amount of funding requested	• MCA assistance in support of government proposals • Other development assistance as available and warranted
Low Income (including MCA threshold)	• Low income, with correspondingly low social indicators • Reasonably stable and capable of managing internal conflict • Policy performance ranging from weak to good	• Support government efforts to strengthen policies and institutions, make sound public investments, and achieve economic, political, and social progress • Support government efforts to gain access to MCA • Move closer to thresholds for graduation from aid	• Government commitment to development progress, as represented by policy performance • Need, in terms of distance from economic and social criteria for graduation • Program performance • Country size • General foreign policy importance	• Improved governance and rule of law (ruling justly) • Promotion of economic freedom and growth (including agriculture, trade, and improved business climates) • Basic education and health (investing in people) • Prevention programs for countries tending toward fragility
Middle Income	• Middle income, with correspondingly good social indicators • Reasonably stable and capable of managing internal conflict • Policy performance ranging from good to weak	• Promote eventual graduation from developmental foreign aid—but not necessarily from aid for special concerns and global issues • Strengthen trade relationship • Strengthen security relationship	• Need, in terms of distance from graduation thresholds • Government commitment to reaching graduation thresholds • Program performance • Country size and general foreign policy importance	• Assistance to reach development thresholds for graduation from development assistance—but not necessarily from aid for special concerns and global issues

*For more information, see page 36.

Category	Characteristics	U.S. Goals	Factors Affecting Funding Levels	Assistance Requirements
STRATEGIC STATES				
Fragile	**For all categories** • Aid levels or program content mainly determined by foreign policy concerns and considerations rather than by development or fragility criteria	• Support foreign policy goals and concerns that justify aid at extraordinary levels • Address fragility and promote recovery	**For all categories** • Importance and urgency of foreign policy concern that motivates assistance • Willingness of government to cooperate with U.S. in addressing foreign policy concern motivating the assistance	• As for fragile states, but subject to foreign policy goals and concerns for each country
Developing		• Support foreign policy goals and concerns that justify aid at extraordinary levels • Achieve greatest possible development progress, subject to foreign policy constraints and considerations		• As for developing states, subject to foreign policy goals and concerns for each country
Other		• Achieve specific foreign policy objectives		• As determined by foreign policy goals and concerns for each country
HUMANITARIAN RESPONSE				
	• In any country described above, depending on need	• Address humanitarian crises and provide for humanitarian needs	• Need for humanitarian relief	• Emergency and humanitarian assistance
GLOBAL ISSUES				
Global Issues and Other Special, Self-Standing Concerns *Examples: HIV/AIDS, other infectious diseases, climate change, narcotics and other illegal trade, direct support for specific trade agreements*	• Initiatives and specific programs pursued as self-standing concerns, rather than subordinated to larger development or fragility concerns • Funding often identified by specific program purposes, with guidance restricting uses of funds to a relatively narrow range to achieve concrete, near-term impacts • Funding typically allocated across countries according to criteria specific to the concern, rather than broad development criteria of commitment, performance, and need • Activities typically centrally rather than field driven, and based on uniform program purposes rather than country-specific needs and priorities	• Specific to the concern	• Specific to the concern	• Usually specific to the concern

USAID HISTORY

Much of the United States' modern-day international development assistance evolved out of Secretary of State George C. Marshall's plan to commit massive U.S. resources as a way of responding to calls to rebuild Europe's infrastructure and economy, destroyed by World War II. Passed into law as the European Recovery Act of 1947, the goal of the Marshall Plan, as it came to be known, was to stabilize Europe by providing financial and technical assistance.

Building on the success of the Marshall Plan, President Truman proposed an international development assistance program in his 1949 inaugural address. The 1950 Act for International Development focused on two goals: creating markets for the United States by reducing poverty and increasing production in developing countries, and diminishing the threat of communism by helping countries prosper under capitalism.

From 1952 to 1961, programs supporting technical assistance and capital-intensive projects continued as the primary form of U.S. aid, and were recognized as a key component of U.S. foreign policy. During this time, various precursor organizations were established: the Mutual Security Agency, the Foreign Operations Administration, and the International Cooperation Administration. Programs such as Food for Peace (food aid) and the Development Loan Fund also were introduced.

In 1961, Congress passed the Foreign Assistance Act (FAA), which mandated the creation of an agency to promote long-term assistance for economic and social development. On November 3, 1961, President John F. Kennedy established USAID. The years of the Kennedy and Johnson administrations, known as the "decade of development," witnessed tremendous growth in international development assistance. This was also called the period of "high development," when aid focused on centralized programming, predominantly in the form of general-purpose monetary transfers between governments.

Since 1961, USAID has been the principal U.S. agency providing assistance to countries recovering from disaster, trying to escape poverty, and engaging in democratic reforms. The 1970s were marked by a significant departure in the delivery of U.S. development assistance. A "basic human needs" approach replaced technical and capital assistance programs. The New Directions legislation of 1973 identified five categories of assistance for meeting the basic needs of the poorest countries. Programs were designed along functional categories to support

- food and nutrition
- population planning
- health, education, and human resources development
- selected development problems
- selected countries and organizations

BERTHA GLOTZBACH SEES AGENCY THROUGH FOUR ORGANIZATIONAL CHANGES

USAID

Bertha Glotzbach spent most of her over 60 years of government service at USAID and its predecessor agencies. Soon after it was established to implement the Marshall Plan, she joined the Economic Cooperation Agency. She retired from USAID in March 2002.

USAID's goal was to share American technical expertise and provide commodities to meet development problems, rather than rely on large-scale transfers of money and capital goods or the financing of infrastructure. USAID's operations today remain very similar to what was laid out in the 1973 legislation.

In the 1980s, foreign assistance turned to "stabilization and restructuring." USAID designed export-oriented production and trade projects to stabilize currencies and financial systems. It also promoted market-based principles to restructure developing countries' policies and institutions. During this decade, USAID reaffirmed its commitment to broad-based economic growth, emphasizing employment and income for the poor through a revitalization of agriculture and expansion of domestic markets. The Reagan administration restored foreign

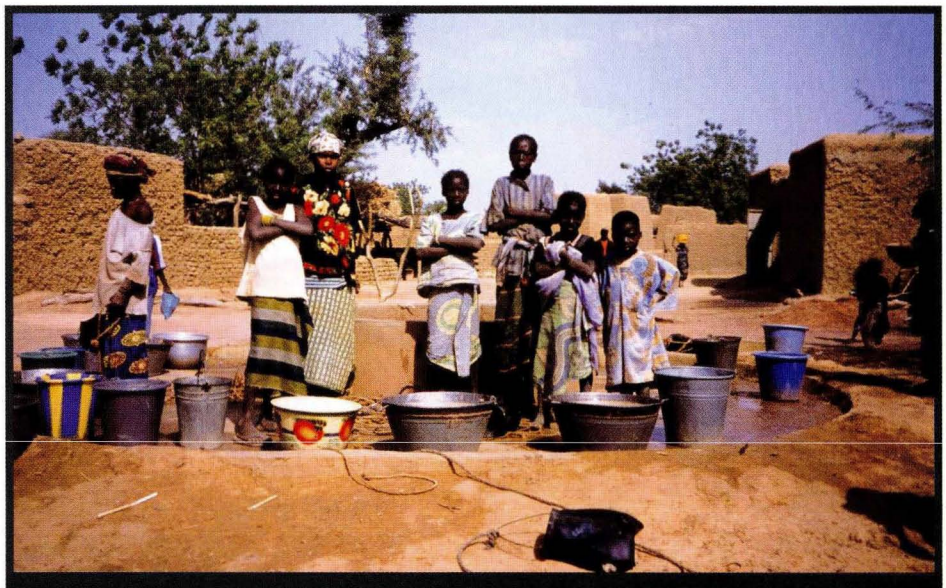
economic assistance as a function of national security policy and created four pillars of aid:

- policy dialogue and reform
- institutional development
- technology transfer
- private sector development

In this decade, development activities were increasingly channeled through PVOs, and aid shifted from individual projects to large programs comprising a number of projects.

In the 1990s, "sustainable development" was the priority, and USAID concentrated on programs that capitalized on the capacity of a country to improve its own quality of life. Four areas identified as fundamental to sustainable development were population and health, broad-based economic growth, environmental protection, and building democracy. During this decade, development assistance programs also were packaged according to a country's economic condition: developing countries received an integrated package of assistance, while transitional countries received help in times of crisis. Countries with limited USAID presence received support through nongovernmental organizations (NGOs).

The fall of the Berlin Wall brought new development challenges. In 1989, Congress passed the Support for East European Democracy (SEED) Act, and in 1991 the Freedom for Russia and the Emerging Eurasian Democracies and Open Markets (FREEDOM) Support Act. While the overall coordination for these two acts is with the Department of State, USAID plays a lead role in planning and implementing programs to establish functioning democracies that have open, market-oriented economic systems and responsive social safety nets.



Chemonics International

A water project in Mali, one of 16 countries eligible for MCA assistance in FY 2005.

In the new millennium, USAID and the Department of State, for the first time, issued a joint strategic plan for the years 2004–09. The plan focuses on advancing the U.S. National Security Strategy and intensifies U.S. attention on failing states. President George W. Bush announced the creation of the Millennium Challenge Account (MCA) in March 2002 to support a "new compact for global development." The president linked greater contributions by developed nations to greater responsibility by developing nations. In January 2004, he signed into law the Millennium Challenge Corporation to administer the MCA.

In his 2003 State of the Union Address, President Bush announced the Emergency Plan for AIDS Relief (PEPFAR), a five-year, $15 billion initiative to turn the tide in the global effort to combat the HIV/AIDS pandemic. The initiative will provide antiretroviral drugs for 2 million HIV-infected people, prevent 7 million new infections, care for 10 million individuals and orphans infected and affected by the disease, and build health system capacity in Africa, the Caribbean, and Asia. PEPFAR builds on the Global Fund to Fight AIDS, Tuberculosis, and Malaria, established in 2002 by independent public-private partnerships to fight three of the world's most devastating diseases. The United States, through USAID and the U.S. Department of Health and Human Services, is the largest contributor to the Global Fund and has pledged $500 million to date.

Today, USAID furthers U.S. foreign policy objectives by supporting economic growth, agriculture, and trade; global health; and democracy, conflict prevention, and humanitarian assistance.

USAID'S BRAND HERITAGE

Found in the most remote corners of the globe, the USAID handclasp is one of the best-known U.S. emblems throughout the world. It has become a symbol of the long history of the United States aiding those in need.

In 2004, USAID announced it was undertaking a global branding effort to ensure that the U.S. government and American taxpayer receive full credit and recognition for the billions spent each year on foreign assistance. The new logo makes it clear: foreign assistance is "from the American people."

USAID
FROM THE AMERICAN PEOPLE

USAID's updated seal and logo, 2004.

Labeling of foreign assistance was first required during the years of the Marshall Plan, when Congress became concerned that the Soviet Union was taking credit for the poorly marked U.S. foreign aid donations to European countries. First designed in 1948, the logo was adapted from the Great Seal of the United States, with the words "For European Recovery/Supplied by the United States of America" in the center. It was translated into the languages of recipient countries.

USAID's Graphic Standards Manual sets the brand standards for all Agency communications. It is available at www.usaid.gov/branding.

But the slogan became obsolete when military aid was added to the economic program, and when some Near East and Asian countries were added to the roster of recipients under President Truman's Point IV Program. In 1951, the slogan became "Strength for the Free World from the United States of America."

In several countries, there were problems translating the slogan into local languages, so different designs and slogans were used. Moreover, the wide variety of containers used required a range of labels, decals, metal plates, tags, and stencils in all sizes. The value of the overall message was diminished due to a lack of uniformity.

In 1953, Eleanor Gault, an employee in the Marking and Labeling Office of the Mutual Security Agency—a USAID predecessor—revised the emblem. During her research, she discovered that clasped hands have been recognized as a sign of unity, goodwill, and cooperation for centuries. She concluded that clasped hands "could serve to identify the aid as part of the mutual effort with mutual benefits shared by our country and friends around the world."

In the early 1990s, a completely new logo was developed. It combined a modern image of the globe and U.S. flag, with "USAID" prominently displayed. This image, however, was viewed as too far a departure from previous logos and was soon discarded.

The Agency returned to the shield in the mid-1990s, but moved the stars to the lower third of the design and added "USAID" to the top.

In 2001, "United States Agency for International Development" was added in a circle around the shield. The goal was to ensure people understood the assistance was from the U.S. government.

USAID ACCOMPLISHMENTS

Historically, about one-half of one percent of the federal budget has been allocated to economic and humanitarian aid. In 2004, USAID directly administered about $8.8 billion in aid and co-managed another $4.5 billion with the Department of State. Of this $13.3 billion, $2.3 billion targeted relief and reconstruction projects in Iraq.

Here are a few examples of what USAID is accomplishing:

- More than 3 million lives are saved every year through USAID immunization programs.
- Eighty thousand people and $1 billion in U.S. and Filipino assets were saved due to early warning equipment installed by USAID that warned that the Mount Pinatubo volcano was about to erupt in 1991. USAID has also supplied early warning systems to Bangladesh, Thailand, Chile, and Peru.
- In Egypt, infant mortality declined 26 percent between 1982 and 1987, while child mortality fell 43 percent. Mortality attributed to diarrhea fell 82 percent among infants and 62 percent among children. A diarrheal disease program, funded largely by USAID, established local production of oral rehydration salts and used mass media to educate the population about their use.
- The United Nations Drinking Water Supply and Sanitation Decade (1981–90), in which USAID played a major role, resulted in 1.3 billion people receiving safe drinking water sources and 750 million people receiving sanitation for the first time.
- Beginning in the mid-1950s, U.S.-sponsored agricultural research sparked the Green Revolution in South Asia. These breakthroughs in agricultural technology and practices resulted in the most dramatic increase in agricultural yields and production in human history, allowing nations like India and Bangladesh to become nearly self-sufficient in food.
- After initial USAID startup support for loans and operating costs, in 1992 Banco Solidario (BancoSol) became the first full-fledged commercial bank in Latin America dedicated to microbusiness. BancoSol serves about 44,000 small Bolivian businesses with loans averaging $200. The bank now is a self-sustaining commercial lender that needs no further USAID assistance.
- Since 1987, USAID has launched HIV/AIDS prevention programs in 32 countries, and is recognized in the developing world as the technical leader in the design and development of these programs. Over 850,000 people have been reached with USAID HIV prevention education, and 40,000 people have been trained to support HIV/AIDS programs in their own countries.
- USAID child survival programs have made a major contribution to a 10 percent reduction in infant mortality rates worldwide in just the past eight years.

