UNITED STATES DEPARTMENT OF STATE

USAID FROM THE AMERICAN PEOPLE

FISCAL YEAR 2011

JOINT SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

Partners in Diplomacy and Development

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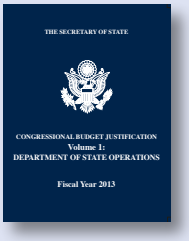
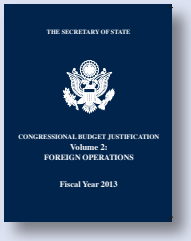
U.S. Secretary of State Hillary Rodham Clinton, right, and USAID Administrator Dr. Rajiv Shah, left, participate in the launch of a Global Partnership on Maternal and Child Health led by USAID, the Government of Norway, The Bill and Melinda Gates Foundation, Grand Challenges Canada, and the World Bank, Wednesday, March 9, 2011, in Washington. ©AP Image

ABOUT THIS REPORT





This report provides a summary of Department of State and U.S. Agency for International Development (USAID) performance and financial information for Fiscal Year (FY) 2011. The Joint Summary of Performance and Financial Information is one of three annual financial and performance reports that also include the Agency Financial Report and the Annual Performance Report. The Summary provides information on both agencies' performance in promoting greater accountability and accessibility to Congress, the American public, and other key constituencies. The Department and USAID continue to work toward planning, budgeting, and managing diplomacy and development activities to achieve greater integration and focus to further foreign policy goals and improve people's lives around the world.

ABOUT THE COVER

Clockwise from upper left: USAID funded program for distribution of non-emergency items in poor areas of Benghazi, Libya. *USAID*; A community midwife in Badakshan, Afghanistan uses a family planning flip chart during her counseling session at a basic health center. *USAID*; A new customer signs up for mobile banking at a supermarket in Port-au-Prince, Haiti, in March 2011. *USAID*; An Egyptian woman shows her ink-stained thumb after voting at a polling station in the Manial neighborhood of Cairo in November 2011. *©AFP Image / Mahmud Hams*; Secretary of State Hillary Rodham Clinton speaks about China, Friday, January 14, 2011, at the State Department in Washington. *©AP Image*; USAID Administrator Shah with villagers from Magdalena la Abundancia, Sacapulas, Quiche who are part of the Agriculture Chain Program in Guatemala in January 2011. *USAID*

OUR MISSION STATEMENT

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

OUR VALUES

LOYALTY
Commitment to the United States and the American people.

CHARACTER
Maintenance of high ethical standards and integrity.

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

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

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

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

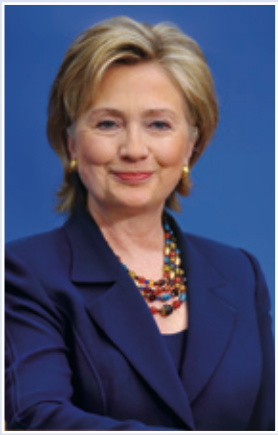
©AP Image

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

—President Obama, National Security Strategy, May 2010

Message from the Secretary of State

I am pleased to present the U.S. Department of State's Joint Summary of Performance and Financial Information for fiscal year 2011, created in partnership with the United States Agency for International Development (USAID).



This year has seen some dramatic changes around the world, but two constants remain as firm as ever: The remarkable men and women of the Department of State and USAID continue to work tirelessly to advance our nation's interests and values, and America's leadership remains both respected and required around the globe. When old adversaries need an honest broker or fundamental freedoms need a champion, the international community looks to America and its diplomats. When a famine threatens the lives of millions in East Africa or floods sweep across Pakistan, people look to America and its development experts. They see what we sometimes miss amid all the noise in Washington: America is and remains a beacon of freedom, a guarantor of global security, and a true opportunity society.

In the Middle East and North Africa, where citizens stood up and demanded their universal rights, our civilian team is reaching beyond the embassy walls through extensive use of social networking and new media tools to engage directly with the people of the region. In Tunisia, Egypt, and Libya, we are supporting civil society, women's rights organizations, independent journalists, and students as they move from protest to politics. We are helping transitional authorities build democratic institutions and prepare for elections and are working to address the range of challenges emerging as these transitions unfold. For the Arab political awakening to succeed, it also must be an economic awakening. So we are working with leaders in the public and private sectors to create new economic opportunities for men, women, and marginalized groups; foster entrepreneurship; and increase regional integration and trade.

In Iraq, we have transitioned to a civilian partnership and shifted our focus to governance and economic development. We have opened new consulates in Basrah, Erbil, and Kirkuk that, along with our embassy, will support Iraqis as they work to strengthen their democracy, combat terrorism, and rejoin the international community.

In Afghanistan, we are transitioning to a full Afghan security responsibility by the end of 2014. We are pursuing our "fight, talk, build" strategy that aims to defeat al-Qaida, increase military pressure on the Taliban and other insurgents, and support Afghan-led reconciliation with the inclusion of women and civil society that meets clearly defined objectives. We will also continue to promote economic and political stability through short-term development assistance and a long-term vision of regional economic integration and trade we call the New Silk Road.

As we have transitioned to a civilian-led mission in Iraq and as America draws down its forces in Afghanistan, the United States stands at a pivot point. In the last 10 years, we allocated immense resources to those two theaters. Over the next 10 years, we need to focus increasingly on areas of opportunity. That means being smart and systematic about where we invest time and energy, so that we put ourselves in the best position to sustain our leadership, secure our interests, and advance our values. One of the most important tasks of American statecraft in the next decade, therefore, will be to lock in a substantially increased investment – diplomatic, economic, strategic, and otherwise – in the Asia-Pacific region, which has become a key driver of global politics and economics.

In 2011, the United States continued to increase engagement with traditional allies in Asia, as well as with the region's emerging powers and multilateral organizations, including the Association of Southeast Asian Nations, the Asia-Pacific

Economic Cooperation forum, and the East Asia Summit. We are already seeing the results of this increased engagement – in FY 2011, U.S. exports to APEC members grew much faster than exports to the rest of the world.

While we seek to intensify engagement with partners in the Asia-Pacific region, we will continue to reap the extraordinary benefits of our already well-established links with European partners. In the past year we saw clear evidence of how close strategic coordination with Europe led to outcomes that far exceeded what we could have achieved unilaterally. The most dramatic examples were in the Middle East and North Africa, where collaboration with NATO and EU partners contributed to the end of the Qadhafi regime in Libya, helped to ratchet up pressure on the Iranian regime, confronted a dictator in Syria, and ensured effective donor coordination with respect to transition assistance for Egypt and Tunisia.

Also notable was our collaboration with the EU in response to the anti-democratic crackdown in Belarus. By synchronizing our statements of condemnation and imposition of sanctions against the Belarusian regime, we multiplied their impact. More broadly, we were able to leverage our partnership with Europe in ongoing diplomatic and development efforts to assist countries in the Western Balkans seeking further integration into Euro-Atlantic institutions, and to counter democratic back-sliding in Ukraine and other Eurasian countries.

Our partnerships in the Western Hemisphere seek to promote collective prosperity and expand opportunity, secure and cement democratic progress, advance citizen security, achieve a clean and secure energy future, and add partners to our efforts to solve global problems. Countries in the Americas are sharing their approaches for empowering small businesses and expanding the benefits of economic growth through our Pathways to Prosperity initiative. Through the Energy and Climate Partnership of the Americas, our hemispheric partners are taking leading roles in the effort to achieve a secure and clean energy future. We also continued to work with partners in the region – and internationally – to enhance the security of citizens and reduce illicit trafficking through our interlocking security initiatives in Central America, Colombia, the Caribbean, and Mexico, where our Merida partnership has re-shaped our bilateral security relationship.

With continued U.S. support and partnership, we can assist Africa as it moves along the path to a stronger future. Our partnership with Africa is based on our mutual desire to promote democracy, good governance, and respect for human rights; to achieve peace and security throughout the continent; to advance improved health outcomes; and to promote economic growth and prosperity for all. While Africa's future is up to Africans, the United States will continue to play a major role with its African partners in shaping that future.

Our most noteworthy diplomatic successes in FY 2011 have been the referendum in South Sudan and the return of democratically elected governments in Mauritania, Cote d'Ivoire, Guinea, and Niger. Strategic dialogues have strengthened our partnerships with South Africa and Nigeria and have put in place a framework to expand our engagement with Angola. We have supported the African Union force in Mogadishu, which has substantially expanded its area of control. We continued to support the Administration's key economic growth and health initiatives across the continent: Feed the Future, the Global Health Initiative, the Global Climate Change Initiative, and Partnership for Growth. The successful African Growth and Opportunity Act forums held in Kansas City and Lusaka rekindled interest in the program and generated new opportunities for trade.

In the Asia-Pacific, Europe, the Americas, Africa and beyond, we committed to elevate economic statecraft as a pillar of U.S. foreign policy and a key driver of recovery and renewal here at home. Our diplomats around the world are stepping up their advocacy for America's exporters and pushing back against the

obstacles faced by U.S. businesses overseas – from corruption to discriminatory regulations to the theft of intellectual property. We are working with partners throughout the Federal Government to attract new foreign investment into American communities that create jobs and opportunities. We were proud to help secure significant new trade agreements with South Korea, Colombia, and Panama. Our goal is to promote and protect an open, free, transparent, and fair economic system where all can participate; where ideas, products, and capital flow unimpeded; where regulations and rules are developed out in the open and equitably applied; and where all businesses are treated fairly. Since foreign tourist travel to the United States creates and sustains American jobs, we have worked diligently to expedite visa issuance, particularly in China, India, and Brazil.

Across all these areas of action around the world, a central theme is promoting rights and opportunities for women and girls. Increasing the participation of women in the global economy is one of the best ways to drive growth, which is why we are helping women to break down economic barriers and access markets through APEC and our Pathways to Prosperity partnerships. Integrating women and girls into the President's Global Health and Feed the Future initiatives improves health outcomes and increases agricultural output. Meaningfully including women in peace and security, such as reconciliation in Afghanistan, contributes to conflict resolution and to lasting stability. Empowering women to participate in politics – including in the transitions now under way in the Middle East and North Africa – also leads to more sustainable and successful democracies.

The Department contributed significantly to U.S. efforts to bolster the global nuclear nonproliferation regimes, stem the proliferation of weapons of mass destruction, and further our arms control and disarmament priorities. The entry into force of the New START Treaty in 2011 renewed a process of mutual nuclear arms reductions and inspections with Russia that contributes to strategic stability and creates the conditions for further progress toward President Obama's goal of a world without nuclear weapons. Since Iran has not been willing to engage meaningfully with the United States and others to dispel concerns about its nuclear program, we intensified unilateral and multilateral sanctions. Likewise, we strengthened efforts to limit illicit procurement activities by Iran and North Korea, notably by supporting numerous interdictions of shipments to and from these countries.

The Department ensured a successful Review Conference of the Biological Weapons Convention, which set out a program of work for the next five years that will focus, among other things, on international cooperation in combating and responding to outbreaks of infectious disease. The Department secured entry-into-force of the U.S.-Russian Plutonium Management and Disposition Agreement that will lead to the elimination of enough plutonium to make 17,000 nuclear weapons. The United States, along with the rest of the international community, is placing increased emphasis on nuclear security and safety in the wake of the Fukushima nuclear accident. We succeeded in extending for 10 years the mandate of the UN Committee that oversees implementation of UN Security Council Resolution 1540, which requires that all member states have proliferation controls. In 2012, the United States will seek to lay the ground work for future arms control, nonproliferation, and disarmament efforts. The U.S. presidency of the G-8 will be one important venue for advancing these priorities.

This year, our diplomats and development experts also worked hard to uphold and advance universal human rights around the world, including the rights of individuals to express their views freely, whether in a traditional public square or in today's online marketplace of ideas. As we defend free expression online, we are also using new tools and technologies to support democratic values and activists. We launched HumanRights.gov, the official U.S. Government website for international human rights information. We established Twitter feeds in

Arabic and Farsi, adding to the ones we already have in French and Spanish. We have similar ones in Chinese, Russian, and Hindi. The Department also led the U.S. Government, together with 12 other democratic nations, to launch "Lifeline: The Embattled NGO Assistance Fund," which supports civil society and NGOs under pressure.

A final hallmark of our work this year has been a commitment to modernizing the way we do business at the Department of State. We have been implementing the first-ever Quadrennial Diplomacy and Development Review to improve the efficiency, effectiveness, and overall accountability of our efforts around the world. The Department of State and USAID are embarking on a new multi-year strategic planning process that will strengthen and sharpen U.S. engagement around the world.

We have made changes to upgrade our information technology, enhance our performance and budget practices, strengthen program evaluation as a management tool, and reform our contracting and procurement policies. These and other changes will enable us to advance better the interests of the American people abroad. I am pleased to certify that the performance and financial data in this report are complete and reliable.

Looking ahead, we face a complex and changing world, full of daunting challenges, but also significant opportunities. American leadership will be essential in the years ahead, even as we sometimes lead in new ways. Securing and sustaining that leadership is the organizing principle behind everything we do at the Department of State and USAID. I am proud to serve alongside the thousands of dedicated men and women who work toward that goal every day, at home and in our more than 270 posts worldwide.

Hillary Rodham Clinton

Hillary Rodham Clinton
Secretary of State
February 16, 2012

Message from the USAID Administrator

Every day, across the world, the U.S. Agency for International Development (USAID) represents the very best of America: the generosity, goodwill, and ingenuity that unite us as a people. But our work also derives benefits for the American people: it keeps our country safe and strengthens our economy.

Today, with the strong backing of President Obama and Secretary Clinton, the Agency is building on its legacy as one of the world's premier development agencies and making new progress toward its ultimate goal: creating the conditions where U.S. assistance is no longer needed. To realize this vision, we began to institute a series of ambitious reforms called USAID *Forward* to ensure our Agency becomes more efficient, effective, and business-like than ever before.

Among these reforms, we aim to triple the amount of funding that goes to local systems by 2015, substantively increasing our leverage with partner countries in a way that allows us to scale our efforts back over time. And to ensure our assistance is generating real results, we aim to complete 250 high quality evaluations by 2013 in line with our new evaluation policy.

Over the past year, we have pursued rigorous, thoughtful and results-oriented approaches to address and solve development challenges around the world on an effective and meaningful scale.

Across North Africa and the Middle East, the Arab Spring has fundamentally changed the calculus about what is possible in development. In Tunisia, we are working closely with local organizations—particularly in marginalized regions—to expand opportunity and democratic space. In the interior of the country, we brought over 60 organizations together to form a regional civil society network, the very first of its kind.

In the Horn of Africa, we are responding to devastating drought and famine with live-saving assistance for millions of people, including therapeutic feeding, vaccinations and sanitation services. But we are also investing in long-term solutions to famine and malnutrition through Feed the Future, President Obama's global food security initiative, to help countries develop their own resilient agriculture sectors.

In global health, we are making strategic investments toward the goal of reducing child mortality, eliminating child death from malaria and helping realize the world's first AIDS-free generation. By scaling up access to life-saving interventions and funding new research into new biomedical tools, we can make an unprecedented impact in global health.

Over the past year, as we marked the second anniversary of the devastating Haiti earthquake, we have worked closely with the Haitian government to accelerate economic progress and improve lives. For instance, we have helped launch a mobile bank revolution, enabling nearly 800,000 Haitians to send safe transactions over their mobile phones.

We are making similar investments in Afghanistan, where we're working with the government to help them pay police officers and teachers through mobile phones—an approach that has helped cut graft by as much as 30 percent.

I am pleased to certify that the performance and financial data in this report are complete and reliable. A more expansive discussion of the FY2011 performance and data sources is available in the FY 2011 Foreign Assistance Performance Report published in the FY 2013 Foreign Operations Congressional Budget Justification.

I am proud of the results USAID has delivered in the last year for both the developing world and the American people. Even as USAID marks 50 years of progress, we step forward with renewed dedication and a greater focus on partnerships, innovation, and—above all—meaningful results.

USAID 50 ANNIVERSARY

Rajiv Shah
USAID Administrator
February 16, 2012

Our Organizations

USAID

In 1961, the United States Congress passed the Foreign Assistance Act to administer long-range economic and humanitarian assistance to developing countries. Two months after passage of the act, President John F. Kennedy established the U.S. Agency for International Development (USAID). USAID unified pre-existing U.S. Government assistance programs and served as the U.S. Government's lead international development and humanitarian assistance agency, a role that it continues today as it celebrates its 50th anniversary.

USAID is an independent Federal agency that receives overall foreign policy guidance from the Secretary of State. The Agency provides economic, development and humanitarian assistance around the world in support of the foreign policy goals of the United States. USAID is headed by an Administrator and Deputy Administrator, both appointed by the President and confirmed by the Senate. In Washington, USAID's geographic, functional and central bureaus are responsible for coordinating the Agency's activities and supporting implementation of programs overseas. With an official presence in 87 countries and programs in several other, the Agency accelerates human progress in developing countries by reducing poverty, advancing democracy, empowering women, building market economies, promoting security, responding to crises, and improving the quality of life through investments in health and education.

The Agency has embarked on a comprehensive set of reforms, known as USAID *Forward*, which will transform the Agency into a modern development enterprise. USAID also carried out the Development Leadership Initiative to strengthen the Agency's overseas workforce in key technical areas. In 2011, the Agency's mission was supported by 2,270 Foreign Service Officers, 1,620 Civil Service Officers, 4,500 Foreign Service Nationals, and about 1,000 other non-direct-hire employees. Of these employees, 2,776 are based in Washington and 6,696 are deployed overseas.

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

DEPARTMENT OF STATE

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

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

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

The Department operates more than 270 Embassies, consulates, and other posts worldwide staffed by Locally Employed (LE) Staff and more than 13,500 American Foreign Service personnel and 43,000 locally employed staff. In each Embassy, the Chief of Mission (usually an Ambassador) is responsible for executing U.S. foreign policy goals and for coordinating and managing all U.S. Government functions in the host country. The President appoints each Ambassador, with the advice and consent of the Senate. Chiefs of Mission report directly to the President through the Secretary. U.S. Missions are the primary U.S. Government points of contact for Americans overseas and foreign nationals of host countries. Missions serve the needs of Americans traveling, working, and studying abroad, and support Presidential and congressional delegations visiting the country. In addition to Foreign Service personnel, a Civil Service corps of over 10,500 employees provides a base of continuity and expertise in performing all aspects of the Department's mission. The Department's mission is accomplished through six regional

bureaus, each of which is responsible for a specific geographic region of the world, the Bureau of International Organization Affairs, and numerous functional and management bureaus. These bureaus provide policy guidance, program management, administrative support, and in-depth expertise in diverse matters such as law enforcement, economics, the environment, intelligence, arms control, human rights, counternarcotics, counterterrorism, public diplomacy, humanitarian assistance, security, nonproliferation, and consular services.

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

U.S. Secretary of State Hillary Rodham Clinton, left, listens to Myanmar's pro-democracy leader Aung San Suu Kyi after their meeting in Yangon, Myanmar, Friday, December 2, 2011. ©AP Image

Department of State-USAID Joint Strategic Goal Framework

Strategic planning and performance management are guided in the Department and at USAID by the Quadrennial Diplomacy and Development Review (QDDR) and the recently enacted Government Performance and Results Act Modernization Act of 2010 (GPRAMA).

The QDDR is a comprehensive assessment of the capabilities needed to strengthen and elevate diplomacy and development as key pillars of the U.S. national security strategy, alongside defense. The QDDR sets institutional priorities and provides strategic guidance as a framework for the most efficient allocation of resources. It provides the blueprint for elevating American "civilian power" to better advance U.S. national interests and to better partner with the U.S. military. The QDDR serves as the new State-USAID Joint Strategic Plan (JSP) for FY 2011-2016. Seven new joint State-USAID strategic goals have been developed that address key U.S. foreign policy and national security priorities. A crosswalk from the Department of the previous goals to the new State-USAID Joint Strategic Goals is shown to the right. Plan for FY 2007-2012 is shown, along with a crosswalk to the new strategic goal framework. The Strategic Goals and Results section for this year's report is organized under the old strategic goal framework.