Five Major Achievements in Iraq, 2003–04

1. Created local and city governments in more than 600 communities
2. Restarted schools by rehabilitating 2,500 schools, providing textbooks to 8.7 million students and supplies to 3.3 million students, and training 33,000 teachers
3. Vaccinated 3 million children; equipped 600 primary-care health clinics and rehabilitated 60
4. In conjunction with the Coalition Provisional Authority (CPA), restored electric service to eight major power plants that now deliver 2,100 megawatts of power
5. Revived the marshlands located in southern Iraq by reflooding the area

Five Major Achievements in Afghanistan with International Help

1. 10 million Afghans registered to vote, over 40 percent of them women
2. 5 million children vaccinated and 72 clinics and hospitals rehabilitated
3. School enrollment dramatically increased from 900,000 to 5 million; girls attending classes for the first time in a decade
4. Reconstruction accelerated: Kabul-to-Kandahar highway completed, linking the country's two largest cities
5. New Afghan currency—the afghani—established, creating confidence as businesses invest and expand

NINE PRINCIPLES OF DEVELOPMENT AND RECONSTRUCTION ASSISTANCE

USAID headquarters in the Ronald Reagan Building in Washington, D.C.

These principles guide U.S. development and reconstruction assistance. They are fundamental to the success of aid as an instrument of U.S. foreign policy and national security. The principles are not a checklist, but rather a summary of the characteristics of assistance that achieves development objectives, including economic growth, democracy and good governance, and successful social transition. For more information, see www.usaid.gov/policy/2005_nineprinciples.html.

1 Ownership
Build on the leadership, participation, and commitment of a country and its people.

2 Capacity Building
Strengthen local institutions, transfer technical skills, and promote appropriate policies.

3 Sustainability
Design programs to ensure their impact endures.

4 Selectivity
Allocate resources based on need, local commitment, and U.S. foreign policy interests.

5 Assessment
Conduct careful research, adapt best practices, and design for local conditions.

6 Results
Focus resources to achieve clearly defined, measurable, strategically focused objectives.

7 Partnership
Collaborate closely with governments, communities, donors, NGOs, international organizations, universities, and the private sector.

8 Flexibility
Adjust to changing conditions, take advantage of opportunities, and maximize efficiency.

9 Accountability
Design accountability and transparency into systems and build effective checks and balances to guard against corruption.

POLICIES, STRATEGIES, AND ANALYSIS

Agency *policies, strategies,* and *research and analysis papers* are prepared by experts to guide programs, promote discussion, and give useful information to USAID's development partners, other U.S. government agencies, and the general public in the United States and abroad.

Policies and Policy Guidance

A USAID policy is a *binding document* that describes the context of development or humanitarian challenges, states and justifies USAID's approach to them, and gives specific guidelines that must be followed in designing and implementing USAID programs addressing the challenges. A policy also communicates USAID's priorities and approaches to other U.S. government agencies, donors, implementing partners, and others.

USAID has an extensive set of policies on foreign assistance, key development sectors, subjects that cross sectors, and operational issues. Policies and policy guidelines can be found at www.usaid.gov/policy and at http://dec.usaid.gov. Recent examples include the following:

- *Political Party Assistance* identifies goals, principles, and guidelines for providing assistance to political parties. In particular, USAID programs aim to support representative multiparty systems.
- *Assistance to Internally Displaced Persons* seeks to ensure that a broad, integrated approach is used to reduce the human costs of population displacement and that long-term development is not reversed.
- *Conflict Mitigation and Management* examines the growing problem of conflict, discusses USAID's role, and provides a policy framework and guiding principles for mitigating violent conflict.
- *Mitigating the Development Impacts of HIV/AIDS* calls for the strategic plans of missions in heavily affected countries to analyze the impacts of HIV/AIDS on the country's development, describe how the mission plans to address and mitigate these impacts, and choose appropriate indicators for assessing and reporting results.
- *Guidance on the Definition and Use of the Child Survival and Health Programs Fund and the Global HIV/AIDS Initiative Account: FY 2004 Update* gives USAID staff and partners comprehensive guidance on using Agency funds designated for child survival and HIV/AIDS programs. It also explains special considerations and procedures for programming and reporting on these funds.
- *Guidelines on Construction Accessibility Standards for the Disabled* provides standards for any USAID-funded construction project to ensure that new or renovated structures allow access by people with disabilities. Circumstances permitting a waiver are also discussed.

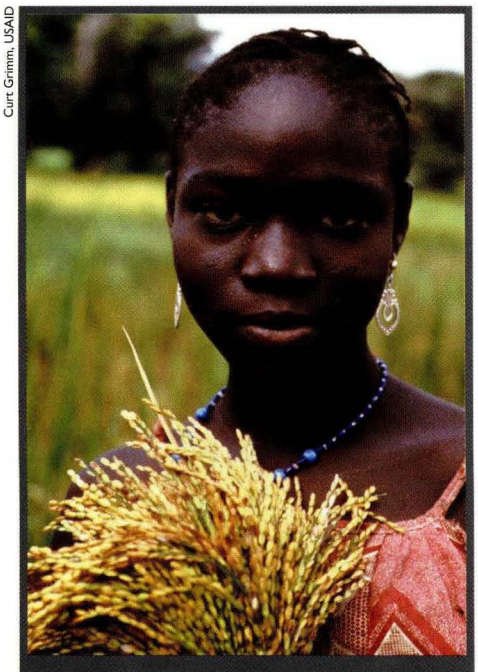
USAID policies and guidelines can be found at www.usaid.gov/policy and at http://dec.usaid.gov.

A policy framework for U. S. bilateral foreign assistance based on the 2004 White Paper (see page 12) is forthcoming. (Bilateral assistance is aid given by a donor government directly to a recipient, as opposed to being channeled via an international organization active in development.)

Core Strategies

Core strategies discuss development challenges in greater detail and identify aims, approaches, and priorities that generally guide USAID's programs. *Unlike policies, strategies are not binding.* Strategies pertain to key development sectors, issues that cross sectors, or broad goals for foreign aid. Recent strategies address several urgent topics:

- USAID's *agriculture strategy* emphasizes expanding the capacity of farmers and rural industries for trade; improving social, economic, and environmental sustainability; enhancing science, technology, and innovation resources; and strengthening training, outreach, and adaptive research.
- *Building Trade Capacity in the Developing World* stresses support for participation in trade negotiations,



Curt Grimm, USAID

USAID's agriculture strategy emphasizes improved crops, better marketing support, and productive, sustainable farming practices in developing countries.

implementation of trade agreements, and building economic responsiveness to opportunities for trade.

- The *trafficking in persons strategy* focuses on prevention of trafficking, protection of victims, and reform and implementation of antitrafficking laws. It also emphasizes a platform of development efforts (e.g., girls' education, administration of justice, and refugee assistance) that support and reinforce direct antitrafficking activities.
- The *fragile states strategy* identifies strategic priorities for addressing fragility: increasing stability, improving security, encouraging reform, and developing institutional capacity.
- The *anticorruption strategy* focuses on confronting both high-level (grand) and mid- to low-level (administrative) corruption; deploying Agency resources strategically; incorporating anticorruption goals and activities across Agency programs; and building USAID's anticorruption knowledge.
- The *education strategy* affirms USAID's commitment to promoting equitable access to quality basic education, with particular stress on girls' education. It also emphasizes focused efforts in workforce development and higher education.

In addition, *At Freedom's Frontiers: A Democracy and Governance Strategic Framework* has just been issued.

Research and Analysis

Analytical discussion documents and background or issue papers synthesize the most relevant information and current thinking on important foreign aid issues. They promote exchange of ideas among experts and provide a basis for formulating policies and strategies.

Recent major analyses have focused on the relief and development challenges of the twenty-first century and on making foreign aid more responsive to those challenges:

- In *Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity* (FANI), leading development scholars and academics outside USAID look back at five decades of experience in foreign aid and describe some of the major development challenges for the next 10–20 years.
- Building on FANI, *U.S. Foreign Aid: Meeting the Challenges of the Twenty-First Century* (White Paper) suggests five core goals for bilateral foreign aid. It also proposes reforms and guiding principles for making aid more effective, goal by goal.

USAID has also completed three analyses of development issues in predominantly Islamic countries:

- *Economic Growth in the Muslim World: How Can USAID Help?*
- *Governance in the Muslim World*
- *The Idea and Practice of Philanthropy in the Muslim World*

Each study underscores the striking diversity of the Muslim world in terms of geography, ethnicity, level of development, regime type, and the practice of Islam. This heterogeneity implies that Islam does not inherently lead to either extremism or development weakness.

Other working papers and studies are often developed to provide useful guidance in strategic planning and project design and to summarize lessons learned from USAID activities. Recent examples include:

- *Strengthening Education in the Muslim World*
- *USAID's Assistance to the Media Sector in Afghanistan*
- *USAID's Media Assistance: Strengthening Independent Radio in Indonesia*
- *Engaging Muslim Civil Society for Promoting Democracy and Pluralism: An Assessment of the Islam and Civil Society Program in Indonesia*

Work in progress includes a policy framework for bilateral foreign aid, based on the White Paper; a strategy for economic growth; and a review of USAID's development performance and prospects.

FOREIGN ASSISTANCE LEGISLATION AND USAID

The Foreign Assistance Act of 1961, as amended, is the major law authorizing foreign economic assistance programs. The FAA provides the policy framework within which all economic aid is furnished, along with the legal powers *(authorities)* to implement FAA assistance programs. Other legislation—such as the FREEDOM Support Act for the states of the former Soviet Union, Public Law (PL) 480 Title II for food aid, and the 2003 U.S. Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act—authorize additional foreign aid programs. Some of these acts amend the FAA or rely on its authorities. Others are stand-alone legislation authorizing additional foreign assistance programs. In addition to this authorizing legislation, annual appropriations acts provide funding for FAA and other aid programs.

Both authorizing and appropriations legislation provide various authorities that permit considerable flexibility in managing assistance programs. However, they also place limits on how and where particular programs may be administered. In addition to the enacted law itself, reports accompanying the various pieces of legislation provide guidance to the executive branch on the congressional intent behind provisions in the law or how Congress wishes it to be implemented.

Authorities

The FAA gives USAID the basic authority to provide development assistance. Until 1992, Congress appropriated funds separately for each sector (e.g., agriculture or education). To increase flexibility, in 1992, sector-specific appropriations were combined into fewer accounts. By 2004, there were two: Development Assistance (DA), and Child Survival and Health Programs (CSH). A separate Global HIV/AIDS Initiative account is managed directly by the HIV/AIDS Coordinator in the Department of State. The FAA also contains authorizations for other programs, such as small-enterprise credit and international disaster assistance.

Provisions Limiting Program Administration

Most limitations affecting foreign assistance programs are set out in appropriations legislation and in reports issued by Congress's appropriations committees.

- Before USAID can fund specified activities or activities for specific countries, it must *notify Congress in advance* via USAID's Annual Report. Separate notification is required for certain programs and for any funding increase of 10 percent or more over the level previously notified. Congressional notifications are sent to the two authorizing

Jacob J. Kirk, U.S. Navy

A family affected by the December 2004 tsunami waits for humanitarian relief in Banda Aceh, Sumatra, Indonesia. U.S. international disaster assistance is authorized by the Foreign Assistance Act of 1961.

and appropriations committees 15 days before program funds are obligated. (An obligation is a binding agreement that budgeted funds may be spent.) During this waiting period, congressional committees may place "holds" on the proposed obligation of funds, thus triggering consultation between USAID and Congress.

- There are *prohibitions on assistance to certain countries*, such as those that support international terrorism or engage in gross violations of internationally recognized human rights; those that are in arrears on their loan repayments to the United States; or those whose elected head of government has been overthrown by a military coup.
- There are *provisions that limit or prohibit USAID assistance for certain activities or programs*, such as those that pay for abortion as a family planning method.
- *Earmarks* force USAID to spend minimum amounts from certain accounts—for specific purposes, or in specific countries—reducing the amount that can be spent on other programs or in other countries. For USAID, the more significant earmarking is in committee reports. In 2001 there were approximately 250 statutory and report-language earmarks and directives affecting development assistance.
- USAID's *operating expenses* (administrative costs) are segregated from *funds for program activities* in each year's appropriations act (i.e., they are listed as separate line items). As the number of programs has grown, Congress has authorized USAID to use some program funds for operating expenses rather than appropriating extra money for these costs.

Provisions Allowing Flexibility in Administration

Congress has enacted several types of provisions that allow flexibility in administration of foreign aid programs:

- *Notwithstanding authorities* allow several programs to be implemented "notwithstanding any provision of law" (i.e., without regard to certain legal restrictions). Such an authority may exempt USAID from some restrictions on the types of programs it may fund or, under certain circumstances, may allow USAID to assist a country that is normally ineligible for aid. Programs with total or partial notwithstanding authority include disaster assistance, democratization, Child Survival and Health, transition assistance, emergency food aid, and all aid to Afghanistan and the former Soviet Union.
- *Transfer authorities* allow the shifting of funds, within certain percentage limitations, between functional development assistance accounts (e.g., from DA to CSH) and, as noted above, from development assistance to USAID's operating expenses. The FAA contains other transfer authorities affecting non–development assistance accounts.
- *Extraordinary waiver authorities* allow the president to use up to $250 million in economic assistance funds (not more than $50 million in any one country) without regard to certain legal restrictions—if he determines that it is important to the security interests of the United States. A similar authority allows the president to use $25 million in any fiscal year to meet unanticipated contingencies.

Michael Ross, Sandia National Laboratory

A home in Veracruz, Mexico, obtains solar power as a result of a decade-long collaboration on energy projects between USAID and the U.S. Department of Energy's Sandia National Laboratory.

PROGRAM BUDGET PROCESS AND BUDGET ACCOUNTS

USAID's annual budgets evolve in a precise cyclical sequence, spanning many years before budget levels are finalized for an actual fiscal year's operations. USAID and the State Department hold close consultations throughout the process. Note that each fiscal year (FY) begins on October 1 of the preceding calendar year; for example, FY 2007 runs from October 1, 2006, to September 30, 2007.

Figure 1. Summary of the USAID budget process

Key Steps in the Budget Cycle

- *Annual Report:* Each winter, each USAID field mission submits a document that reports on results achieved for the fiscal year just ended. At the same time, the mission requests a certain level of funding for the fiscal year beginning 20 months hence. (For example, the Annual Report prepared December 2004 includes a funding request for FY 2007, along with a *planning level*, or estimated funding request, for FY 2008.) The Annual Report includes an Operational Plan, which specifies the tactical procedures for implementing the mission's strategy, provides a rationale for allocating resources, describes a three-year timeframe for the strategy, defines or revises strategic objectives and program components, and discusses special management concerns.
- *Bureau Program and Budget Submission (BPBS)*: USAID's Washington-based bureaus prepare BPBSs on the basis of the missions' funding requests, their performance results, prevailing political factors, unspent funding, and other variables.
- *Internal budget review:* During the summer, USAID meets with bureaus and missions on their funding needs and prepares a consolidated request known as the Agency Budget Submission (ABS), which ensures that policy, program, management, budget, and strategic priorities have been addressed.
- *ABS submission to State Department and Office of Management and Budget (OMB):* Another series of consultations takes place, this time between USAID and the State Department, to review the ABS. By early September, a consolidated State-USAID foreign affairs request is transmitted to OMB.
- *OMB passback:* By late November, OMB returns the ABS, now with OMB-approved budget levels, to USAID. After a round of meetings with OMB, a final budget level is decided and included in the President's Budget, which is transmitted to Congress in early February.
- *Congressional Budget Justification (CBJ):* Using the President's Budget, USAID prepares the CBJ, which includes detailed descriptions of the

programs the Agency plans to fund during the next fiscal year.

- *Operating Year Budget (OYB):* After the appropriations bill has been passed and becomes law, USAID decides how to use the appropriated funds to conduct congressionally mandated activities and fund presidential initiatives (e.g., the Initiative to End Hunger in Africa) and other ongoing programs.
- *653(a) Report:* USAID must submit a statement known as a 653(a) Report to Congress that shows how USAID plans to allocate its budget to each USAID mission.

Overview of Budget Accounts

USAID manages a range of budget accounts that are organized largely along functional and regional lines. Besides those it manages directly, the Agency co-manages several accounts with the State Department. It also administers a growing amount of funding transferred from other agencies' accounts, such as the Millennium Challenge Account and the Global HIV/AIDS Initiative. All of these accounts, except PL 480 Title II, are appropriated in Congress's yearly Foreign Operations bill. The following accounts are directly managed by USAID:

- *Child Survival and Health programs (CSH):* CSH programs expand basic health services and strengthen national health systems to significantly improve people's health, especially that of women, children, and other vulnerable populations. *FY 2004 appropriation: $1.8 billion*
- *Development Assistance (DA):* DA provides sustained support to help countries acquire the knowledge and resources that enable development and nurture indispensable economic, political, and social institutions. *FY 2004 appropriation: $1.4 billion*
- *Transition Initiatives (TI):* TI programs help countries in crisis transition to democracy and encourage long-term development by promoting democratic institutions

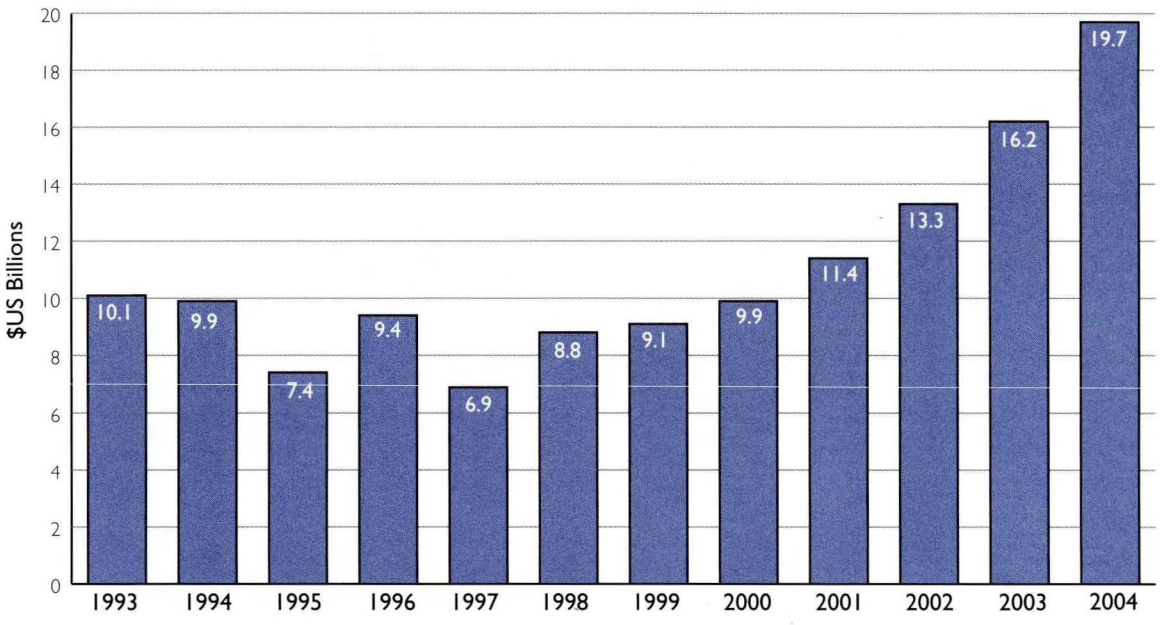
DISTRIBUTION OF BUDGET ACCOUNTS BY USAID BUREAU, FY 2004 (PERCENT)

Location		Account									
		ACI	AEEB	CSH	DA	ESF	FSA	IDFA	IRRF	PL 480	TI
Regional Bureaus	Africa			30	36	2		28		78	
	Asia & Near East			14	26	92		2	95	13	
	Europe & Eurasia		100	<1		2	100			1	
	Latin America & Caribbean	100		8	20	4				7	
Pillar Bureaus	Democracy, Conflict, & Humanitarian Assistance				6			70	5	1	100
	Economic Growth, Agriculture, & Trade				12						
	Global Health			20							
	Partners & others*			28							

Funds that can only be used in this region.
Funds that can be used in any country, regardless of which bureau manages the funds.
Funds that can only be used in Iraq (IRRF—Iraq Relief and Reconstruction Fund).

* Includes Global Fund to Fight AIDS, Tuberculosis, and Malaria, National Institutes of Health, Centers for Disease Control, International AIDS Vaccine, Global Alliance for Vaccines and Immunizations, Global Alliance for Improved Nutrition, and others.

UNITED STATES OFFICIAL DEVELOPMENT ASSISTANCE (ODA)



Source: OECD/DAC Official Development Assistance, Net Disbursements

and processes, revitalizing basic infrastructure, and fostering peaceful conflict resolution. *FY 2004 appropriation: $55 million*

- *International Disaster and Famine Assistance (IDFA):* IDFA funds humanitarian relief, rehabilitation, and reconstruction assistance in response to natural and manmade disasters. IDFA also supports famine prevention and relief activities. *FY 2004 appropriation: $544 million*
- *PL 480 Title II (food aid):* PL 480 Title II funds are appropriated to the Department of Agriculture and administered by USAID. The program uses abundant U.S. farm resources and food processing capabilities to enhance food security in the developing world by providing nutritious agricultural commodities. *FY 2004 appropriation: $1.2 billion*

These accounts are jointly managed by USAID and the State Department:

- *Economic Support Fund (ESF):* ESF promotes U.S. economic and political foreign policy interests by financing economic stabilization programs, supporting peace negotiations, and assisting allies and countries that are in transition to democracy. USAID implements most ESF-funded programs, with overall foreign policy guidance from the State Department. *FY 2004 appropriation: $3.3 billion*
- *Andean Counterdrug Initiative (ACI):* ACI supports a comprehensive strategy to reduce the flow of drugs to the United States and prevent instability in the Andean region. The account is appropriated to the State Department, which transfers part of the funding to USAID to manage development programs in Bolivia, Colombia, Ecuador, and Peru that offer alternatives to the drug trade. *FY 2004 appropriation: $229 million (USAID portion)*
- *FREEDOM Support Act (FSA):* FSA facilitates the democratic and economic transition of the independent states of the former Soviet Union and supports emerging democratic organizations and market-based institutions in the region. *FY 2004 appropriation: $585 million*
- *Assistance for Eastern Europe and the Baltic States (AEEB):* AEEB promotes local and regional stability and supports the region's transition into the European and transatlantic mainstream. AEEB also supports postconflict, health, and environment programs, as well as activities to reduce the threat of organized crime and HIV/AIDS. This account is also known as Support for East European Democracy (SEED). *FY 2004 appropriation: $442 million*

STANDARDIZED PROGRAM COMPONENTS AND COMMON INDICATORS

USAID sets targets and measures results at various levels—the overall Agency, bureau, and field mission—and in various country environments that range from fragile states to those with more advanced economies. The joint *U.S. Department of State and USAID Strategic Plan, Fiscal Years 2004–2009* outlines the strategic planning framework for both agencies and describes key activities USAID will undertake to further the joint mission of creating "a more secure, democratic, and prosperous world."

USAID's ability to objectively report its contributions to achieving U.S. foreign policy goals is critical. To link USAID program impacts to the strategic and performance goals of the joint Strategic Plan, the Agency has formulated 39 standardized *program components*, which are roughly grouped into nine sectors:

- economic prosperity and security
- environment
- education
- family and workforce health
- democracy, governance, and human rights
- international trafficking in drugs and persons
- conflict management
- humanitarian response
- operations and management

Thomas Hartwell, USAID

Repair work at the Al-Mamoun telephone exchange, Baghdad, is part of USAID's effort to restore critical infrastructure and expand economic opportunities in Iraq.

The use of standardized program components as the building blocks of Agency programs allows greater uniformity and coherence in program reporting—while still allowing enough flexibility for USAID to address diverse country situations. Standardization also enables the Agency to report on its contributions to U.S. foreign policy goals in a more consistent, logical, and straightforward way.

Strategic planning requires each field mission to develop a three-year strategy describing issues or problems in the sectors where it will work and the goals it wants to accomplish. Goals are established for each of the chosen sectoral areas. An annual operational plan then specifies the particular program components that will be involved in meeting each goal. This process varies from one field mission to another, but in most cases a field mission relies on more than one program component to accomplish a particular goal.

Progress toward achievement of each program component is measured using a small number of *common indicators.* A common indicator measures changes related to a program component regardless of context or setting. For example, to measure their anticipated results under the program component "Achieve Equitable Access to Quality Basic Education," all operating units

select from the same set of indicators, such as rates of school enrollment and completion, learning achievement, teacher training, or education policy reform. The indicators are part of the Annual Report database, a reporting mechanism used to gauge the progress of an operating unit toward its goals and to plan the level of funding needed to support its projects. The standard components and common indicators are reviewed yearly and revised as necessary to ensure that performance is accurately assessed.

Program components are organized into three categories:

- *Core components* are groups of USAID activities aimed directly at achieving development goals.
- *Management components* are activities that enable USAID to operate effectively.
- *Program delivery components* support the achievement of core and management components.

Standardized Components with Definitions

Economic Prosperity and Security

- Increase Trade and Investment. *Trade and investment spur economic growth, development, and poverty reduction.*
- Improve Economic Policy and the Business Environment. *Private sector–led growth and productivity require free market policies and regulations.*
- Improve Private Sector Competitiveness. *Productive agricultural activities and enterprise creation drive the economic engine of a country.*

The use of standardized program components as the building blocks of Agency programs allows greater uniformity and coherence in program reporting—while still allowing enough flexibility for USAID to address diverse country situations.

- Strengthen the Financial Services Sector and Increase Access to Capital. *Expanding access to credit and investment instruments improves the allocation of savings to their most productive use.*
- Expand and Improve Access to Economic and Social Infrastructure. *Equitable and open access in sectors such as energy, information technology, transportation, and health increases economic and social wellbeing.*
- Increase Agricultural Sector Productivity. *Productivity is boosted through research, technology transfer, training, and sound management of natural resources.*
- Protect and Increase the Assets and Livelihoods of the Poor. *Helping the poor diversify their income and assets can enable them to take advantage of opportunities, minimize their vulnerability, and protect their livelihoods.*

Environment

- Improve Sustainable Management of Natural Resources and Biodiversity Conservation. *Adopt policies and practices that improve management of land, water, and soil resources; conserve biological diversity.*
- Reduce, Prevent, and Mitigate Pollution. *Adopt policies and practices that emphasize clean industrial, energy, and urban development; mitigate greenhouse gas emissions.*
- Improve Access to Clean Water and Sanitation. *Increase access to clean water and sanitation to improve human health.*

Education

- Achieve Equitable Access to Quality Basic Education. *Help countries build educational systems that offer basic learning opportunities for all.*
- Increase the Capacity of Higher Education to Contribute to Development. *Help universities and colleges contribute more to development through more relevant education, training, and analysis.*
- Improve Quality of Workforce through Vocational and Technical Education. *Help youths and adults gain job skills needed to be employable and productive in a growing and changing economy.*

Family and Workforce Health

- Reduce Transmission and Impact of HIV/AIDS. *Mitigate social and economic impacts of the pandemic by providing treatment, preventing new infections, and caring for people living with and affected by HIV/AIDS.*
- Prevent and Control Infectious Diseases of Major Importance. *Improve response capability, prevention, and treatment for tuberculosis, malaria,*

Global Fund to Fight AIDS, Tuberculosis, and Malaria

Reducing the impact of HIV/AIDS is an important component of USAID's health strategy. In Nairobi, the USAID-assisted Kenya Network of Women with HIV/AIDS runs six drop-in centers and offers counseling, home-based care, and psychosocial support to those affected by the disease.

and other emerging infectious diseases to control contagions and promote physical wellbeing.

- Address Other Health Vulnerabilities. *Produce a healthier workforce by reducing the incidence of chronic diseases such as heart attacks, cancer, diabetes, and mental illness through prevention activities and health systems reform; meet the health needs of vulnerable children and orphans.*
- Improve Child Survival, Health, and Nutrition. *Promote breastfeeding, immunization, and other health interventions to reduce illness, mortality, and malnutrition for children under age 5.*
- Improve Maternal Health and Nutrition. *Improve policy, community participation, and maternity services to improve maternal health and survival.*
- Support Family Planning. *Promote effective voluntary family planning programs.*

Democracy, Governance, and Human Rights

- Strengthen the Justice Sector. *Promote the rule of law by improving the independence and effectiveness of justice sector institutions and increasing citizens' access to justice.*
- Strengthen the Legislative Function/ Legal Framework. *Promote democratic practices by improving the framework of laws to increase the effectiveness and accountability of legislatures to the people.*
- Strengthen Public Sector Executive Function. *Promote democratic practices by improving the effectiveness and accountability of executive offices to the people.*
- Support Democratic Local Government and Decentralization. *Promote the devolution of political authority and effective, democratic local governance by strengthening local government functions and citizen participation.*
- Promote and Support Credible Elections Processes. *Establish an impartial framework of electoral laws and regulations to support the credible administration of elections and foster voter participation to help support electoral outcomes that reflect the will of the people.*
- Strengthen Democratic Political Parties. *Promote democracy by supporting the development of competitive, representative, and transparent political parties.*
- Strengthen Civil Society. *Nurture a democratic citizenry by promoting pluralism and public dialogue and investing in civic education.*
- Establish and Ensure Media Freedom and Freedom of Information. *Independent media disseminating uncensored information promote the development of a well-informed populace.*
- Promote and Support Anticorruption Reforms. *Fight corruption by making government institutions and processes more transparent and accountable.*
- Protect Human Rights. *Improve due process, nondiscrimination, and representation of all groups of society to guarantee citizens' rights.*
- Promote Effective and Democratic Governance of the Security Sector. *Increase civilian oversight to enhance transparency and accountability and improve public order and security.*

International Trafficking in Drugs and Persons

- Develop and Expand Alternative Development. *Deter the illegal narcotics trade through integrated development interventions that bring more families into a growing licit economy.*

- Reduce Trafficking in Persons. *Reduce trafficking in persons by increasing knowledge of the dangers of trafficking, building local capacity, promoting legal reform, strengthening effective prosecution, and protecting vulnerable persons and victims.*

Conflict Mitigation

- Mitigate Conflict and Support Peace. *Support early warning and response programs that identify potential areas of conflict and establish activities that contribute to a durable and locally owned peace process.*

- Support Populations at Risk. *Facilitate the safe return, care, and reintegration of refugees, internally displaced persons, and ex-combatants; improve the capacity of communities to respond to the needs of the returnees.*

Humanitarian Response

- Improve Emergency Preparedness and Disaster Mitigation. *Improve the capability of governments and humanitarian providers to engage in disaster reduction and response activities.*

- Provide Emergency Assistance. *Respond to emergencies by offering personnel, commodities, or funding to save lives and alleviate crises.*

- Protect and Increase Food Security of Vulnerable Populations. *Improve availability, access, and utilization of food to reduce risk of future food insecurity in complex humanitarian and transition situations.*

Deborah Alexander, USAID

This woman is a disc jockey for a new commercial radio station in Kabul, Afghanistan. USAID provided a grant that helped the station get on the air as part of the Agency's efforts to promote independent media.