"Old to New" Department of State-USAID Joint Strategic Goal Framework

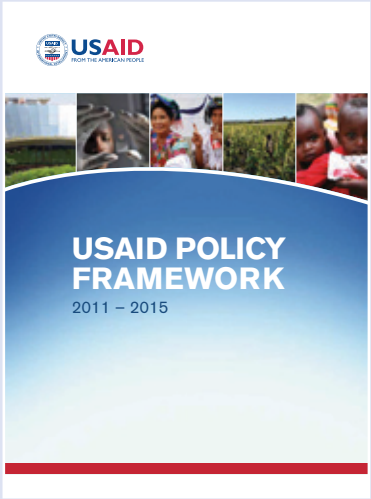
SG1: Achieving Peace and Security	**SG1:** Counter threats to the United States and the international order, and advance civilian security around the world.
	SG2: Effectively manage transitions in the frontline states.
SG2: Governing Justly and Democratically **SG3:** Investing in People **SG4:** Promoting Economic Growth and Prosperity	**SG3:** Expand and sustain the ranks of prosperous, stable and democratic states by promoting effective, accountable, democratic governance; respect for human rights, sustainable, broad-based economic growth, and well-being.
SG5: Providing Humanitarian Assistance	**SG4:** Provide humanitarian assistance and support disaster mitigation.
	SG5: Support American prosperity through economic diplomacy.
SG6: Promoting International Understanding	**SG6:** Advance U.S. interests and universal values through public diplomacy and programs that connect the United States and Americans to the world.
SG7: Strengthening Consular and Management Capabilities	**SG7:** Build a 21st Century workforce; and achieve U.S. Government operational and consular efficiency and effectiveness, transparency and accountability; and a secure U.S. Government presence internationally.

The USAID Policy Framework 2011-2015

The USAID Policy Framework 2011-2015, released in September 2011, provides staff and partners worldwide with a clear sense of USAID's core development priorities, translates the President's Policy Directive on Global Development and the Quadrennial Diplomacy and Development Review (QDDR) into more detailed operational principles, explains how we will apply these principles across our entire portfolio, and lays out our agenda for institutional reform, USAID *Forward*. The USAID Policy Framework will be updated as necessary and revisited in 2015.

As described in the Policy Framework, the Agency will focus on pursuing seven core development objectives in the four years ahead. The Framework lays out expectations for development impacts across the following key objectives:

- **Increase food security:** Rekindling the power of transformational agriculture
- **Promote global health and strong health systems:** From treating diseases to treating people
- **Reduce climate change impacts and promote low emissions growth:** Building resilience on multiple fronts
- **Promote sustainable, broad-based economic growth:** Enabling the private sector to drive growth
- **Expand and sustain the ranks of stable, prosperous, and democratic states:** Supporting the next generation of democratic transitions
- **Provide humanitarian assistance and support disaster mitigation:** Building resilience and preparedness
- **Prevent and respond to crises, conflict, and instability:** Applying development approaches in fragile and conflict-affected states



"Because development assistance is so crucial to U.S. national interests, we need to deliver it more effectively than ever before, achieving greater impact in a more sustainable manner, and at a lower cost.… In addition, we must rely not only on traditional assistance approaches, but also strive to be an innovative and influential policy voice shaping the international development dialogue and maximizing effective partnerships with a wide range of actors with common development goals."

— USAID Policy Framework 2011-2015, p. i

In addition, the USAID Policy Framework lays out operational principles to help us focus relentlessly on achieving and measuring results to maximize the impact of every dollar we spend. While these principles are not new, under the Policy Framework they are applied more systematically and with greater discipline and analytical rigor across our entire portfolio, including in our budget guidance and requests, Country Development Cooperation Strategies, project design, and foundational training for our staff. These operational principles include:

- Promote gender equality and female empowerment
- Apply science, technology, and innovation strategically
- Apply selectivity and focus
- Measure and evaluate impact
- Build in sustainability from the start
- Apply integrated approaches to development
- Leverage "solution-holders" and partner strategically

As we pursue our seven core development objectives and apply these operational principles, we are also transforming our Agency into an organization that lives up to President Obama's commitment to build USAID into the world's premier development agency. This agenda for institutional renewal, known as USAID *Forward*, was an early outcome of the QDDR and is already into the implementation process. For additional information on USAID *Forward*, see the QDDR sidebar on page 24 or visit *http://forward.usaid.gov*.

The USAID Policy Framework is available online at *http://www.usaid.gov/policy/policyframework_sep11.html*.

Management Highlights

Attaining the conditions abroad that ensure American security and prosperity at home demands responsible management of U.S. diplomacy and development efforts. This section presents selected accomplishments and key management challenges of the Department of State and USAID for FY 2011. The achievements highlighted here reflect significant efforts to improve the way both agencies administer resources, deliver services, and manage for results. Challenges identified by the Inspector General of each agency and the U.S. Government Accountability Office (GAO) denote management and performance issues that the Department and USAID take seriously and are actively committed to resolving. In the years ahead, the Department and USAID will continue to strengthen their accountability and capacity to deliver results consistent with the recommendations of the Quadrennial Diplomacy and Development Review.

Management Accomplishments – State

Performance Management Training: The Department of State continues to innovate to improve employee performance management training throughout the Department. With "Foreign Service Performance Management and Evaluation" going live online, the Department has now completed the third and final distance learning course designed to assist supervisory personnel at missions and bureaus to make more effective use of human resource performance management best practices. The other two courses, "Civil Service Performance Management and Evaluation" and "Locally Employed Staff Performance Management and Evaluation," debuted in July 2011 and October 2011, respectively. All three courses guide supervisors through human resource regulations and procedures as they pertain to completing performance appraisals and managing performance throughout the rating period. Good communication among supervisors and employees is the foundation of improved performance.

Greening Diplomacy Initiative: The Department of State, through the Greening Diplomacy Initiative (GDI), continues to take critical steps to advance more environmentally friendly and sustainable operations. Among these in FY 2011 were the completion of the Department's domestic Green House Gas Inventory and the signing of an Energy Savings Agreement, which will enable the Department to reduce its greenhouse gas emissions domestically through new renewable wind and solar energy sources by 30-35 percent (as compared to FY 2008) by December 2012, surpassing the previously stated goal of 20 percent by 2020. The Department continues to pursue reductions to resource demands through the latest advances in energy and resource efficient design. Results of this focus are evidenced by the numerous third-party recognitions for Department facilities' performance. In FY 2011, U.S. Embassy Ulaanbaatar was selected as the first recipient of the GDI award from among 130 offices and posts submitting greening success stories, evidence of the widespread commitment to GDI. The new U.S. Embassy in Ouagadougou, Burkina Faso was awarded the Silver level of Leadership in Energy and Environmental Design (LEED®) Certification. This is the fifth LEED-certified U.S. diplomatic mission, joining five domestic LEED buildings and forty more in the pipeline for certification. A 100 kW peak photovoltaic array began generating clean, renewable electricity for the U.S. Embassy in Athens. The Department also was recognized with the 2011 GreenGov Presidential Award for *Building the Future* for incorporating sustainable practices and principles into all aspects of operations of Building 84, the only LEED Platinum certified building in the Department's worldwide facilities portfolio, at the Department's Charleston, South Carolina Regional Center. In addition, six domestic facilities received *Green Building Initiative* certification for sustainable operations. Among the Department's other green accomplishments during FY 2011 are the identification of products that meet Greenguard certified standards for the Overseas Office Furniture Program; attainment of the petroleum reduction goal; continuation of green awareness campaigns and events; and promulgation of electronic fora for the exchange of best green practices among the worldwide

diplomatic community. The Department has shifted to a predominantly networked-based printing environment to reduce energy, equipment, supply and service costs, as well as to allow for new, more energy efficient print devices that use fewer toxic chemicals. Through this policy, the Department can reduce both its print-related power consumption and paper costs. The Department completed the deployment of the Nightwatchman application worldwide to over 87,000 computers, which automatically shuts down computers in the evening and powers them up for updates and prior to opening of business. The Department remains dedicated to greening its vehicle fleet through acquisition of alternative fuel vehicles, including hybrid electric vehicles. The Department conducted its first Greening Action Inventory survey – over 200 posts and 20 bureaus around the world reported their greening activities. The Survey is a first step to provide missions and bureaus feedback on their environmental and sustainability performance. These and other greening initiatives set the Department well on its way to meeting the goals of Executive Order 13514 and the Secretary's GDI vision.

Management Accomplishments – USAID

In fulfilling President Obama's commitment, as stated in the President's Policy Directive on Global Development (PPD-6), to build USAID into "the world's premier development agency," USAID implemented ambitious reforms called USAID *Forward*. Through foundational changes in several key areas, these reforms aim to ensure that the Agency becomes a model for delivering efficient and effective development assistance. Below are specific areas of reform and some accomplishments to date. For more information on USAID *Forward*, please visit *http://forward.usaid.gov*.

Evidence Based Policy: For USAID to become the world's premier development agency, it must be able to make strategic policy choices that are informed by cutting-edge evidence and analysis. In 2010, the Agency created the Bureau for Policy, Planning, and Learning to shape overall strategic and program planning to ensure the Agency's evolution as a learning organization. The Agency introduced a new evaluation policy that has been called "a model for other Federal agencies" by the American Evaluation Association. Evaluation results will be released within three months of their completion, whether they tell a story of success or failure.

Strategic Budgeting: The new Office of Budget and Resources Management is tasked with ensuring that budgets are aligned with agency priorities and linked to program outcomes. The office is also tasked with ensuring that funds are expended efficiently. In an era of constrained foreign affairs budgets, the need is especially great to invest based on sound analysis and evaluation of what works.

Locally Led Development: USAID is creating new funding mechanisms to allow it to work directly with local partners, substantially increase in-country capacity, and empower the local private sector and civil society to create meaningful development solutions. In the 2011 Development Assistance Committee Peer Review, the Organization for Economic Co-Operation and Development recognized these efforts, calling the Agency a leader when it comes to private sector engagement.