Operations and Management

- Management of Government Resources. *Provide the appropriate administrative, financial, human resource, supply chain, and information and technology management needed to improve*
  - *management and maintenance of Agency assets and infrastructure*
  - *use of financial information to measure project and process performance*
  - *recruitment and management of staff qualified to meet program and support requirements*
  - *procurement, management, and delivery of goods and services*
  - *delivery and security of information and technology resources and systems*

- Program Support. *Provide the appropriate programmatic, policy, and administrative environment to improve*
  - *compliance with laws and regulations and avoidance of waste, fraud, and abuse*
  - *risk management and mitigation*
  - *allocation of limited resources*
  - *timely collection of U.S. government income*
  - *development of regulations, policies, and guidance to implement applicable laws*
  - *exchange of information between the U.S. government, citizens, and stakeholders and maintenance of effective public relations with the legislative branch of the U.S. government*

PROGRAMMING MECHANISMS

The regulatory and statutory framework within which the Agency operates helps to guide and standardize its stewardship of public funds. Much of this framework is required by federal law, OMB regulations, or the Federal Acquisition Regulation (FAR), which codifies uniform policies for federal agencies' acquisition of supplies and services.*

USAID's Automated Directives System (ADS) offers USAID staff an easy-to-navigate reference pulling together all the relevant federal statutes and regulations. USAID employees use the ADS to draft, clear, and issue binding policy directives and procedures as well as helpful optional material. Using the ADS helps USAID ensure compliance with the letter of the law in its day-to-day work.

Accountability for results is one important area regulated by federal law. The term "managing for results," used by USAID since 1996, is one of three guiding principles announced in the President's Management Agenda in 2001. The Government Performance and Results Act of 1993 (known as GPRA or "the Results Act") establishes performance planning and monitoring as the "way government business should get done."

Accordingly, USAID defines and organizes its work around the outcomes it seeks to achieve. This means making intended results explicit; ensuring agreement among partners, customers, and stakeholders that proposed results are worthwhile; and organizing USAID's daily work and interactions to achieve results as effectively as possible, both in Washington and in the field.

This approach requires that results be measured accurately. Doing so, however, entails accountability and transparency of both the host-country government and project implementers. Hence USAID employees, particularly field staff, work continuously with their host-country counterparts to promote needed policy or legal reforms, collaborate with other donor organizations to carry out surveys and assessments, and actively monitor the work of project implementers to ensure that progress is being made and planned outcomes achieved.

Besides developing results-oriented programs, USAID must, by statute, undertake analytic studies, including an environmental review, to verify the soundness of each new activity. The Agency must also prepare a congressional notification and confirm funds are available before awarding a contract.

Another major focus of federal regulation is contracting. USAID is the preeminent U.S. civilian agency contracting in international development, with 76 direct-hire contract specialists supporting USAID programs around the world. In FY 2004, USAID made awards of over $8 billion. USAID awards are governed by federal statutes such as the Federal Grant and Cooperative Agreement Act of 1977, the Competition in Contracting Act of 1984, and the FAR.

Additional information about USAID contracting mechanisms can be found at www.usaid.gov/business/.

Regulations issued as OMB circulars guide USAID contracting officers in awarding contracts, grants, and cooperative agreements. OMB oversees and coordinates federal regulatory, procurement, financial management, and information policies—including those of USAID—and ensures Agency reports and rules are consistent with the President's Budget and administration policies. Within USAID, Acquisition and Assistance Policy Directives notify contracting staff about regulation changes, offer reminders, explain procedures, and give general information.

USAID uses a variety of financial mechanisms to implement its assistance programs:

- *Contracts* purchase services, equipment, or commodities according to a specified scope of work (SOW). The SOW is a statement that spells out the exact nature of the purchase, when and where it is to be delivered, and other particulars

* Supplementing the FAR is AIDAR, USAID's Acquisition Regulation.

as needed (e.g., cost, special supplier qualifications).

- *Cooperative agreements* are usually awarded to nonprofit organizations or educational institutions to accomplish a public purpose. Typically USAID is substantially involved in carrying out the program, at a level specified by the agreement.
- *Grants* are much the same as cooperative agreements, but allow the recipient more freedom to pursue its stated program without substantial involvement from USAID.
- *Strategic objective agreements* (SOAgs) are formal agreements between USAID and a host government that set forth specific development activities to be undertaken, along with mutually agreed-upon timeframes, expected results, means of measuring the results, resources, responsibilities, and estimated contributions of the parties involved.
- *Collaborative agreements* were pioneered in FY 2005 as a flexible, streamlined alternative to traditional grants and contracts for work with nontraditional partners in the private sector.

DOCUMENTS THAT GOVERN USAID DEVELOPMENT ASSISTANCE PLANNING

Planning Level	Governing Federal Laws and Regulations
Joint USAID-State Strategic Plan	Government Performance and Results Act, 1993 Office of Management and Budget A-11
Joint USAID-State Performance Budget	Government Performance and Results Act, 1993
USAID Performance Report	Government Performance and Results Act, 1993
Annual Budget Submission	Office of Management and Budget A-11
Operating Unit Strategy Statement and Operational Plan	Foreign Assistance Act, 1961
Operating Unit Strategic Objective	Foreign Assistance Act, 1961, Section 118(e) and 199(d)
Pre-Obligation Planning	Foreign Assistance Act, 1961; Federal Acquisition Regulation; 22 CFR* 216
Activity Planning	Foreign Assistance Act, 1961; Federal Grant and Cooperative Agreement Act, 1977; Competition in Contracting Act, 1984; Small Business Administration Act; Procurement Integrity Act; Federal Acquisition Streamlining Act, 1994; Federal Acquisition Regulation; 22 CFR 216; 22 CFR 226; 22 CFR 228; and Office of Management and Budget Circulars A-21, 122, 133
Award Management	Federal Acquisition Regulation

*CFR – Code of Federal Regulations

For large efforts, USAID may employ flexible variations of the above tools. For example, an indefinite quantity contract (IQC) may be used where the purpose is to provide an unfixed amount of supplies and services within stated limits over a set period; as needs become defined, the contractor meets them using task orders (TOs). Another example is the leader with associate (LWA) mechanism, which allows a USAID mission to propose and manage a subsidiary (associate) agreement that piggybacks onto a larger (leader) contract or collaborative agreement.

While it is a USAID contracting officer or agreement officer who awards contracts, grants, and cooperative or collaborative agreements, the "eyes and ears" for managing programs is the cognizant technical officer (CTO). The CTO, who is usually the activity manager, monitors technical performance and reporting for any potential or actual problem and ensures compliance with the terms of the award. Together with the contracting or agreement officer, the CTO is responsible for managing U.S. taxpayer funds.

USAID may also use other types of formal arrangements to accomplish its goals, including

- transfers to other federal agencies
- contributions to international organizations such as the UN
- implementation letters with host-country governments
- university partnerships
- public-private alliances, a new business model for partnerships with the private sector to achieve high-impact sustainable development (see GDA discussion, page 24)

PARTNERSHIPS AND USAID'S ENGAGEMENT

USAID almost always implements its programs through partner organizations. Thus, field staff oversee and fund work with agencies and firms that, for example, develop new seed varieties, train healthcare professionals, rebuild roads, or run elections. In a limited number of countries where accountability for aid funds and competent program implementation are assured, USAID also disburses aid directly to goverments.

In countries where USAID has a field office, staff are heavily engaged in policy dialogue, writing analytical documents, and monitoring project implementation—whether USAID's partners are from the private sector or affiliated with foreign governments. USAID also coordinates programs with other donors such as the UN, the World Bank, and the foreign aid agencies of other countries.

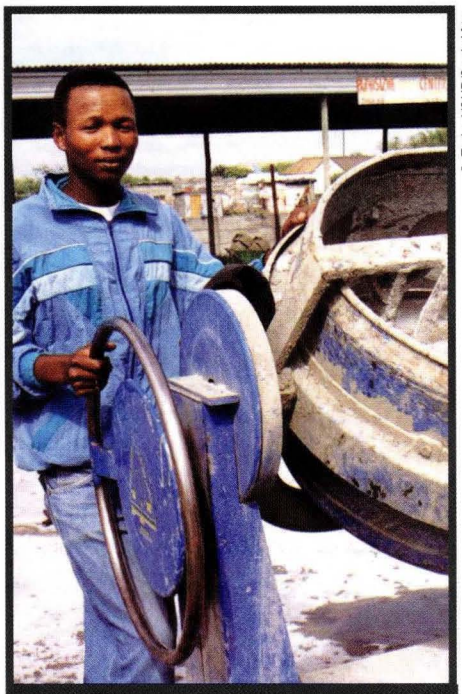
Partners

A wide variety of partners implement USAID programs, including

- *private voluntary organizations (PVOs):* nonprofit groups operated primarily for charitable, scientific, educational, or service purposes. Some PVOs working with USAID are international, but the majority are U.S.-based (to be eligible for USAID grants, the latter must obtain at least 20 percent of their funding from non–U.S. government sources). Examples include CARE, WildAid, Save the Children, Catholic Relief Services, and World Vision.
- *local and regional nongovernmental organizations (NGOs):* voluntary nonprofit organizations based in developing countries or regions in which USAID operates. Examples include Bosnia's Center for Civic Cooperation, Guatemala's Genesis Empresarial, Sri Lanka's Multi Diverse Community, and the Forum for African Women Educationalists.
- *public international organizations (PIOs):* organizations whose members are chiefly governments (including the United States). Examples include UN agencies, the Committee of the International Red Cross, the World Bank, and regional development banks.
- *contractors:* private companies with legally binding agreements to supply property or services to the U.S. government under a specified scope of work (see page 22).

New Partnerships: The Global Development Alliance (GDA)

USAID established the GDA in 2001 to promote public-private alliances that address international development challenges. Launched by Secretary of State Colin L. Powell, the GDA strengthens the impact of U.S. development efforts by coordinating government initiatives, activities, and resources with those of the private sector. Many partnerships also involve civil society organizations, such as civic, educational, trade, labor, and advocacy groups. GDA activities are designed to stimulate economic growth, address health and environmental issues, and expand access to education and technology in the developing world.



R. Zurba, USAID/South Africa.

A South African youth participates in a USAID-supported training center. The center is operated by a USAID partner, with oversight from Agency field staff.

USAID's Role

Its reliance on partners does not mean that USAID is merely a "pass-through" or contracting agency. *For all programs, staff are significantly involved in*

- influencing host-country policies through negotiations
- evaluating needs for aid through field visits, surveys, and interviews

- deciding what types of programs to prioritize by assessing U.S. legislative and policy requirements, host-country needs, and funding availability
- monitoring program progress by visiting sites, reviewing implementers' reports, and meeting frequently with counterparts in the host-country government, donor community, and private sector
- reporting to Washington, including to Congress

By federal statute, grants are given to implementing agencies or grantees with few strings attached, so USAID oversight is limited.[2] However, besides carrying out the responsibilities listed above, USAID still must evaluate grant proposals before awards are made, and grantees must report to USAID regularly on the status of their activities. Furthermore, funding beyond a defined time period is not guaranteed.

For contracts, USAID staff direct the implementation of all aspects of a program (see page 23). In managing contracts, USAID

- defines the exact type, scope, and location of the program by setting out the requirements in a request for proposals (RFP)
- evaluates competing proposals using specified criteria
- provides funding, normally in installments (tranches)
- identifies and approves individual tasks if the contract is a broad one, with flexibility built into it

USAID'S Engagement In Afghanistan, FY2003

USAID expatriate staff	**75**
USAID foreign service national staff	**90**
Implementing agencies	**51**
Programs/funding – 8 contracts – Other mechanisms: 16 agreements	**$2.073 billion** (total) $1.260 billion $0.813 billion
USAID-funded positions in Afghan ministries	**208 positions** (total) 168 expatriate 40 national staff
Host-country nationals employed (USAID staff and USAID-funded ministry staff)	**130**

For contracts, the USAID cognizant technical officer (CTO) administers the agreement and monitors the contractor's performance. It is generally unwise to have more than one official directing the contractor; this opens the door to confusion, inefficiency, inappropriate areas of focus, and delays. A single manager can effectively coordinate with all parts of the U.S. government, the host-nation government, and others to ensure the contractor carries out priority tasks.

A common theme in all these tasks is the key role of USAID's strong field presence. Field staff are essential for understanding a country's situation, choosing appropriate objectives and strategies, and effectively managing the resulting programs.

Managing Programs

The U.S. citizens (expatriates) on the staff of USAID missions are only the tip of the iceberg of the Agency's field presence. Expatriate employees in the field manage a larger staff of locally recruited specialists. Non-U.S. staff range from technical experts (e.g., agronomists advising on farming programs) to support staff (e.g., accountants and administrative workers). USAID staff manage *implementing partners* (agencies receiving USAID funds) primarily through contracts and grants. These partners, in turn, employ expatriate and national staff.

USAID's work in Afghanistan offers a useful example of its versatile staffing mechanisms (see chart, above).

2 Federal Grant and Cooperative Agreement Act of 1977; OMB Circulars A- 21, 122, 133; 22 CFR 226.

RESPONDING TO CRISES

USAID is at the forefront of agencies around the world in its ability to respond to natural and manmade disasters. Natural disasters result from such events as locust swarms, earthquakes, volcanoes, or hurricanes; manmade disasters may result from conflict, civil war, and (in some cases) improper natural resource use. In addition, both human and natural factors may combine to cause such disasters as famines and mudslides. USAID's broad experience in disaster aid permits effective, well-targeted responses to needs for immediate assessment and relief as well as for long-term reconstruction and strengthening of local capacity to deal with disaster.