Science and Technology: To transform development through science, technology, and innovation, USAID launched the Grand Challenges for Development, a series of grant competitions designed to focus the development community on key barriers to progress. We recently announced award nominations for our first Grand Challenge—Saving Lives at Birth—and plan to soon unveil Grand Challenges in agriculture, energy, and education. In addition, USAID established a partnership with the National Science Foundation to link their research fellows with USAID-funded scientists in the developing world.

Each of these reforms is designed to change the way the Agency does business—with new partnerships, a greater emphasis on innovation, and a relentless focus on real results. Collectively, these reforms will help ensure USAID is investing every development dollar in the most effective, efficient, and transparent way possible.

State-USAID FY 2012-FY 2013 Agency Priority Goals

Under the leadership of Secretary Clinton, the Department of State and USAID have developed a new strategic approach to accomplishing their shared mission, focusing on robust diplomacy and development as central components to solving global problems. Per the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, State and USAID submitted in February 2012 for OMB consideration eight outcome-focused Agency Priority Goals (APGs) that reflect the Secretary's and USAID Administrator's highest priorities. These near-term goals advance the Joint Strategic Goals, reflect USAID and State strategic and budget priorities, and will continue to be of particular focus for the two agencies through FY 2013.

The APGs are the next iteration of the Federal High Priority Performance Goals (HPPGs), for which State and USAID also identified eight joint FY 2010-FY 2011 goals. Results revealing the progress made toward achieving the HPPG's are noted in the Performance Highlights section and on *http://goals.performance.gov/agency/dosusaid*. The APGs shown below are listed against the new joint State-USAID Strategic Goal Framework. Currently, there are no APGs reflected for Strategic Goals 1, 4, and 6.

AT-A-GLANCE: AGENCY PRIORITY GOALS, FY 2012-FY 2013[1]	
AGENCY PRIORITY GOAL (APG)	**GOAL AND INDICATORS**
Strategic Goal 2: Effectively manage transitions in the frontline states.	
Afghanistan	**Goal:** With mutual accountability, assistance from the United States and the international community will continue to help improve the Government of the Islamic Republic of Afghanistan's (GIRoA) capacity to meet its goals and maintain stability. Bonn Conference commitments call on GIRoA to transition to a sustainable economy, namely improve revenue collection, increase the pace of economic reform, and instill a greater sense of accountability and transparency in all government operations. Strengthen Afghanistan's ability to maintain stability and development gains through transition. By September 30, 2013, U.S. Government assistance delivered will help the Afghan Government increase domestic revenue level from sources such as customs and electrical tariffs from 10 percent to 12 percent of GDP.
Strategic Goal 3: Expand and sustain the ranks of prosperous, stable and democratic states by promoting effective, accountable, democratic governance; respect for human rights; sustainable, broad-based economic growth; and well-being.	
Democracy, Good Governance, and Human Rights	**Goal:** Advance progress toward sustained and consolidated democratic transitions in Egypt, Jordan, Lebanon, Morocco, Tunisia, Libya, Bahrain, Yemen, Iran, Syria, and West Bank/Gaza. By September 30, 2013, support continued progress toward or lay the foundations for transitions to accountable electoral democracies in 11 countries in the Middle East and North Africa (MENA) that respect civil and political liberties and human rights.
Climate Change	**Goal:** Advance low emissions climate resilient development. Lay the groundwork for climate-resilient development, increased private sector investment in a low carbon economy, and meaningful reductions in national emissions trajectories through 2020 and the longer term. By the end of 2013, U.S. assistance to support the development and implementation of Low Emission Development Strategies (LEDS) will reach 20 countries (from a baseline of 0 in 2010). This assistance will be strategically targeted and will result in strengthened capacity for and measureable progress on developing and implementing LEDS by the end of the following year.
Food Security	**Goal:** Increase food security in Feed the Future (FTF) initiative countries in order to reduce prevalence of poverty and malnutrition. By the end of the FY 2013, agricultural profitability will improve, on average, by 15 percent among FTF beneficiary farmers, and one million children under age 2 will experience improved nutrition due to increased access to and utilization of nutritious foods (prevalence of receiving a minimum acceptable diet).[2]

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AT-A-GLANCE: AGENCY PRIORITY GOALS, FY 2012-FY 2013[1] *(continued)*	
AGENCY PRIORITY GOAL (APG)	**GOAL AND INDICATORS**
Global Health	By September 30, 2013, the Global Health Initiative will support the creation of an AIDS-free generation, save the lives of mothers and children, and protect communities from infectious diseases by: a) decreasing incident HIV infections in the President's Emergency Plan for AIDS Relief (PEPFAR)-supported Sub-Saharan African countries by more than 20 percent[3]; b) reducing the all-cause mortality rate for children under five by 4.8 deaths/1,000 live births in USAID priority countries[4]; c) increasing the percent of births attended by a skilled doctor, nurse, or midwife by 2.1 percent in USAID priority countries; and d) increasing the number of people no longer at risk for lymphatic filariasis (in the target population) from 7.7 million to 63.7 million in USAID-assisted countries[5].
Strategic Goal 5: Support American prosperity through economic diplomacy.	
Economic Statecraft	**Goal:** Through our more than 200 diplomatic missions overseas, the Department of State will promote U.S. exports in order to help create opportunities for U.S. businesses. By September 30, 2013, our diplomatic missions overseas will increase the number of market-oriented economic and commercial policy activities and accomplishments by 15 percent.
Strategic Goal 7: Build a 21st Century workforce; and achieve U.S. Government operational and consular efficiency and effectiveness, transparency and accountability; and a secure U.S. Government presence internationally.	
Management	**Goal:** Strengthen diplomacy and development by leading through civilian power. By September 30, 2013, the State Department and USAID will reduce vacancies in high priority positions overseas to 0 percent and 10 percent respectively and will reduce instances of employees not meeting language standards to 24 percent and 10 percent respectively.
Procurement Management/ Local Development Partners	**Goal:** Strengthen local civil society and private sector capacity to improve aid effectiveness and sustainability, by working closely with our implementing partners on capacity building and local grant and contract allocations. By September 30, 2013, USAID will expand local development partners from 746 to 1,200.

[1] *As of February 2, 2012.*

[2] *Feed the Future focus countries are: Bangladesh, Cambodia, Ethiopia, Ghana, Guatemala, Haiti, Honduras, Kenya, Liberia, Malawi, Mali, Mozambique, Nepal, Nicaragua, Rwanda, Senegal, Tajikistan, Tanzania, Uganda, and Zambia.*

[3] *PEPFAR-supported countries in Sub-Saharan African are: Angola, Botswana, Burundi, Cameroon, Cote d'Ivoire, Democratic Republic of Congo, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.*

[4] *USAID priority countries for Maternal and Child Health (MCH) programs are: Afghanistan, Bangladesh, Benin, Cambodia, the Democratic Republic of the Congo, Ethiopia, Ghana, Guatemala, Haiti, India UP, Indonesia, Kenya, Liberia, Madagascar, Malawi, Mali, Mozambique, Nepal, Nigeria, Pakistan, Philippines, Rwanda, Senegal, Tanzania, Uganda, Yemen, and Zambia. Although Southern Sudan is an MCH priority country, there is no data for Southern Sudan.*

[5] *Countries receiving USAID assistance for Neglected Tropical Diseases (NTDs) include: Burkina Faso, Ghana, Mali, Niger, Uganda, Sierra Leone, Haiti, Nepal, Cameroon, Togo, Tanzania, Indonesia, Guinea, Bangladesh, Philippines, Vietnam and South Sudan.*

Management Challenges – State

In FY 2011, the Department of State's Office of Inspector General (OIG) identified challenges in the areas of contracting and procurement, coordinating and overseeing foreign assistance, diplomacy with fewer resources, effective leadership, financial management, information security and information management, military to civilian-led presence transitions, protection of people and facilities, protecting American citizens and American borders, and public diplomacy. The Department promptly takes corrective actions in response to OIG findings and recommendations. Highlights are summarized below. See the FY 2011 Department of State Agency Financial Report at *http://www.state.gov/documents/organization/177397.pdf* (pg.139-146) for the OIG's full statement.

FY 2011 STATE MANAGEMENT CHALLENGES	
CONTRACTING AND PROCUREMENT	
Challenge	**Staffing.** As the Department's primary acquisition organization, the Bureau of Administration's Office of Acquisitions (AQM) has experienced an increase in the number of procurement transactions processed and an increase in the dollar value of procurement actions issued without a corresponding increase in contracting personnel to handle the workload.
Actions Taken	AQM hired over 59 employees and 44 contract staff since 2008 in contract officer/procurement-related positions.
Actions Remaining	AQM will continue to assess its workforce. Through internal funding mechanisms (a 1 percent fee charged on all contracting services) and direct-hire authority through 9/30/2012, AQM will continue to adjust staffing to meet the Department's procurement needs.
Challenge	**Administration and Oversight.** The Department's administration and oversight of some contracts is inadequate, especially for accountability in Afghanistan, Iraq, and Tajikistan. Additionally, the Department must ensure contractors are properly chosen and work is properly conducted and monitored to help contain costs.
Actions Taken	The Department revised Contracting Officer Representative (COR) training to include more skills based, real world examples. Certification of CORs ensures that only trained personnel are assigned COR duties. Contract administration resources must now be planned for at the time of requisitioning on major services programs (over $25 million per year). Personnel fulfilling COR roles must be evaluated on COR duties by management and the contracting officer. Exceptional CORs are rewarded with an annual award for excellence. Procurement data quality has been significantly improved.
Actions Remaining	The Department will continue to focus on balancing its workforce and rebuilding core capabilities. Contracting Officer Representative training will be augmented with annual COR workshops to bring the community together. Past performance information must be improved and used to manage contractor performance. Past performance reporting will be centralized in the Office of Acquisition Management for more effective management.
Challenge	**Monitoring of Grants.** The Department needs to improve monitoring of grantee performance in the area of refugee and humanitarian programs and democracy building activities.
Actions Taken	The Department implemented a Grants Management Review process to assess bureau and post grant management operations. Grantee site visits have been increased with Department oversight organizations partnering with bureau grants officers on grantee reviews. Program evaluation guidelines have been issued by the Office of U.S. Foreign Assistance Resources (F) to assess program effectiveness.
Actions Remaining	The Department will continue to improve grants management training by developing online training options to assist grants operations overseas.
COORDINATING AND OVERSEEING FOREIGN ASSISTANCE	
Challenge	**Integrated Budget Planning.** In preparation for collaborating on the development of the FY 2014 Foreign Assistance budget, agreed upon roles and responsibilities for the Department and USAID should be developed and disseminated to avoid redundant or conflicting requirements for agency bureaus.
Actions Taken	The Department and USAID have engaged to determine the FY 2014 budget process and the respective roles of each agency and their offices, including a multi-year budgeting initiative as part of the Quadrennial Diplomacy and Development Review (QDDR) implementation and an initiative to streamline and integrate the FY 2014 budget planning process. An after-action review of the FY 2013 budget process was also conducted to inform and improve the FY 2014 process.
Actions Remaining	The FY 2014 budget process for Foreign Assistance programs will begin in the first quarter of FY 2012. It is expected that initiatives undertaken will have a substantial impact on rationalizing and streamlining the preparation of the budget, will result in detailed definitions of respective agency and office roles, and will inform the FY 2014 budget formulation process.

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FY 2011 STATE MANAGEMENT CHALLENGES *(continued)*	
DIPLOMACY WITH FEWER RESOURCES	
Challenge	**Consolidating State-USAID Management Platforms.** The goal of fully consolidating State-USAID management platforms remains an unaccomplished goal, despite some progress toward consolidation.
Actions Taken	A new Joint Management Board (JMB) was established to facilitate the consolidation of management support services between State and USAID and to address specific issues. As successor to the previous steering group, the Joint Management Council, the JMB is intended to be more streamlined and provide a strong single voice to both headquarters and field.
Actions Remaining	The consolidation of management support services has been successful at posts where State and USAID are located in the same building or Embassy compound and where they are not collocated. The JMB will re-evaluate unresolved unconsolidated services across all posts and formally or informally contact posts to move forward with full consolidation by an agreed-upon deadline of September 30, 2012.
Challenge	**Rightsizing.** The Department is working closely through the Office of Rightsizing and regional bureaus to ensure that staffing at overseas missions and domestic bureaus is appropriate, given the high cost of maintaining U.S. staff overseas.
Actions Taken	The Department takes seriously the mandate to rightsize the U.S. Government presence overseas. Even as the Department expands to meet global challenges, the Department and USAID reprogram positions, adding and decreasing staff to meet changing needs.
Actions Remaining	Chiefs of Missions, who have clear authority via National Security Decision Directive 38 (NSDD-38) to control staffing levels at posts overseas, will continue to consult with the Department's regional bureaus and the agencies comprising their missions in making decisions about staffing levels.
Challenge	**Regionalization of Administrative Services.** The Department should expand regionalization of administrative services to achieve economies of scale in administrative support and reduce the average operating costs for posts.
Actions Taken	There are regional hubs in Charleston, South Carolina; Ft. Lauderdale, Florida; Frankfurt, Germany; Bangkok, Thailand; Cairo, Egypt; and Manila, Philippines. Regional support centers provide training and employee development, such as a LE supervisory course that includes cultural components.
Actions Remaining	Geography and transportation links have made the establishment of a single regional support platform in the East Asia Pacific region impractical. However, the Department continues to capitalize on opportunities to consolidate administrative support services to better serve medium and small-sized posts.
EFFECTIVE LEADERSHIP	
Challenge	**Effective Leadership.** The Department needs to ensure leaders and managers have the right mix of skills to meet the needs of Department missions.
Actions Taken	The Department developed and implemented new training for first-time supervisors, and regional mentors for some of these supervisors have been deployed. Mandatory leadership training is more effectively tracked and enforced with a compliance reporting tool. The Foreign Affairs Manual has been revised to clarify the responsibility of regional assistant secretaries for the performance of chiefs of mission (COM). Identified qualities for success of COMs, Deputy Chiefs of Mission (DCMs) and Principal Officers (who lead consulates) have been incorporated into the selection process during the most recent cycle. State has also developed and implemented new training for Deputy Assistant Secretaries.
Actions Remaining	The Department will continue to monitor and enforce mandatory leadership training and continue to hold nominating bureaus and officials to the highest leadership standards and records of success for nominees for COMs, DCMs, and Principal Officers.
FINANCIAL MANAGEMENT	
Challenge	**Financial Reporting.** The Department needs to continue to improve internal controls over financial management and reporting.
Actions Taken	The Department improved its control over reporting the liability for International Organizations and estimates of the accounts payable accruals. As a result, the auditor agrees both areas are no longer significant deficiencies.
Actions Remaining	The Department will work to strengthen the internal controls over financial reporting, including the reporting for after-employment benefits for locally employed staff overseas.

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FY 2011 STATE MANAGEMENT CHALLENGES *(continued)*	
INFORMATION SECURITY AND INFORMATION MANAGEMENT	
Challenge	**FISMA.** The Department needs to put in place an action plan to improve implementation of the Federal Information Security Management Act (FISMA) of 2002 and OMB requirements.
Actions Taken	On an ongoing basis, the Department strives towards an effective and cost efficient risk management-based information security program and appropriately re-evaluates all findings and adjusts priorities to remediate those findings.
Actions Remaining	The Department continues to observe and implement the guidance of the National Institute for Standards and Technology (NIST) and has begun the process of developing a formal strategy and framework that will be implemented to address the deficiencies noted by the OIG. With specific reference to Plan of Actions and Milestones (POA&Ms), the Department's Chief Information Security Officer will document how State's POA&M process accounts for weaknesses identified by all sources (scans, assessments, and OIG findings) and will show that corrective actions are addressed in accordance with the Department's Cyber Security Architecture, applicable NIST guidance, and OMB requirements.
Challenge	**Application of SDLC.** The Department needs to ensure consistent application of standard systems development life cycle (SDLC) management.
Actions Taken	Through the Project One Voice (POV) initiative, the Department is developing an overarching governance to ensure the consistent application of the standard system development. In addition, the POV is updating the Department's current SDLC framework (i.e., Managing State Projects) to ensure it is aligned with leading IT project management standards.
Actions Remaining	A formal strategy and framework will be developed and implemented to ensure the methodology is continually supported across the Department.
TRANSITIONS FROM A MILITARY TO CIVILIAN-LED PRESENCE	
MILITARY TO CIVILIAN-LED PRESENCE: AFGHANISTAN	
Challenge	**Assumption of DoD Security Duties.** In the coming years as the U.S. military withdraws from Afghanistan, the Department faces the challenge of increased costs associated with State assumption of Department of Defense (DoD) security duties.
Actions Taken	Future State operations at Embassy Kabul will have a much smaller footprint than present DoD supported configurations. The Department is establishing only essential diplomatic operations and facilities in Afghanistan to minimize costs. The Department has done extensive planning, and will collocate with other agencies and leverage existing contractual services.
Actions Remaining	Costs associated with security of U.S. diplomats have been included in the Department's FY 2013-2015 transition budget estimates. Resources will be applied pending approval of budget requests.
Challenge	**New Consulates & Support Services for Civilian Presence.** The Department faces increased costs as well with the opening of two new consulates in Afghanistan, and the need for additional housing and office space for the increased civilian presence.
Actions Taken	State bureaus and missions are coordinating on requirements to support two new consulates in Mazar-e Sharif and Herat; estimated operations costs have been built into the Department's budget requests. To address the need for housing and office space, the Department has acquired additional adjacent sites and several residential properties near the Kabul compound and leased facilities in Herat and Mazar-e Sharif to house new consulates.
Actions Remaining	As specific requirements continue to evolve in these two areas, the Department will coordinate with appropriate offices to assess and evaluate options to meet operational and facilities requirements.
Challenge	**Standardize Pay.** With the transition to a civilian presence in Afghanistan, the Department and partner agencies need to address the proposal to standardize pay and benefits for civilian uplift personnel from all agencies involved.
Actions Taken	A Zone of Armed Conflict (ZOAC) proposal is being considered by Congress in the FY 2013 National Defense Authorization Act. If passed, it would require all agencies operating in Afghanistan to standardize pay and incentive policies. The proposal would not increase the costs of supporting State employees in Afghanistan but could raise costs of other U.S. agencies that receive State funds transfers.
Actions Remaining	Implementation of the ZOAC provisions, if passed by Congress.