To complement its strength in disaster assistance, USAID promotes efforts to foresee and prevent disasters from all sources. For example, by facilitating citizen participation and trust in government, USAID democracy efforts can help stop the violent internal conflicts that lead to destabilizing and costly displacement of people, anarchy, and the spread of disease.

Responding to Disasters

As the U.S. government agency charged with providing humanitarian relief on behalf of the American people, USAID provides both short- and long-term humanitarian assistance. In 2005, aid provided for humanitarian crises worldwide is estimated at $1.884 billion.

USAID's key approaches include

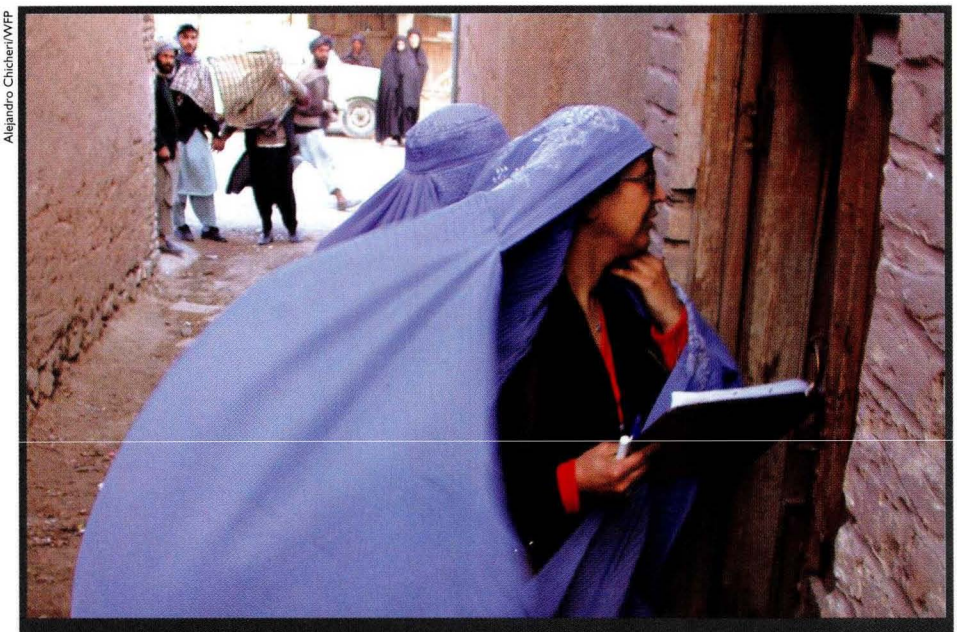
- having experts on the ground immediately after a disaster hits to assess damage and needs
- providing immediate relief to disaster victims
- providing cash for work in mass employment programs after disasters to get local markets functioning and improve livelihoods of families affected by disasters
- helping devastated communities rebuild by supporting projects in community infrastructure and services, as well as economic and agricultural reactivation (including employment/life skills training)
- responding to the needs of specially disadvantaged groups—such as children and orphans, women, displaced persons, the disabled, and exploited youth—by providing basic and vocational education, psychological counseling, and physical rehabilitation (including prosthetics)
- developing local capacities in disaster planning and preparedness (including development of early warning systems)
- improving the lives of poor and hungry people by supporting integrated food security programs that address the underlying causes of poverty and malnutrition
- providing multipronged assistance in response to complex emergencies (humanitarian crises triggered by internal or external conflicts associated with breakdowns in governance)
- integrating development and relief so that better development can aid in reducing the frequency and impact of crises and better relief can reinforce development

With the end of the Cold War and the beginning of the War on Terrorism, countries across the globe have entered a period of dramatic change and expanding transition needs. Whether in central Europe, Africa, Asia, or Latin America, authoritarian regimes have yielded to forces of democracy, ethnic and religious groups have vied for control over states, and other longstanding rivals have moved from the battlefield to the negotiating table. USAID must be able to move quickly and effectively both to deal with the rising number of crises worldwide and to meet transition opportunities and challenges.

Transitioning from Relief to Recovery and Growth

USAID's approach to transitioning has several areas of focus:

- developing response programming for transition—short-term, high-impact projects that increase momentum for peace, reconciliation, and reconstruction
- getting USAID staff on the ground swiftly to identify and act on what



Alejandro Chicheri/WFP

An Afghan woman conducts a home survey. USAID works with a wide array of grassroots organizations to help address the complex problems of countries emerging from conflict.

may be fleeting opportunities for systemic change

- promoting citizen security by helping to reintegrate ex-combatants and assisting internally displaced persons to move beyond subsistence and survival needs
- building foundations for democratic political processes by promoting the development of civil society, better civilian-military relationships, the participation of marginalized populations in political decisionmaking, alternative voices in the media, local reconciliation efforts, and education of citizens about their human rights.

PL 480 Title II Food Commodities

USAID provides PL 480 Title II food commodities to people who are food-insecure and nutritionally vulnerable because of conflict or natural disasters. In addition to using food aid in emergencies, USAID also provides food in longer-term development programs in countries subject to recurring natural disasters or civil and economic crises. While these multiyear programs help to maintain food security and avert future emergencies, they also provide a ready-made basis for rapid emergency responses if needed.

Example: Responding to the Sudan Crisis

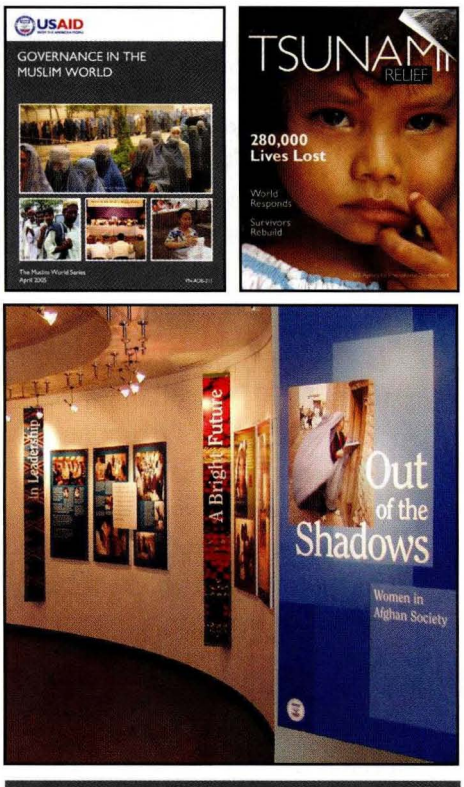
Since 1983, an estimated 2 million Sudanese have died as a result of Sudan's protracted conflict, droughts, and famine. In the past year, however, several positive developments are providing new opportunities to finally resolve Africa's longest war and move the country to a lasting peace. A partial list of USAID's response includes the following:

- *Provide emergency relief:* A USAID Disaster Assistance Response Team (DART) conducted on-the-ground assessments leading to the provision of humanitarian aid valued at $200.7 million in 2004, including health assistance, water and sanitation programs, emergency relief supplies, and over 185,000 metric tons of food.
- *Establish independent southern Sudan media:* The people of southern Sudan have limited access to balanced information; as a result, they are prey to biased reporting. Access to impartial, reliable, easily accessible information is critical to expanding citizens' participation in local governance and building their support for any peace agreement. USAID fielded an assessment team to design initial media programming.
- *Foster demand for good governance:* Initial attempts to improve governance and strengthen the balance between leaders and citizens will have two components: strengthening the rule of law by increasing the independence and effectiveness of the judiciary, and increasing public demand for government accountability and transparency through support to local NGOs and other civil society organizations.
- *Provide rapid, flexible conflict resolution mechanisms and tangible peace dividends:* USAID support for peace processes is crucial to the continued development of southern Sudan and will help prepare the way for longer-term development programming. Interventions include priority projects to secure local-level peace agreements among citizens and timely transport of respected local and international conflict resolution experts to vulnerable areas.

PUBLIC AFFAIRS

USAID's public affairs function promotes understanding of and support for Agency missions and programs among the media, the development community, other U.S. government agencies, the U.S. Congress, the American public, and the world at large, especially in developing countries. To achieve this goal, USAID's public affairs strategy uses a wide variety of mechanisms.

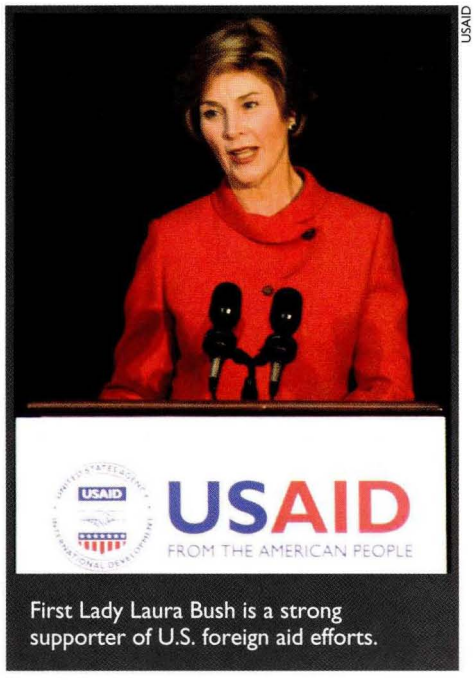
USAID supports State Department and White House daily press briefings and provides extensive presentations and briefings on specific issues, such as U.S. assistance to Sudan or reconstruction in Iraq. Press releases, fact sheets, and press guidance are issued daily via email to targeted groups that include the press corps, influential officials, think tank representatives, academic communities, NGOs, PVOs, international organizations, and bilateral partners. The Agency's website, www.usaid.gov, provides press information, speeches, testimony, and other information in one easily accessible place for both media and the general public. The website also has a "Telling Our Story" section—a searchable database of vetted USAID success stories from throughout the developing world.



USAID's publications and identity program help to tell its story around the world.

As events evolve around the world, the Agency reports on major mission-critical programs through publications such as *Afghanistan Reborn, A Year in Iraq*, and *Tsunami Relief*. Strategy reports, policy papers and guidelines, and analytical discussion papers outline USAID's broad priorities and objectives, explain the approaches the Agency uses in attaining its goals, and synthesize current thinking on important foreign aid issues (see pages 11–12). USAID's monthly employee-oriented newsletter, *FrontLines*, provides updates and information about USAID's global programs for a wide readership.

USAID hosts various public events such as conferences, seminars, or exhibits—sometimes jointly with think tanks, Congress, or the private sector—to roll out new publications, discuss major issues, or highlight USAID's accomplishments. The Agency also manages public liaison activities aimed at educating Americans about its role, mission, and programs, and it provides detailed strategic communications advice and consultation to USAID/Washington and overseas missions.



USAID

First Lady Laura Bush is a strong supporter of U.S. foreign aid efforts.

In 2004, USAID launched a major new Development Outreach and Communications (DOC) global training initiative to broaden understanding of U.S. development aid worldwide. Under DOC, USAID seeks to integrate a cadre of trained professionals into its missions to support strategic and tactical communications efforts. Targeted regional training workshops and consultations are held annually to sharpen the ability of new and existing DOC specialists to tell USAID's story.

ORGANIZATIONAL STRUCTURE

Organizational Structure in Washington, D.C.

At its Washington, D.C., headquarters, USAID's mission is carried out through four *regional bureaus*: Africa, Asia and the Near East, Latin America and the Caribbean, and Europe and Eurasia. These are supported by three *technical* (or *pillar*) *bureaus* that provide expertise in democracy promotion, accountable governance, disaster relief, conflict prevention, economic growth, agricultural productivity, environmental protection, education reform, and global health challenges such as maternal/child health and AIDS.

The work of these bureaus is supported by several other Agency units. The Bureau for Policy and Program Coordination provides overall policy guidance and program oversight. The Bureau for Management administers a centralized support services program for the Agency's worldwide operations. The Bureau for Legislative and Public Affairs conducts outreach programs to promote understanding of USAID's missions and programs. The Office of Global Development Alliances operates across the four regional bureaus to support the development of public-private alliances. Other USAID offices support the Agency's security, business, compliance, and diversity efforts, as well as its faith-based and community initiatives.

Julie Fossler, USAID

This tsunami cleanup effort in Sri Lanka was organized by a faith-based group with funding from USAID. The Agency's Center for Faith-Based and Community Initiatives ensures that such groups have equal access to USAID grant opportunities.

Organizational Structure in the Field

USAID operating units located overseas are known as *field missions*. Full field missions usually consist of 9–15 U.S. direct-hire (USDH) employees, along with a varying number of other personnel. They conduct USAID's major programs worldwide, managing a program of four or more strategic objectives (SOs). Medium-sized missions (5–8 USDH) manage a program targeting two to three SOs, and small missions (3–4 USDH) manage one or two SOs. These missions assist their host countries based on an integrated strategy that includes clearly defined program goals and performance targets.

Regional support missions (typically 12–16 USDH), also known as regional hubs, provide a variety of services. The hubs house a team of legal advisors, contracting and project design officers, and financial services managers to support small and medium-sized missions. In countries without integrated strategies, but where aid is necessary, regional missions work with NGOs to implement programs that help to facilitate the emergence of civil society, alleviate repression, head off conflict, combat epidemics, or improve food security. Regional missions can also have their own program of strategic objectives to manage.