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FY 2011 STATE MANAGEMENT CHALLENGES *(continued)*	
MILITARY TO CIVILIAN-LED PRESENCE: IRAQ	
Challenge	**Security and Budget.** In preparation for the end of the U.S. military presence, the Department needs to expand its security responsibilities. It also needs to pay close attention to the cost projections for its future civilian presence.
Actions Taken	The Department requested $1.9 billion to provide for security and is considering with the DoD options and potential funding sources for a large U.S. Office of Security Cooperation. The Department also requested $4.7 billion in the FY 2010 supplemental and FY 2011 budget.
Actions Remaining	The Department will absorb many of the support roles and activities currently undertaken by the military. The Department is coordinating closely with DoD to transfer the security and support tasks that must continue as the military prepares to leave Iraq.
PROTECTION OF PEOPLE AND FACILITIES	
Challenge	**Protection in Areas of Armed Conflict.** Protecting people, facilities, and information continues to be one of the Department's highest priorities. Of greatest concern are areas in armed conflict and areas rated critical in terrorist threat. These include long-standing hot spots such as Afghanistan, Iraq, and Pakistan, but also new areas of concern, including Mexico and Yemen. The Diplomatic Security Training Center provides priority in classes to Department personnel assigned to those locations, and personnel may not depart for those assignments until they have completed mandatory high-threat personal protection courses.
Actions Taken	In FY 2011, over 2300 government officials deploying to Afghanistan, Iraq, Pakistan (AIP), Republic of South Sudan, Sudan, Yemen, and Mexico, among others, attended the five-day Foreign Affairs Counter Threat (FACT) course with the AIP posts representing about 80 percent of that number.
Actions Remaining	In FY 2012, the DS Training Center plans to conduct 96 FACT courses for a projected 2592 students. However, we cannot sufficiently meet the additional training recommendations outlined in the Secretary's QDDR. Therefore, DS is aggressively pursuing on-line alternatives, e.g., distance learning of FACT lessons minus the hard skills (i.e., weapons familiarization and driver's training) to increase training capabilities.
Challenge	Increased staffing in Embassies Baghdad and Kabul, coupled with the transition to a post-combat, Department-led U.S. Government presence, has led the Bureau of Diplomatic Security (DS) to deploy various high-tech countermeasures. Recently adopted countermeasures include use of the counter rocket, artillery and mortar (C-RAM) system to provide advance warning of incoming munitions. Managing security programs in areas of armed conflict and critical threat posts, which are substantially different from traditional overseas security programs, is an ongoing Department challenge.
Actions Taken	Diplomatic Security Countermeasures (DS/C) has been very successful in managing security programs in areas of armed conflict and at critical threat posts. DS/C is also expanding the Sense and Warn System in Iraq and Afghanistan, and using new technologies such as Mobile Video, Electronic Countermeasures, Tactical Radios, Personnel Tracker and Locater, and forward-looking infrared imaging cameras.
Actions Remaining	DS will continue to use countermeasures as long as the Department operates in Iraq and Afghanistan, to ensure that U.S. Government personnel receive optimal protection, until the host country nations can provide sufficient security. If new consulates open in Afghanistan, DS will deploy countermeasures to them.
Challenge	The increasing number of non-Department personnel assigned to sensitive positions overseas has resulted in an expansion of secure office space at U.S. overseas missions. Worldwide, controlled access areas (CAA) and core areas are being added and expanded. Department security requirements specify the construction and operation of such areas, and require that they be inspected by DS technicians on varying schedules to ensure that national security information is not being compromised. According to DS, there is a backlog of such DS inspections due to a shortage of technicians to conduct them. The challenge to the Department is balancing the need for new CAA space and core areas at U.S. overseas missions against its ability to protect the sensitive information contained in these areas.
Actions Taken	For any new CAA space including cores areas, DS will do an accreditation of the space. DS acknowledges a backlog of Technical Security Countermeasures (TSCM) inspections; however, DS tries to perform an annual Technical Security Assessment inspection at each post to ensure there are no major vulnerabilities. DS has completed 12 TSCM inspections this fiscal year. DS's methodology for conducting inspections is to prioritize such inspections according to the threat ratings at post.
Actions Remaining	DS has additional TSCM inspections planned this fiscal year to meet the requirements in 12 FAH-6 H-600. DS is, however, challenged to complete all inspections in an optimal timeframe. To increase its efficiency, DS is working to share inspection responsibility with its regional Engineering Service Centers (ESCs) to conduct these inspections. This also reduces travel costs and time and should have a definite impact on reducing any inspection deficit.

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FY 2011 STATE MANAGEMENT CHALLENGES *(continued)*	
PROTECTING AMERICAN CITIZENS AND AMERICAN BORDERS	
Challenge	**Using New Technologies.** The Department needs to follow industry-wide standards for developing new technologies that support the management of increasingly complex operations, such as the provision and adjudication of travel documents.
Actions Taken	In FY 2011, the Department initiated its Integrated Service Lifecycle Framework to apply best-practice methods and standard across the areas of Change Management, Contract Management, Project Management, and New Systems Development.
Actions Remaining	Through FY 2012, the Department will continue its alignment to Federal mandates and implementation of related initiatives, such as compliance with TechStat requirements and development of Cross-Divisional Integrated Program Teams.
PUBLIC DIPLOMACY	
Challenge	**Strategic Framework for Public Diplomacy.** With tighter budgets, the Department needs to think more strategically about how best to use resources to engage, inform and influence foreign publics in support of U.S. strategic objectives.
Actions Taken	The Strategic Framework for Public Diplomacy, now an integral component of the QDDR, provides the foundation for strategic policy and resource management (both human and monetary), which continues to be a primary focus. During FY 2011, significant shifts of base resources have occurred to ensure that public diplomacy resources are directly tied to the most important foreign policy priorities.
Actions Remaining	The Public Diplomacy Training Division will continue to emphasize and expand strategic planning courses, including the recent launch of an online course which will allow a baseline level of knowledge across the public diplomacy spectrum.
Challenge	**Security Issues.** Security considerations have increasingly restricted public access to U.S. embassies and consulates. Finding the right balance between legitimate security concerns and the need to proactively engage foreign publics is a challenge in the execution of effective public diplomacy.
Actions Taken	The Department created a specific office under the Bureau of International Information Programs to oversee planning, standards, management and evaluation of American spaces. Clear standards have been developed, which will ensure that the appropriate public diplomacy platform is used to each environment and that sustainability, as well as evaluation metrics, are an integral component. In addition, a pilot program that will allow a public diplomacy section to "go on the road" with their outreach, is being deployed to the field.
Actions Remaining	The Department continues to explore innovative ways to ensure public diplomacy is engaging critical audiences where they are, rather than relying on the audience to seek out U.S. personnel.
Challenge	**Use of Social Media.** Posts are making very effective use of social media at posts, including Twitter and Facebook. Given the level of effort needed to maintain these outreach platforms, especially those intended to be interactive, posts must balance the demands of the official mission Web site and its social media sites and determine how best to reach the audiences important to them.
Actions Taken	Following a thorough assessment on the level of use of social media and the amount of staff resources engaged in the effort, a plan for targeted training and implementation is being developed to assist posts, in particular high priority posts, to better incorporate social media engagement as a cross-cutting function across the public diplomacy section.
Actions Remaining	The Department's Bureau of International Information Programs will continue to roll out an on-the-ground approach for critical posts in the effort to strengthen performance of public diplomacy initiatives.

Management Challenges – USAID

Every year, USAID's Office of Inspector General (OIG) identifies management challenges that affect the ability of the Agency to deliver foreign assistance. The FY 2011 challenges relate to working in critical priority countries, managing for results, acquisition and assistance, and IT management. The Agency takes immediate remedial actions in response to OIG recommendations, which are summarized below. See the FY 2011 USAID Agency Financial Report at *http://www.usaid.gov/performance/afr/afr11.pdf* (p. 131) for the OIG's memorandum on this subject, and the full Agency response.

FY 2011 USAID MANAGEMENT CHALLENGES	
WORKING IN CRITICAL PRIORITY COUNTRIES AND DISASTER AREAS	
Challenge	**Program Implementation.** USAID continues to face enormous challenges in implementing its programs and activities in Afghanistan, Pakistan, Iraq, Sudan, and Haiti. Security concerns, weaknesses in governance, and corruption are persistent problems. Moreover, as USAID provides more of its assistance directly to host-country institutions to help build capacity at the national, provincial, and local levels, questions concerning accountability for those funds may arise.
Actions Taken	USAID has taken a number of concrete actions to address this challenge including: a) approved a new policy on September 7, 2011 to address violent extremism and insurgency through development efforts; b) improved its monitoring and evaluation (M&E) capability through two new evaluation training courses, created a planning and learning services center to provide on-call support to USAID staff, and developed related guidance documents on M&E; c) augmented its civilian response capability to staff priority counties and disaster areas; d) expanded its suite of training for operating in complex environments; and e) established Partner Security Liaison Offices in High Threat Environments (HTEs) to support the mission and the implementing partners' security.
Actions Remaining	Responsibility for specific operations and management strategies action plan were finalized on December 31, 2011. This included proposals for revised policies, protocols, and frameworks to address deficiencies in the implementation and monitoring of USAID programs in HTEs.
MANAGING FOR RESULTS	
Challenge	**Assistance Planning.** Of the 80 performance audits OIG conducted in FY 2011, 25 disclosed problems with assistance planning: (1) program performance indicators and targets were not established, updated, or were not very closely related to USAID activities; (2) performance targets were inconsistent in performance management plans, contracts and grants, and annual work plans or were not appropriate; and (3) performance indicators were not adequately defined, or data collection procedures were not uniform amount partners. These deficiencies make it difficult for program implementers—USAID, partner-governments, contractors, and grantees—to track progress toward and achieve program objectives and results.
Actions Taken	In June 2010, the Administrator established a Bureau for Policy Planning and Learning (PPL), which is leading USAID's efforts to enhance strategic and program planning and implementation as well as monitoring and evaluation processes. In January 2011, PPL began to implement its new Evaluation Policy and in September 2011, it launched new guidance on developing Country Development Cooperation Strategies (CDCS). This guidance includes requirements for indicator selection to ensure that indicators are directly related to strategic objectives. Nine missions in three regions (Africa, Europe and Eurasia, and Asia) are now implementing an approved CDCS, including country-level performance measures.
Actions Remaining	Following issuance of the CDCS guidance, PPL is developing new project design guidance which emphasizes the importance of establishing performance indicator targets that directly relate to USAID activities. New USAID Program Cycle Guidance including policy, strategy, project design and implementation, monitoring and evaluation and performance management phases is being drafted. Each phase in the program cycle requires that USAID staff and program implementers consistently track progress toward achievement of strategy and program goals and expected results in partnership with relevant stakeholders. Additional training is planned in Washington and regional hubs in FY 2011 to continue staff skill building in planning, performance management and target setting. Nine additional countries have a CDCS under review and a total of 76 countries and regions are on schedule to have completed CDCS by the end of FY 2013. Training will be emphasized for new Foreign Service officers under the Development Leadership Initiative.
Challenge	**Performance Management.** For programs audited in FY 2011, a significant portion of program performance targets were not met, or performance lagged behind targets in key areas. OIG reported this finding in 17 performance audit reports. Also, 35 performance reports documented instances of inadequate contract or program management.
Actions Taken	The Agency continued efforts to build its capacity in planning and performance management by delivering 10 Managing for Results (MfR) workshops in FY 2011. Over 462 people have been trained to date and have improved their MfR skills and indicator selection. Out of the 462 people trained, more than two-thirds work in Missions currently preparing a Country Development Cooperation Strategy. The remaining participants are members of the Development Leadership Initiative. Four lessons of the MfR workshop focus specifically on indicator selection, data quality, setting baselines, targets and program development with hands-on exercises that allow participants to apply what they learn to real life development assistance scenarios. As of FY 2011, the MfR workshop has become an institutionalized part of the Agency's capacity building efforts to support ongoing improvement in the areas of planning and performance management. The Management Bureau's Office of Management Policy, Budget and Performance updated the FY 2011 curriculum to include monitoring and evaluation in high threat environments in accordance with current USAID policy.