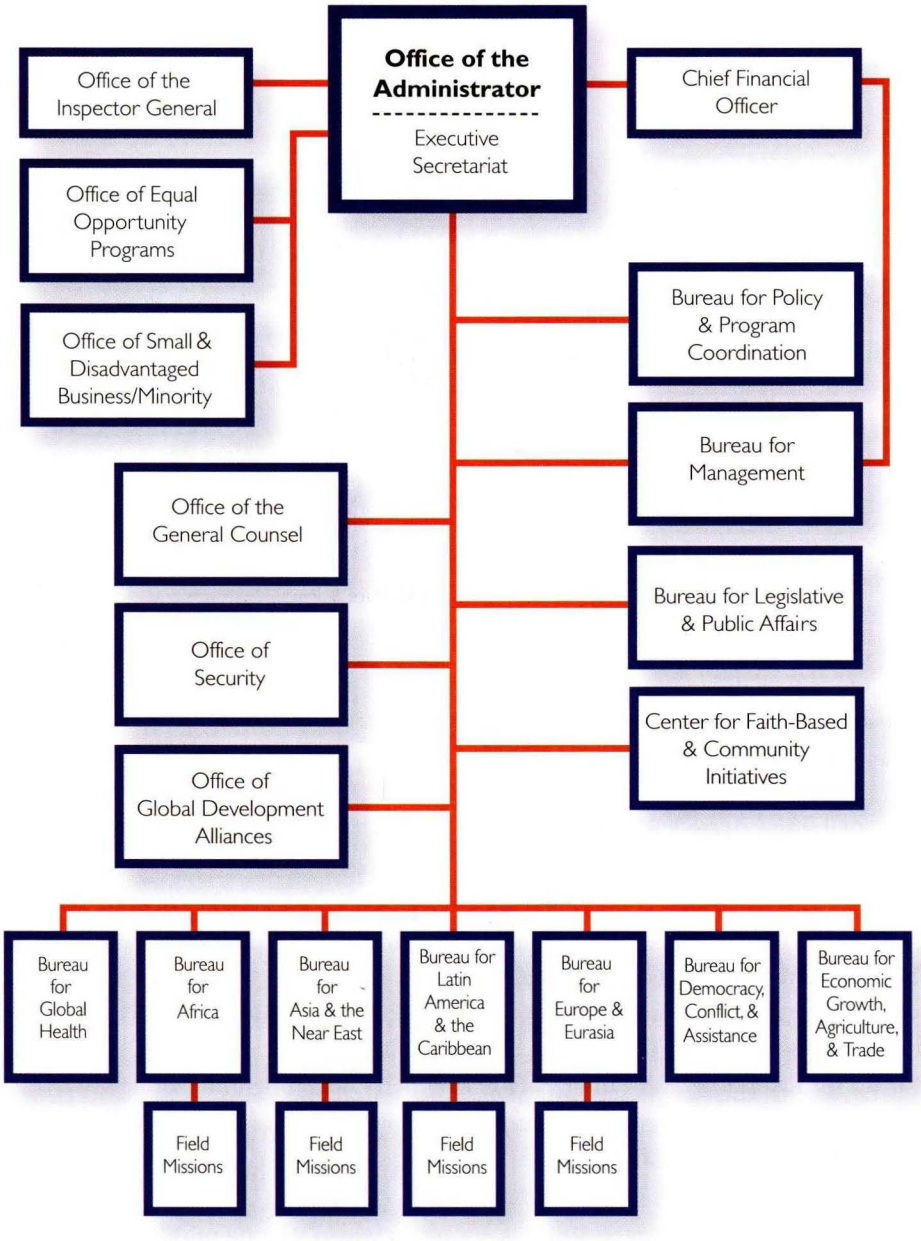
USAID missions operate under decentralized *program authorities* (legal powers) allowing missions to design and implement programs and negotiate and execute agreements. These authorities are assigned to senior field officers in accordance with each officer's functions. For example, mission directors and principal officers are given authority to

- conduct strategic planning and develop country strategic plans
- coordinate with other U.S. government agencies
- waive source, origin, and nationality requirements for procurement of goods and services
- negotiate and execute food aid agreements
- implement loan and credit programs

Contracting officers receive warrants authorizing them to negotiate, execute, amend, and modify contracts, grants, and cooperative agreements; the warrants are issued by the director of USAID's Office of Acquisitions and Assistance. Executive officers are delegated authority to sign leases for real property.

The field mission workforce is typically composed of three major categories of personnel: USDH employees, U.S. personal services contractors (USPSCs), and foreign service nationals (FSNs). USDH are career foreign service employees assigned to missions for two- to four-year tours. USPSCs are contractors hired for up to five years to carry out a scope of work specified by USAID. FSNs—professionals and other skilled employees recruited in their host countries by USAID—make up the core of the USAID workforce. (See also the "Workforce Structure" section, pp. 31–32.)

USAID ORGANIZATION CHART



Development, defense, and diplomacy are the three major components of the U.S. national security strategy. USAID, as the lead agency responsible for development planning and programming, thus plays a critical role in the foreign policy arena. In countries with a U.S. embassy, the USAID mission director reports directly to the ambassador, who serves as the chief of mission for all U.S. government agencies in a given country. As a key member of the country team, the USAID mission director is often called upon to stand in for the ambassador or the deputy chief of mission during their absences.

WORKFORCE STRUCTURE

USAID's workforce is made up of direct-hire and contract employees based in the United States and at field missions overseas. The main personnel categories are described below. Figures cited are from the monthly workforce report of September 30, 2004.

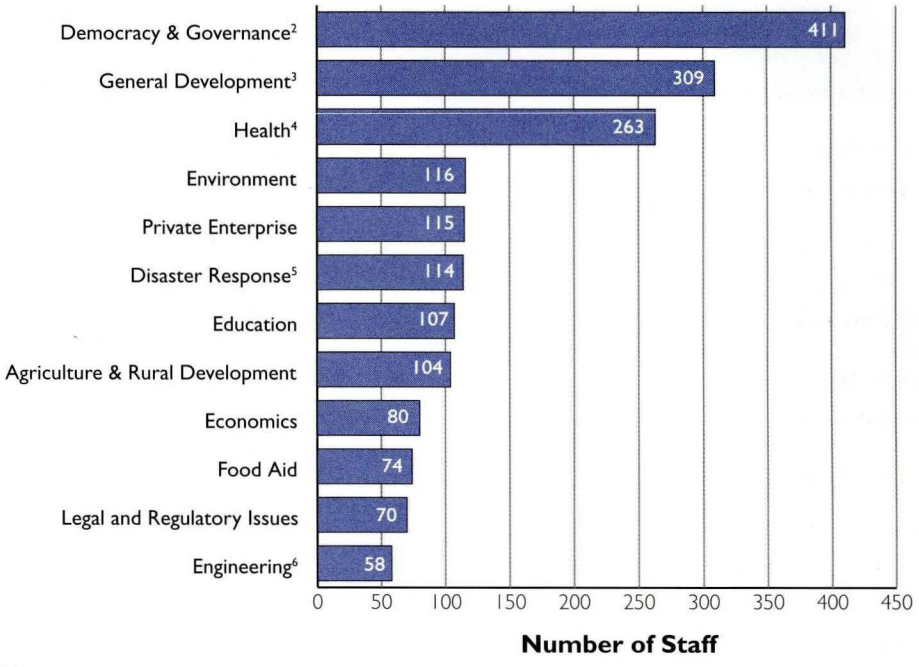
USAID direct-hire (USDH) employees: There are 2,227 USDH employees. Of these, 1,132 are U.S. Civil Service (USCS) employees, based in Washington and listed on the U.S. government's General Schedule (GS). The remaining 1,095 are foreign service officers (FSOs), who spend most of their careers overseas, serving two to four years at field missions and periodically returning to Washington.

Foreign service national (FSN) employees: FSNs, recruited in their host countries by USAID, are the core of the Agency's workforce. Many FSNs, recognized leaders and experts in their fields, devote their careers to USAID. FSNs are the bridge to effective contacts with key host-country decisionmakers, and they maintain the institutional memory and continuity of USAID's country programs. USAID employs 4,966 FSNs.

Personal services contractors (USPSCs): Although they have some characteristics of a USAID employee, USPSCs are hired to fulfill specific tasks or responsibilities for a time period stated in the contract. They are always U.S. citizens. USAID has 624 USPSCs, with 495 (80 percent) based overseas.

USAID STAFF BY TECHNICAL EXPERTISE[1]

September 30, 2004



Notes:

1. Includes FSOs, FSNs, U.S. civil service, and USPSCs with a contract of two or more years.
2. 301 (73 percent) of the democracy and governance officers are FSNs.
3. 263 (85 percent) of the general development officers (expertise or experience in two or more technical areas) are FSNs.
4. To augment its health sector expertise, USAID hires health officers through time-limited fellows and scholar programs.
5. Disaster response officers include disaster operations specialists, logistics specialists, field program managers, emergency Food for Peace officers, and democracy, conflict, and humanitarian assistance country program representatives.
6. 42 (72 percent) of the engineers are FSNs.

Participating Agency Service Agreement (PASA) employees: USAID obtains 164 employees from other federal agencies using the PASA mechanism. Of these, 85 percent are based in Washington.

Other categories of personnel: USAID employs a number of other mechanisms with universities, commercial firms, and nonprofit institutions to provide expertise or program support. These mechanisms provide 136 staff, of whom 74 percent are based in Washington.

Personnel Backstops and Career Tracks

USAID's 2,227 civil service and foreign service employees, working in Washington and overseas, provided support to 100 countries in 2004. Of the 1,095 FSOs, 672 (67 percent) are assigned to bilateral (single-country) or regional missions overseas. The numbers and categories of FSOs assigned to each mission reflects the mission's strategic priorities and funding levels.

USAID

Thirty-nine new foreign service officers are welcomed into USAID by Adminstrator Andrew S. Natsios in March 2004. Nine entered under the International Development Intern program, while the rest are midcareer New Entry Professionals.

FSOs are recruited for and assigned to occupational slots, or *backstops,* that reflect their training and technical expertise. Each of these backstops falls into one of three categories: management, program operations and support, or technical.

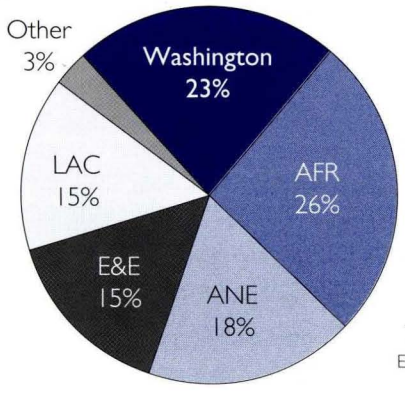
- Management backstops include mission director, deputy director, and program officer. These backstops lead strategic planning and program development across all sectors in which the mission works. They are responsible for developing and managing the country strategic plan and budget, coordinating program reporting, program-wide evaluation, donor coordination, and public outreach.
- Program operations and support backstops include executive officer, controller, legal advisor, contracting officer, and secretary. Support personnel provide Agency-specific guidance on financial, legal, contracting, and administrative management issues, and they support the day-to-day operations of missions and development assistance programs.
- The 12 technical backstops for which USAID recruits include areas such as democracy and governance, disaster response, health, private enterprise, agriculture, environment, and education (see chart on page 31). Technical officers develop, oversee, manage, and evaluate programs and activities within a sector or sectors. They advise the mission director and staff on all matters involving sector policy and program operations; work with host-country officials to identify aid priorities; collaborate on sector analyses and project designs; and direct or advise on the preparation of project documents.

USAID targets its hiring using an Agency-wide system that pinpoints current skill gaps and forecasts future needs. Most FSOs join the Agency through the entry-level International Development Intern training program or the mid-level New Entry Professional training program. In addition, each year several Presidential Management Fellows (PMFs) come to USAID for two-year appointments that can convert to career positions.

Participants in these programs combine extensive classroom training with practical experience in different USAID areas; PMFs may complete assignments with other agencies as well. Even after their initial preparation is complete, USAID staff are encouraged to take advantage of opportunities for technical, leadership, and language training throughout their careers.

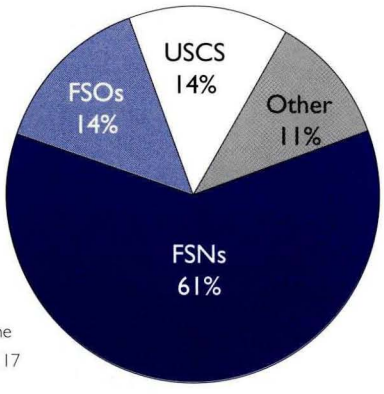
WORKFORCE LOCATION: FULL-TIME EMPLOYEES

September 30, 2004



WORKFORCE COMPOSITION: FULL-TIME EMPLOYEES

September 30, 2004



Total Full-Time Employees: 8,117

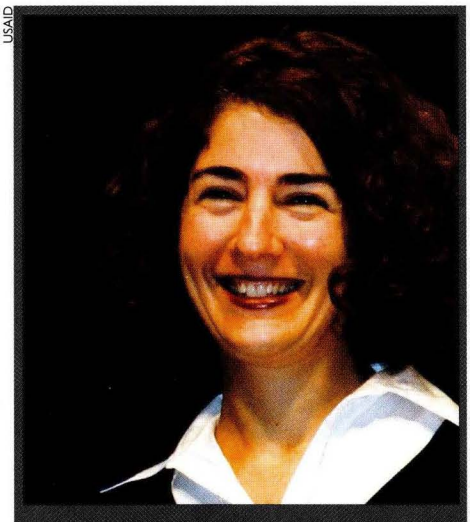
PROFILES OF USAID

Protecting Egypt's Red Sea

In late 2000, FSO Holly Ferrette, a natural resources officer assigned to USAID's field mission in Cairo, Egypt, took charge of the environmental challenge of protecting the Red Sea, a component of USAID/Egypt's five-year, $170 million Egyptian Environmental Policy Program. With no sound environmental policies in place, the high volume of tourists visiting the coastal areas along the Red Sea was causing serious damage to the coral reefs and other marine and wildlife populations.

By 2004, Ferrette and her team had persuaded the ministries of Environment and Tourism and the Red Sea Governorate to adopt sustainable environment policies and to declare a large portion of the southern Red Sea coast a national park and ecotourism development zone. The declaration recognized that economic development and protection of natural resources can coexist. Ferrette also secured the approval of the prime minister to impose fees for use of Red Sea marine resources. The revenue generated is used to supplement coastal conservation management.

USAID



Holly Ferrette

On the ground, projects carried out by Ms. Ferrette and her team included

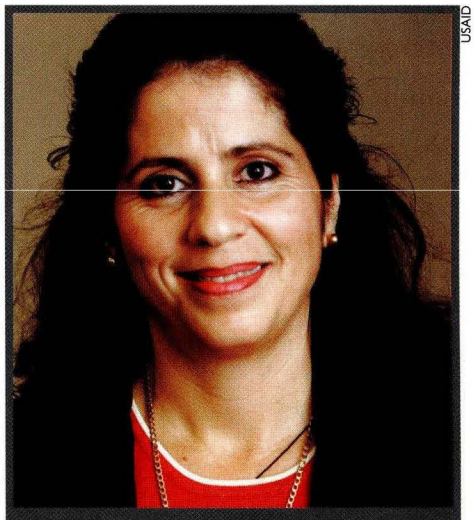
- assisting in developing management plans for vulnerable wildlife in the newly established Wadi el-Gemal National Park
- equipping park rangers to safely and effectively carry out their duties in this remote part of Egypt
- encouraging tourist facilities to adopt environmental management systems that both save money and protect the environment
- supporting campaigns to promote the protection and sustainable use of the coastal area

Assisting with Earthquake Recovery in El Salvador

After two devastating earthquakes in January and February 2001, FSN Rosa Maura Mayorga spent the next three and a half years managing USAID's $135 million reconstruction program, which helped rebuild rural housing, health clinics, schools, public markets, and other municipal buildings. Mayorga was the team leader for the Earthquake Recovery Program, working out of USAID's field mission in San Salvador, El Salvador.

Before reconstruction could commence, Mayorga and her team needed to consult closely with the Salvadorian government to legalize and secure land titles for thousands of displaced families. In El Salvador, as in many developing countries, rural communities use a variety of informal and unregistered titles, and many landowners lack adequate legal documentation.

USAID

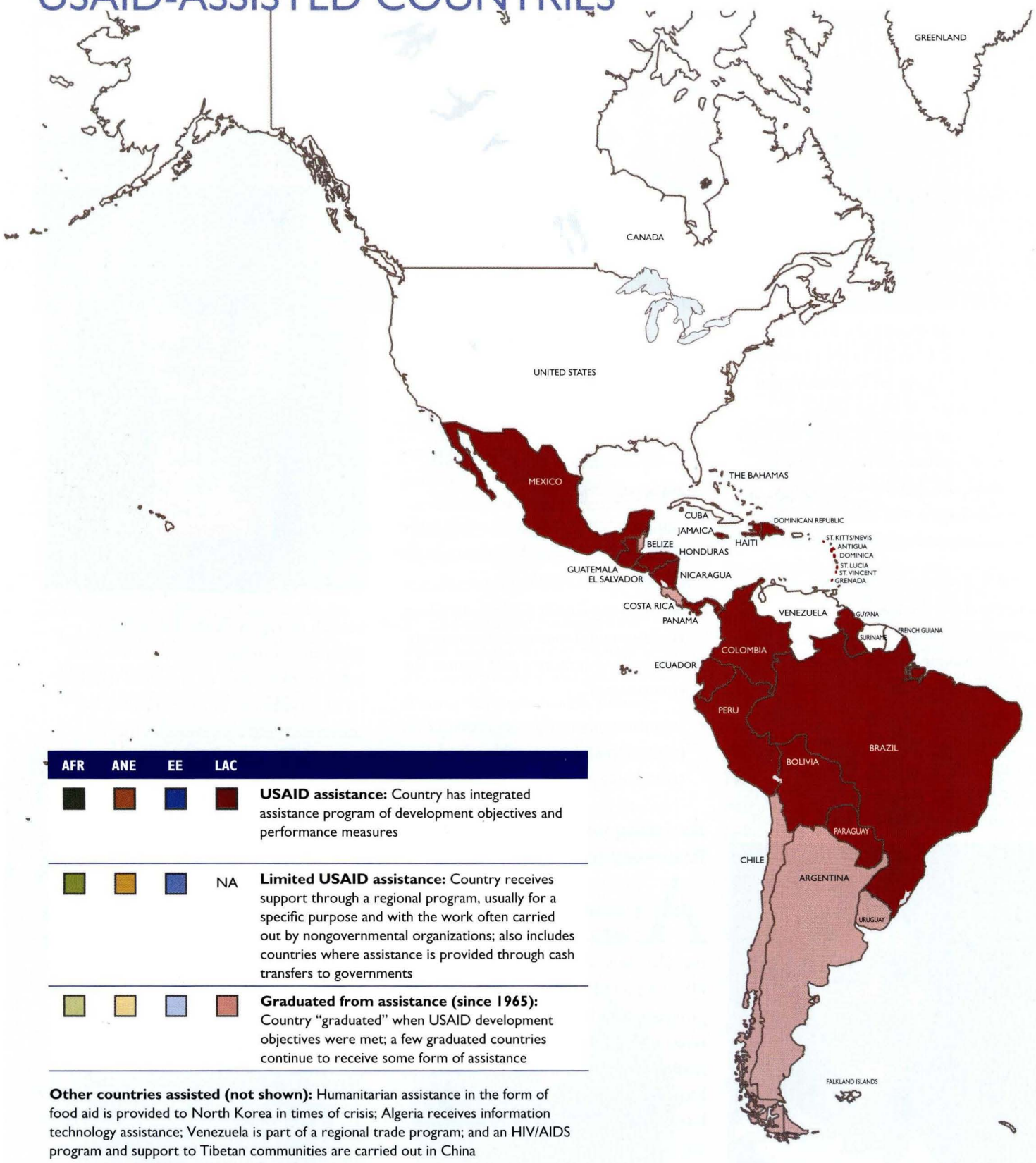


Rosa Maura Mayorga

The program, which ended in January 2005, has built nearly 27,000 new homes for people left homeless by the earthquakes. Mark Carrato, the desk officer who backstops USAID/El Salvador in Washington, credits Mayorga with providing many creative solutions to the array of challenges.

Mayorga has worked on disaster and emergency programs for USAID/El Salvador for 16 years, including a national reconstruction program following the country's civil war and the cleanup and rebuilding after 1998's Hurricane Mitch.

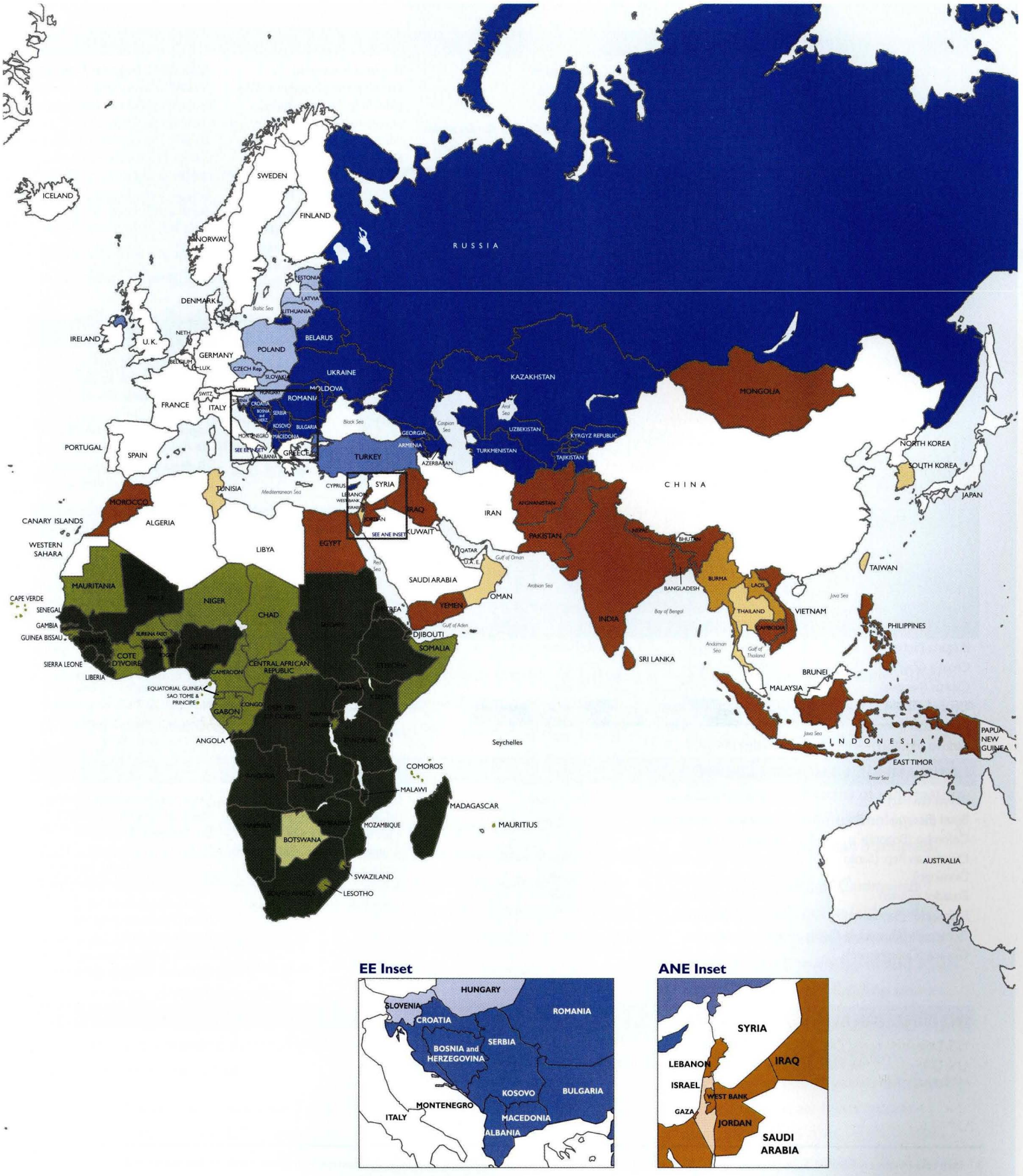
USAID-ASSISTED COUNTRIES



AFR	ANE	EE	LAC	
■	■	■	■	**USAID assistance:** Country has integrated assistance program of development objectives and performance measures
■	■	■	NA	**Limited USAID assistance:** Country receives support through a regional program, usually for a specific purpose and with the work often carried out by nongovernmental organizations; also includes countries where assistance is provided through cash transfers to governments
■	■	■	■	**Graduated from assistance (since 1965):** Country "graduated" when USAID development objectives were met; a few graduated countries continue to receive some form of assistance

Other countries assisted (not shown): Humanitarian assistance in the form of food aid is provided to North Korea in times of crisis; Algeria receives information technology assistance; Venezuela is part of a regional trade program; and an HIV/AIDS program and support to Tibetan communities are carried out in China

AFR Bureau for Africa
ANE Bureau for Asia and the Near East
EE Bureau for Europe and Eurasia
LAC Bureau for Latin America and the Caribbean



EE Inset

ANE Inset

USAID-ASSISTED COUNTRIES & REGIONAL PROGRAMS[3]

SUB-SAHARAN AFRICA

Angola (Luanda)
Benin (Cotonou)
Dem. Rep. of the Congo (Kinshasa)
Djibouti (Nairobi)
Eritrea (Asmara)
Ethiopia (Addis Ababa)
Ghana (Accra)
Guinea (Conakry)
Kenya (Nairobi)
Liberia (Monrovia)
Madagascar (Antananarivo)
Malawi (Lilongwe)
Mali (Bamako)
Mozambique (Maputo)
Namibia (Windhoek)
Nigeria (Abuja)
Rwanda (Kigali)
Senegal (Dakar)
Sierra Leone (Conakry)
South Africa (Pretoria)
Sudan (Nairobi)
Tanzania (Dar es Salaam)
Uganda (Kampala)
Zambia (Lusaka)
Zimbabwe (Harare)

Graduated
Botswana

Regional Center for Southern Africa (RCSA), Gaborone, Botswana. Serves Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe

Regional Economic Development Support Office (REDSO), Nairobi, Kenya. Serves Angola, Burundi, Central African Republic, Comoros, Dem. Rep. of the Congo, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Republic of the Congo, Rwanda, Seychelles, Somalia, South Africa, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe

West Africa Regional Program (WARP), Accra, Ghana. Serves Benin, Burkina Faso, Cameroon, Cape Verde, Chad, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, São Tomé and Príncipe, and Togo

ASIA AND NEAR EAST

Afghanistan (Kabul)
Bangladesh (Dhaka)
Cambodia (Phnom Penh)
East Timor (Dili)
Egypt (Cairo)
India (New Delhi)
Indonesia (Jakarta)
Iraq (Baghdad)
Jordan (Amman)
Lebanon (Beirut)
Mongolia (Ulaanbaatar)
Morocco (Rabat)
Nepal (Kathmandu)
Pakistan (Islamabad)
Philippines (Manila)
Sri Lanka (Colombo)
Vietnam (Hanoi)
West Bank-Gaza (Tel Aviv)
Yemen (Sanaa)

Graduated
Oman
South Korea
Thailand
Tunisia
Taiwan

Office of Middle East Programs, Cairo, Egypt. Serves Lebanon, Morocco, and Yemen

Regional Development Mission for Asia (RDMA), Bangkok, Thailand. Serves Burma, China, Laos, Thailand, and Vietnam.

EUROPE AND EURASIA

Albania (Tirana)
Armenia (Yerevan)
Azerbaijan (Tbilisi)
Belarus (Kiev)
Bosnia-Herzegovina (Sarajevo)
Bulgaria (Sofia)
Croatia (Zagreb)
Cyprus (Nicosia)
Georgia (Tbilisi)
Kazakhstan (Almaty)
Kosovo (Pristina)
The Kyrgyz Rep. (Almaty)
Macedonia (Skopje)
Moldova (Kiev)
Montenegro (Belgrade)
Romania (Bucharest)
Russia (Moscow)
Serbia (Belgrade)
Tajikistan (Almaty)
Turkmenistan (Almaty)
Uzbekistan (Almaty)
Ukraine (Kiev)

Graduated
Czech Republic
Estonia
Hungary
Latvia
Lithuania
Poland
Slovenia
Slovakia

Regional Program for the Central Asian Republics, Almaty, Kazakhstan. Serves Kazakhstan, The Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan

Regional Mission for the Caucasus, Tbilisi, Georgia. Serves Azerbaijan and Georgia

Regional Service Center (RSC), Budapest, Hungary. Serves Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Kosovo, Macedonia, Romania, and Serbia & Montenegro

Regional Mission to Belarus, Moldova, and Ukraine, Kiev, Ukraine. Serves Belarus, Moldova, and Ukraine

LATIN AMERICA AND CARIBBEAN

Bolivia (La Paz)
Brazil (Brasilia)
Colombia (Bogotá)
Dominican Rep. (Santo Domingo)
Ecuador (Quito)
El Salvador (San Salvador)
Guatemala (Guatemala City)
Guyana (Georgetown)
Haiti (Port-au-Prince)
Honduras (Tegucigalpa)
Jamaica (Kingston)
Mexico (Mexico City)
Nicaragua (Managua)
Panama (Panama City)
Paraguay (Asunción)
Peru (Lima)

Graduated
Argentina
Belize
Chile
Costa Rica
Uruguay

Caribbean Regional Program (J-CAR), Kingston, Jamaica, with branch office in Bridgetown, Barbados. Serves Antigua, Dominica, Grenada, St. Kitts-Nevis, St. Lucia, and St. Vincent and the Grenadines

Central America and Mexico Regional Program (E-CAM), San Salvador, El Salvador. Serves Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Panama

South American Regional Program (P-SAR), Lima, Peru. A trade program serving Bolivia, Colombia, Ecuador, Peru, and Venezuela

INTERNATIONAL ORGANIZATIONS

U.S. Delegation to the OECD (Paris)
U.S. Delegation to the Food and Agricultural Organization (FAO), Rome
U.S. Embassy to Japan (Tokyo), Counselor for Development Cooperation
U.S. Mission to the European Union (Brussels)
U.S. Mission to the United Nations (Geneva)

3 Each country name is followed, in parentheses, by the name of the city where the responsible USAID mission is located. Countries without their own mission are listed in italics.

PRESIDENTIAL INITIATIVES

Since taking office, President Bush has announced 20 international development initiatives that are implemented, in whole or in part, by USAID.