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FY 2011 USAID MANAGEMENT CHALLENGES *(continued)*	
MANAGING FOR RESULTS *(continued)*	
Actions Remaining	An additional 275 staff are targeted for training in MfR in Washington and regional hubs in FY 2012. In addition to the MfR training, two critical phases of the program cycle—Strategic Planning and Evaluation—have become an institutionalized part of the Agency's process for achieving development results. Improved guidance for Project Design and Implementation as well as for Performance Management will be fully implemented in FY 2012. To strengthen the role of Contracting Officer Technical Representatives' (COTR) in overseeing performance management, a new course for mid-level COTRs is being piloted in February 2012.
Challenge	**Results Reporting.** OIG audits have identified inaccurate or unsupported reported results. In 37 of the audit reports OIG issued in FY 2011, OIG noted that data reported by USAID operating units or their partners were misstated, not supported, or not validated.
Actions Taken	USAID and the Department of State, along with other federal agency partners undertook a review and revision of the Foreign Assistance Standard Performance Indicators as part of the streamlining Initiative in FY 2011. These indicators are used by all USAID operating units (OUs) to report on program performance. As a result of the review, major revisions were made to the indicator set, including elimination of some indicators, revisions to other indicators to improve the clarity and focus of the indicators, and creation of new indicators. A large component of this effort was the development of new indicator reference sheets which provide detailed definitions of the indicators, parameters for and limitations on data collection, and instructions to clarify the type of data expected to be submitted for each indicator. The FY 2011 Performance Plan and Report guidance also includes specific instructions to OUs on the standards for Data Quality Assessments. These actions are designed to emphasize the importance of accurate data collection and reporting at the mission level, and provide additional tools for OUs to use to improve data collection and reporting. In addition, USAID is elevating the importance of program reporting and has strengthened the use and selection of indicators and targets in strategy and project development.
Actions Remaining	In FY 2012, Automated Directives Systems (ADS) 203 Assessing and Learning will be revised to incorporate new guidance and underscore the importance of selecting indicators that directly relate to the activities undertaken and the importance of accurate reporting.
Challenge	**Sustainability.** Sustainability is the capacity of a host-country organization to achieve long-term success and stability and to serve its clients and consumers without interruption and without reducing the quality of services after external funding ends. OIG audits have identified obstacles to project sustainability, with 11 audit reports disclosing sustainability weaknesses in FY 2011.
Actions Taken	Under the USAID *Forward* reform, USAID is focusing on strengthening the capacity of host country and local institutions by contracting with and providing grants to more varied local partners to ultimately create conditions where aid is no longer necessary. USAID realizes that enhancing local sustainability through foreign assistance is a long-term undertaking. USAID is also building capabilities by providing Local Capacity Development trainings. In FY 2011, USAID trained 190 people in 26 different operating units. More specifically, in addressing OIG's audit findings that India did not have a sustainability plan, the India Mission stated that in collaboration with the Government of Uttar Pradesh and Family Planning Services Agency (SIFPSA), the Mission is currently developing a transition/sustainability plan for the state society in Uttar Pradesh to ensure that USAID maintains influence over how the $40.1 million in accumulated savings is spent and ensures they are spent for purposes consistent with the original program. The Mission is continuing a dialogue with SIFPSA begun in October 2011. They are currently taking the following actions: 1) Consultations and discussions with Government of India, Government of Uttar Pradesh (UP), the Governing Board of the State Innovations in SIFPSA and SIFPSA leadership on transition plans; 2) Consultations within USAID/India to develop plan of action (including Regional Legal Advisor, Controller, Program Support Office, Health Office, Front Office); 3) Two firms were hired (PriceWaterhouse Coopers [PWC] and R. M. Lall and Company) to work on operationalization (PWC) and financial/legal (R.M. Lall) matters regarding the SIFPSA transition; 4) USAID/India Mission Director meeting with newly appointed Government of UP Executive Director of SIFPSA to reach agreement on planned course of action (October 19, 2011).
Actions Remaining	As part of the new project design guidance that will be rolled out in FY 2012, a sustainability assessment will be mandatory. To address the OIG's findings in India, the Mission provided the third version of the draft PWC report to the Executive Director of SIFPSA, the Government of Uttar Pradesh Health Secretary. They have planned several meetings with SIFPSA to discuss the report and its recommendations, as well as other transition actions. These meetings have been delayed slightly due to elections in the state and related travel restrictions on U.S. Government staff. The Mission is currently seeking a one-year, unfunded extension to the IFPS bilateral, in part to ensure smooth and comprehensive transition of SIFPSA.

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FY 2011 USAID MANAGEMENT CHALLENGES *(continued)*	
MANAGING ACQUISITIONS AND ASSISTANCE	
Challenge	**Strategic Procurement Reforms.** Current strategies emphasize the importance of using partner country systems and strengthening local capacity and institutions. To assess the partner country systems, USAID established a Public Financial Management Risk Assessment Framework (PFMRAF). Use of the framework will discharge USAID's fiduciary duties, advance USAID's broad development goals, and achieve measurable results jointly identified and agreed on with the partner country government. If USAID intends to use a partner country's supreme audit institution (SAI), USAID needs to coordinate with the USAID OIG to ensure that the SAI can conduct audits in accordance with U.S. Government Auditing Standards.
Actions Taken	These broad strategic procurement reforms are intended to develop and use local country systems that are consistent with international standards of public financial management—not with U.S. standards, per se. In accordance with international agreements reached in Paris and Accra (2005 Paris Declaration and 2008 Accra Agenda for Action), USAID's reform effort is designed to generally recognize (developed-world) international standards, as implemented locally. While USAID would expect there to be substantial overlap between U.S. Government Auditing Standards and those of the international community, these would not necessarily be identical in all respects.
Actions Remaining	Subject to the above clarification, coordination with the USAID OIG on the Agency's strategic procurement reforms is welcome, and the Agency looks forward to the OIG's review and input. In accordance with Agency policy on the PFMRAF, there are many opportunities to consult with the OIG before conclusions are reached on the capacity of partner-country systems to manage U.S. Government funds. This falls solidly within the OIG's statutory duty to coordinate and recommend policies designed to "promote economy, efficiency and effectiveness" in the administration of the Agency's programs and operations (Inspector General Act of 1978, as amended, Sec. 2) as well as within its oversight and enforcement functions.
Challenge	**Cost-Reimbursement Contracts.** USAID commonly uses cost-reimbursement contracts, which allow for payment of allowable incurred costs. However, these types of contracts place a heavy burden on USAID operating units to provide the monitoring necessary to provide assurances that U.S. taxpayer funds are used efficiently and effectively.
Actions Taken	In April 2011, USAID reported in its Acquisition Savings Plan to the Office of Management and Budget (OMB) a 21 percent reduction of total new awards in high-risk contracting mechanisms. In August 2011, a permanent chair was named for the new Acquisition and Assistance Review Board (AARB), formerly Contract Review Board. The Agency has begun developing guidance for the new AARB.
Actions Remaining	The Agency will continue to monitor and reduce the number of cost-reimbursement type contracts whenever feasible. The guidance for the new AARB will be issued in October 2012, with initial applicability to acquisition actions. During the following six months, the Agency will assess the effectiveness of the new procedures and make decisions on including assistance actions in future AARB reviews.
Challenge	**Implementing Homeland Security Presidential Directive-12 (HSPD-12).** The OIG reported that USAID lacked the resources to comply with this U.S. Government-wide directive. Although USAID has since met the requirements for credentials that allow access to the buildings at headquarters, it has not yet met the requirement for credentials that enable access to information systems. Future challenges in this area include tailoring an implementation plan for USAID/Washington and overseas posts.
Actions Taken	Under OMB's policy on continued implementation of HSPD-12 for a common identification standard for Federal employees and contractors, the Office of the Chief Information Officer, in coordination with the Office of Security, formed a HSPD-12 Steering Committee to assure continuity of physical and logical access. An analysis of vendors was completed in the fourth quarter of FY 2011.
Actions Remaining	During the first quarter of FY 2012, USAID will begin the pilot to implement logical access to the Agency's information technology (IT) infrastructure. USAID's intent is to issue Federal Personal Identity Verification (PIV) and PIV-I cards to USAID employees ahead of OMB's scheduled time line.
Challenge	**Consolidating IT Personnel and Infrastructure with the Department of State.** In FY 2010, USAID and State consolidated their IT personnel and infrastructure in Afghanistan and shifted USAID personnel to State's network, OpenNet. Subsequently, USAID conducted a business study for consolidating USAID and State IT infrastructure at approximately 70 locations where both USAID and State have operations. The approach chosen as a result of this study invokes total integration of hardware, software, and support personnel. USAID is planning to conduct pilots at three locations starting in October 2011. USAID's study identified potential critical risks associated with the consolidation effort—including weakening of system security and not attaining projected savings—that will require management attention.
Actions Taken	USAID and State are in the process of jointly (1) implementing pilots at three mission locations—Lima, Guatemala, and San Salvador—to validate the findings of the study and architecture, and (2) developing architecture for the Foreign Area Network as well as developing an overall governance structure for the solution.
Actions Remaining	Pending the results of pilots, USAID and State may decide to extend it to all USAID missions.