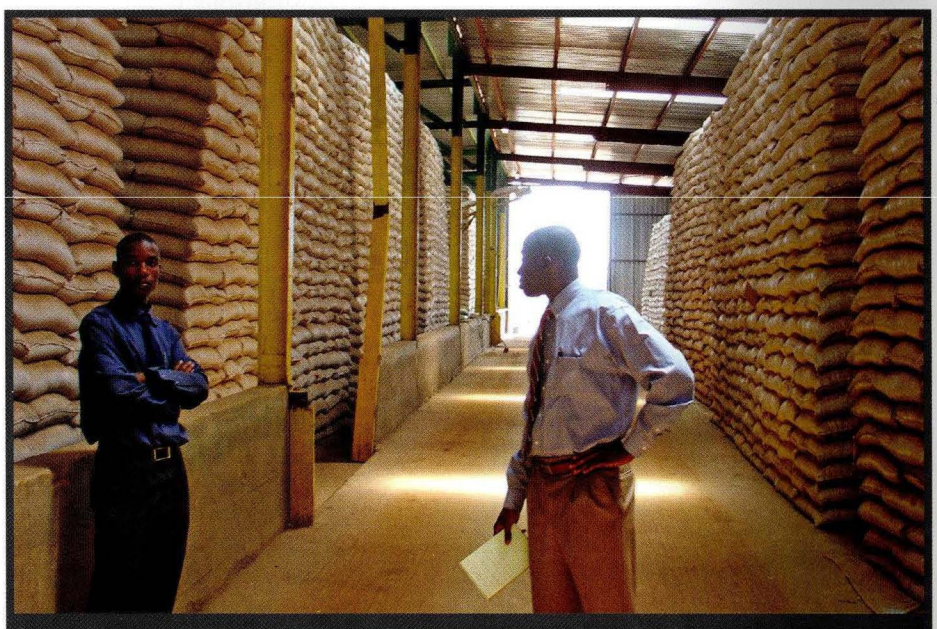
The *Afghanistan Road Initiative* is reconstructing Afghanistan's major highways and improving economic growth, security, and political integration along the corridor linking three of Afghanistan's largest cities—Kabul, Kandahar, and Herat.

The *Africa Education Initiative* increases access to quality basic educational opportunities in Africa through teacher training, textbooks, community support, and scholarships to girls.

The *African Global Competitiveness Initiative*, successor to the Trade for African Development and Enterprise (TRADE) initiative, strengthens the ability of African companies and businesses to expand regional and international trade, improves the legal, regulatory, and policy environment for business and trade, and helps countries mainstream trade into their development agendas.

The *Centers for Excellence in Teacher Training* work in Latin America and the Caribbean to improve reading instruction in grades 1–3. The initiative targets poorer countries and disadvantaged communities.

Under the *Central American Free Trade Agreement Initiative*, USAID partners with the Office of the U.S. Trade Representative to provide technical assistance and training to build the capacity of Central America's public and private sectors to encourage and expand trade.



Chris Ray, USAID

Clients of this grain warehouse in central Zambia can get loans using warehouse receipts as collateral under an innovative program made possible by USAID credit guarantees.

The *Clean Energy Initiative* works to increase access to efficient and affordable energy services in underserved areas and to promote cleaner practices and fuels for transportation, cooking, and heating.

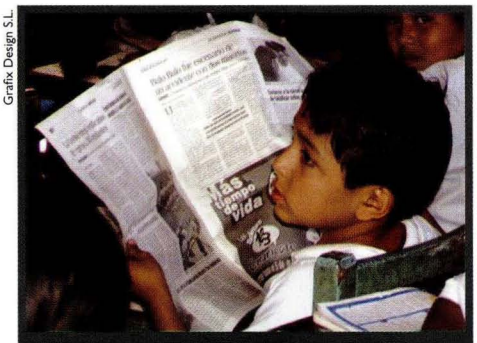
The *Climate Change Program* promotes climate-friendly economic development and improves the resilience of vulnerable populations and ecosystems.

The *Congo Basin Forest Partnership* combats deforestation and biodiversity loss in key areas of the Congo River Basin.

The *Digital Freedom Initiative* promotes economic growth by opening up the benefits of information and communication technology to entrepreneurs and small businesses.

The *Faith-Based and Community Initiatives* reach out to faith- and community-based organizations to increase their knowledge of and access to U.S. government funding sources.

The *Global Fund to Fight AIDS, Tuberculosis, and Malaria* is an international public-private partnership created to increase the resources available to fight three of the world's most devastating diseases. The United



Grafix Design S.L.

Centers for Excellence in Teacher Training in Latin America and the Caribbean are improving the quality of reading instruction in grades 1–3.

States is the Global Fund's largest single-country donor.

In keeping with the first Millennium Development Goal of the United Nations, the *Initiative to End Hunger in Africa* seeks to halve hunger in sub-Saharan Africa by 2015.

The *Middle East Partnership Initiative (MEPI)* works cooperatively with governments and people in the Middle East and North Africa to promote key economic, political, and educational reform issues and to reduce barriers to women's full participation in society.

The *Millennium Challenge Account (MCA)* provides development assistance to countries that rule justly, invest in their people, and encourage economic freedom. A special MCA threshold program assists a limited number of countries that have not met MCA eligibility criteria but are committed to reform and improving performance for future eligibility. MCA is administered by the Millennium Challenge Corporation, a new government organization that works to support innovative strategies and to ensure accountability for measurable results.

The *President's Emergency Plan for AIDS Relief (PEPFAR)*, a five-year, $15 billion, multifaceted approach to combating HIV/AIDS, is the largest commitment ever by a single nation to an international health initiative. The U.S. government is working with international, national, and local leaders worldwide to promote integrated prevention, treatment, and care programs, with an urgent focus on 15 countries that are among those most afflicted by the disease.

The *President's Initiative Against Illegal Logging*, coordinated by the Department of State, assists developing countries in their efforts to combat illegal logging—including the sale and export of illegally harvested timber—and corruption in the forest sector.

Announced on June 30, 2005, at the G-8 meetings in Scotland, the *President's Malaria Initiative (PMI)* seeks to reduce malaria deaths by 60 percent in targeted African countries by supporting proven malaria prevention and treatment interventions.

The *Trafficking in Persons Initiative* combats trafficking through prevention, protection, and prosecution. It also seeks to rehabilitate women and children who have been exploited.

Volunteers for Prosperity helps nonprofit organizations and business firms deploy highly skilled volunteers in official U.S. foreign assistance programs that advance health and prosperity. It also promotes expansion of volunteer efforts in related nongovernmental programs. USAID is the interagency coordinator for the initiative.

The *Water for the Poor Initiative* accelerates and expands international efforts to halve by 2015 the proportion of people around the world who lack access to affordable safe drinking water and basic sanitation.

Asmeret Tesfamariam, USAID/Eritrea

Under the Water for the Poor Initiative, USAID has funded projects that provide clean, safe water to Eritrean families.

GLOSSARY

alternative development
A type of integrated development used in counternarcotics programs. It encompasses cross-cutting activities (employment, infrastructure, governance, etc.) that benefit families and communities in drug production areas, helping to motivate farmers to stop producing drug crops.

authority
In USAID, the legal power to perform particular tasks or, in certain cases, to disregard particular prohibitions in carrying out a foreign assistance program.

Automated Directives System (ADS)
A continually updated reference consolidating all federal statutes and regulations relevant to USAID's work.

backstop
The skill category of a particular position in USAID (e.g., country director, contracts officer); also, the numeric code used to identify a skill category.

branding
Use of a combination of required design elements, in USAID's case including a logo, tagline, seal, specified colors, and photo and layout guidelines, to help make its publications and products easily recognizable to beneficiaries, partners, and the public.

budget support
The transfer of resources directly to a recipient country for its general development purposes. The resources, which are not tied to specific donor projects, support achievement of agreed-upon goals and objectives and are intended to activate and nurture host-government allocation, procurement, and accounting systems. ***General budget support*** is provided to a country's budget as a whole, while ***sector budget support*** is provided to the budget of a specific sector.

capacity building
A process whereby people, organizations, and society as a whole are enabled to strengthen, create, improve, adapt, or maintain their abilities to manage their affairs, through training, mentoring, networking, and improvements in equipment, infrastructure, programs, and organizational structure.

USAID

Civil society both supports and depends on the right to associate freely, debate public policy openly, and petition the government for change.

civil society
A collective term for nongovernmental, mostly nonprofit groups (civic, educational, trade, labor, charitable, media, religious, recreational, advocacy, etc.) that help their society at large function while working to advance their own or others' wellbeing.

cognizant technical officer (CTO)
The USAID official responsible for administering a contract and seeing that the contractor's performance meets the contract's technical requirements and quality standards.

complex emergency
A disaster, usually long-term, combining political, military, and humanitarian problems in a way that hinders relief efforts.

contract
A legal instrument for the purchase of services, equipment, or commodities according to a specified scope of work.

contracting officer (or agreement officer)
A USAID officer with delegated authority to enter into, administer, and terminate contracts (or agreements) and make related determinations and findings.

contractor
A nongovernment organization or person acting as an agent of USAID and carrying out a scope of work specified by USAID.

cooperative agreement
A legal instrument for awarding funds to a recipient—usually a nonprofit organization or an educational institution—to accomplish a specified public purpose in a situation where substantial involvement by USAID is anticipated.

Congressional Budget Justification (CBJ)
An annual document giving the context, objectives, approach, and anticipated spending for USAID's activities in the upcoming fiscal year; includes detailed descriptions of the planned programs.

credit guarantee
A financial tool used in developing countries to encourage private investment in projects and businesses that do not have access to credit. USAID covers up to 50 percent of principal on these investments in case of default.

development assistance
Programs, projects, and activities carried out by USAID that improve the lives of the citizens of developing countries while furthering U.S. foreign policy interests in expanding democracy and promoting free market economic growth.

direct-hire employee
A career employee of USAID, as opposed to a contractor.

earmark
A provision of law requiring USAID to spend minimum amounts from certain accounts for specific purposes or in specific countries.

enterprise funds
Independent organizations designed to encourage public–private sector investments and finance in countries transitioning from a centrally planned to a free market economy. Funds are governed by a private-sector board of directors, but with U.S. government oversight of their operations.

Federal Acquisition Regulation (FAR)
A continuously updated document codifying uniform policies for federal agencies acquiring supplies and services. Supplemented for USAID purposes by AIDAR, the USAID Acquisition Regulation.

field mission
USAID unit operating outside the United States; may work in a single country (bilateral mission) or in a number of countries in a geographic area (regional mission or regional hub). Regional missions help with USAID programs in countries within their area and may also conduct their own development projects.

fiscal year (FY)
The 12 months over which a budget is programmed; the U.S. government's begins October 1 of one calendar year and ends on September 30 of the next.

foreign service national (FSN)
A professional recruited to work with a USAID field mission; usually a FSN is from the host country.

fragile states
Countries, mostly low-income, where instability and weak governance undermine chances for long-term development. May be categorized as either in crisis or vulnerable.

governance
The process in which a political unit's citizens and decisionmakers interact to administer the unit, e.g., choose governments, express policy preferences, select policy, enact laws, and create governmental and nongovernmental institutions.

grant
A legal instrument for awarding funds to a recipient—usually a nonprofit organization or an educational institution—to accomplish a specified public purpose in a situation where substantial involvement by USAID is not anticipated.

indicator (performance indicator)
A particular characteristic or dimension used to track progress toward fulfillment of a strategic objective and to measure actual results compared with expected results.

infrastructure
The public systems, services, and facilities needed for a country's economic activity, such as water supply, roads, communications networks, and schools.

integrated development (integrated strategy)
A development approach that looks beyond individual projects to cross-cutting, broad, systemic activities that create or exploit synergies to achieve the goals of an operating unit's strategic plan.

leader with associate
A mechanism that allows a USAID mission to propose and manage a subsidiary (associate) agreement that piggybacks onto a larger (leader) contract or cooperative agreement.

nongovernmental organizations (NGOs)
Voluntary nonprofit organizations based in developing countries or regions.

notwithstanding authorities
Provisions allowing specific programs (e.g., disaster assistance, child survival, democratization, food aid) to be implemented without regard to ("notwithstanding") certain legal restrictions.

obligation
A binding agreement that budgeted funds may be spent.

private voluntary organizations (PVOs)
Nonprofit groups having chiefly charitable, scientific, educational, or service aims. Most of the PVOs USAID works with are U.S.-based, but some are international.

program component
A set of related activities conducted to make progress toward a particular USAID strategic objective. USAID employs 40 components in nine sectoral areas.

public international organizations
Organizations whose members are chiefly governments (including the United States), such as the UN and the World Bank.

Public Law 480 Title II (PL 480)
The name of the legal authority for U.S. international food aid, and by extension, the name of USAID's food aid program (for which funds are channeled through the Department of Agriculture).

public-private alliance
A partnership in which USAID joins with a private sector firm or firms to pursue a development goal; may also include nonprofits, educational institutions, other government agencies, etc.

scope of work
A statement that spells out the exact nature of a purchase of services or goods, specifies when and where it is to be delivered, and gives other particulars as needed (e.g., cost, special supplier qualifications).

sector
A broad area of social or economic activity, e.g., agriculture, education, health, or governance.

stakeholders
Interested parties to a development effort; examples include citizen beneficiaries, government actors, and local advocacy groups.

strategic objective (SO)
The most significant development result achievable within the time period of a unit's strategic plan. Strategic objectives set out the context of specific USAID activities, as well as the standards for their success.

strategic objective agreement (SOAg)
A formal agreement between USAID and a foreign government about undertaking specific development activities, detailing timeframe, results, results measures, resources, responsibilities, and estimated contributions of involved parties.

strategic plan
A document used to describe, give the rationale for, and obtain approval of one or more strategic objectives to be implemented by an operating unit.

technical assistance
The provision of know-how in the form of personnel, training, and research, along with support for associated costs, to augment the technical knowledge, skills, or productive capacity of the recipient country.

transition initiatives
A set of programs intended to facilitate stability, strengthen democracy, and revitalize basic infrastructure in nations affected by political, economic, or social upheaval.

transformational development
Development based on fundamental changes in institutions of governance, human capacity, and economic structure that enable a country to make and sustain further economic and social progress without depending upon foreign aid.

transnational
Cross-border, regional, multinational, or global; this term is applied to both problems and programs.

U.S. Agency for International Development

The U.S. Agency for International Development (USAID) is an independent federal agency that receives overall foreign policy guidance from the Secretary of State. For more than 40 years, USAID has been the principal U.S. agency to extend assistance to countries recovering from disaster, trying to escape poverty, and engaging in democratic reforms.

USAID supports long-term and equitable economic growth and advances U.S. foreign policy objectives by supporting

- economic growth, agriculture, and trade
- global health
- democracy and conflict prevention
- humanitarian assistance

The Agency's strength is its field offices located in four regions of the world:

- Sub-Saharan Africa
- Asia and the Near East
- Latin America and the Caribbean
- Europe and Eurasia

This paper is available from USAID's Development Experience Clearinghouse (DEC). To order or download, go to dec.usaid.gov and enter the document identification number in the search box (see back cover). The DEC may also be contacted at 8403 Colesville Rd., Ste. 210, Silver Spring, MD 20910; tel 301-562-0641; fax 301-588-7787; email docorder@dec.usaid.gov.

Editorial, design, and production assistance was provided by IBI–International Business Initiatives, Arlington, VA, under contract no. HFM-C-00-01-00143-00. For more information, contact IBI's Publications and Graphics Support Project at 703-525-2224 or pgsp@ibi-usa.com.

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