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FY 2011 USAID MANAGEMENT CHALLENGES *(continued)*	
MANAGING ACQUISITION AND ASSISTANCE *(continued)*	
Challenge	**Safeguarding Classified Material.** In response to a November 2010 OMB memorandum that noted the "significant damage to our national security" caused by WikiLeaks disclosures, USAID conducted: (1) a self-assessment of the Agency's handling of classified material; (2) an external review by the Information Security Oversight Office and the Office of the National Counterintelligence Executive (ONCE); and (3) a review by the OIG. All three of these efforts noted areas for improvement in safeguarding classified material.
Actions Taken	**Policy.** The recommendations of the ONCE to improve the policy, standards, operating procedures, processes and guidelines for classified operations were embraced by USAID. As a result USAID drafted new management policies for classified operations, communications security, cable room operations, conducting secure meetings and conferences, and personal electronic device management. **Safeguard and Protection.** To assure secure system baselines, USAID re-imaged 131 classified system hard drives to the latest DOS ClassNet operating system baseline, between July and October 2011. Further, all system hard drive antivirus signatures were validated and current. The software was validated to ensure it actively monitors ClassNet systems. USAID performed an internal assessment of current infrastructure against future requirements. This assessment spanned user-classified processing systems, secure video telecommunications, secure voice, and controlled, secure print capability and protected distribution systems at future planned secure operations locations to harden protective capabilities of physical connections. USAID planned, researched, and invested in thin client infrastructure, personal identification number (PIN)-secured networked print devices, TEMPEST-certified secure video teleconference with TEMPEST-certified secure Voice Over Internet Phone (VOIP) for both Secret and Top Secret-Sensitive Compartmented Information environments. USAID also purchased encryption device upgrades with appropriate administrative training packages to reinforce proper administrative capability within the Agency. USAID plans to be fully migrated to a thin client-managed environment by June 2012. In addition, USAID is developing a local model that adopts and mirrors the Defense Information System Agency safeguard and protective measures, to include implementation of minimum required, limited, designated Agency "trusted agents," who will be authorized to reproduce classified documentation, and will be accountable for tracking, documenting, transferring to internal and external bureaus and/or agencies, and dispositioning media on behalf of USAID. **Continuity of Operations Program.** USAID has initiated actions to fully implement thin client infrastructure to support classified computer processing and upgrade to Internet Protocol-based secure video telecommunications and voice capability no later than March 2012. The protected distribution systems will be installed to protect classified computing connections during non-operations hours. **Accountability.** USAID developed a local inventory and labeling mechanism that resulted in 100 percent accountability of classified hardware, printers, and hard disk drives. All stand-alone computing devices were removed from the operational environment in July 2011. **Training and Awareness.** The Chief Information Security Office and the Office of Security training coordinators jointly revamped initial and annual refresher training and tracking mechanisms. A baseline, automated training program will be developed, customized and implemented throughout the Agency, aimed at increasing awareness, automating annual training, and tracking and sending training reminders to users. **Information Security.** Under Executive Order 13526, training has been developed for Original Classification Authorities (OCA). The training is designed to ensure OCAs are familiar with their roles and responsibilities in the classification, safeguarding, and declassification of classified national security information. Individuals authorized to hand-carry classified materials must carry with them a Form AID500-7, and a Courier Authorization Card. To ensure the safeguarding, control, and accountability of classified material and courier cards, effectively October 15, 2011, the Office of Security is the only office authorized to issue Courier Authorization Cards to USAID-designated couriers. **Portable Electronic Devices (PED).** USAID developed a new policy which encompasses a risk-management approach that combines the use of security technology products with user awareness and procedural controls and measures to minimize the vulnerabilities inherent with PEDs. **Counterintelligence and Insider Threat.** As outlined in Executive Order 13587, USAID developed an Insider Threat program called *Structural Reforms to Improve the Security of Classified Networks and the Responsible Sharing and Safeguarding of Classified Information.*

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FY 2011 USAID MANAGEMENT CHALLENGES *(continued)*	
MANAGING ACQUISITION AND ASSISTANCE *(continued)*	
Actions Remaining	**Culture.** In response to assessments by the Office of the Director of National Intelligence and OIG, USAID formed a steering committee to oversee, recommend, and guide the Agency's unified activities to address, direct and improve protection, safeguard, administration, accountability, inventory, and effective use of classified information and systems. The target completion date is June 2012. **Capability.** USAID is soliciting expertise and input from all Agency security offices, business units, and bureaus to assure policies, culture, and activities support Agency business goals and objectives, encompass all 10 security domains, and result in well-rounded, vetted, and unified actions across the Agency. **Competency.** USAID is reviewing strategy to align with Department of Defense 8570 Information Assurance training requirements to increase, train, and retain well-qualified, knowledgeable information assurance and IT staff. Classified equipment issue, safeguard, and protection responsibility will be assigned at the highest level in each USAID bureau. The target implementation date is June 2012. Agency policies related to personnel, physical, and industrial security programs; counterintelligence program; and PEDs are under technical review. USAID expects to formally approve them by June 2012. In addition, USAID will implement an Insider Threat Detection and Prevention program under Executive Order 13587.

The Quadrennial Diplomacy and Development Review

In December 2010, the Quadrennial Diplomacy and Development Review (QDDR), developed under the leadership of Secretary Clinton, was completed and disseminated to the Department of State, USAID, and their stakeholders as a blueprint for elevating American "civilian power" to advance U.S. national interests and to better partner with the U.S. military. One year later, the recommendations made in the QDDR are being implemented to improve the effectiveness of the Department and USAID in four broad areas:

- Adapting to the diplomatic landscape of the 21st century
- Elevating and modernizing development to deliver results
- Strengthening civilian capacity to prevent and respond to crises and conflict
- Working smarter to deliver results for the American people

In FY 2011, significant achievements by the Department of State were made in the following areas:

- Preparation for the stand-up of the new Bureau of Counterterrorism, created to expand our capabilities to address terrorism issues and allow more effective coordination with other agencies, as well as establishment of the new Bureau of Conflict and Stabilization Operations, aimed at preventing conflict, saving lives, and building sustainable peace
- Improving oversight and accountability on interconnected issues through establishing the Under Secretary for Economic Growth, Energy and the Environment, as well as repositioning the existing Under Secretary for Democracy and Global Affairs into an Under Secretary for Civilian Security, Democracy, and Human Rights
- A heightened focus on addressing the challenges of meeting our future energy demands through the establishment of a new Energy Resources Bureau to develop a new oil diplomacy strategy as well as alternative energy technologies that reduce our carbon footprint over the longer term
- Increased management effectiveness through cost efficiencies, improved service quality, and consolidation of administrative services; empowering ambassadors as CEOs in their respective Missions; and focusing on results through strengthened strategic planning, budgeting, and performance management processes
- Expanded use of connection technologies to solve diplomatic and development challenges and for engaging with foreign publics
- Fostering whole-of-government approaches to strengthen efforts by our partner countries to develop effective, sustainable, and accountable security and justice systems
- Improved use of economic pressure through the targeted use of economic sanctions and threat finance policy and practices

Under the leadership of Administrator Shah, the ambitious USAID *Forward* initiative is supporting QDDR implementation through:

- The strengthening of USAID's development policy and strategic planning capabilities which place evidence-based policy-making at the core of decision making
- Implementation and procurement reform that is deepening local civil society and private sector capacity and making more extensive use of partner government systems
- An evaluation policy considered a "model" by the American Evaluation Association that requires evaluations to be unbiased, transparent, and consistent with sound methodological standards
- An Office of Budget and Resource Management that allows the Agency to align resources against country strategies, make difficult trade-offs, and re-deploy resources toward programs that are demonstrating meaningful results
- Recruitment and retention of high-quality development professionals and having them work on the Administration's top development priorities
- Bringing game-changing innovations to scale by deepening USAID capacity and engaging thought leaders from throughout the world while building new capabilities such as Development Innovation Ventures. Find more at *http://idea.usaid.gov/organization/div*
- Establishment of a new Office of Science and Technology (S&T) and first full-time Science and Technology Advisor to leverage S&T to address development needs more cost effectively and rapidly

Diplomacy and Development Regional Highlights

In Washington and around the world, Department of State and USAID experts work closely with dedicated colleagues from many U.S. Government agencies to vigorously and comprehensively pursue U.S. diplomatic, development, and defense goals. International organizations such as the United Nations (UN) and the Millennium Challenge Corporation are crucial partners in any efforts to address these challenges, and the United States works closely with these organizations to advance U.S. national interests. This section summarizes by region the key issues facing the United States as it engages in bilateral, regional, and multilateral partnerships to advance U.S. foreign policy and international development goals. An overview of U.S. foreign policy achievements by region can be found in the Message from the Secretary on page 2 of this report.

Africa Region

The United States and Africa are linked through history and culture, but they also share a promising future. The United States has significant political, economic and humanitarian interests in Africa. During the past decade Africa has made notable progress in democratization, economic policy reform, and the reduction of violent conflict, though challenges persist. The Department and USAID efforts in FY 2011 focused on strengthening democratic institutions and rule of law, preventing conflict, promoting sustainable economic growth and greater food security, enhancing access to education and combating disease, mitigating climate change by strengthening environmental protection, and combating transnational threats. The countries highlighted below illustrate recent progress on these U.S. Government priorities.

Boundary representation is not necessarily authoritative

Ghana: U.S. Government assistance has helped to make permanent Ghana's status as a model and catalyst for good governance and development in Africa, thereby enhancing the security of the U.S. On January 3, 2011, Ghanaians elected John Atta Mills as their new president, marking the fourth successful presidential election in that country over the past fifteen years and the second time the ruling party has been replaced by the opposition. Due to Ghana's demonstrated commitment to shared goals, it was one of four African countries selected for the Partnership for Growth, a signature effort of President Obama's Global Development Directive that seeks to boost economic engagement. Ghana is also negotiating a second compact with the Millennium Challenge Corporation (MCC) to reward good performance with increased investment. The U.S. continues to have robust military-to-military relations with Ghana in support of its peace building role on the continent. The close relationship between the U.S. and Ghanaian militaries has contributed to the apolitical professionalism the Ghanaian military demonstrated during the 2008 elections and the respect the institution receives from the Ghanaian public.

Sudan: Sudan represents both a success story and a continued challenge for U.S. Government conflict prevention efforts in the region. The attention of the world turned to South Sudan for a week in January 2011, as thousands lined up to cast their votes for independence. The results of the peaceful, internationally-observed, free and fair Referendum were overwhelmingly (98 percent) in favor of independence. Popular expectations of a "peace dividend" burgeoned in this state-to-be with a stunted economy, minimal infrastructure, and human development indicators among the worst in the world. Since then, traditional conflicts have resurfaced and militias have challenged the internal stability of South Sudan. The hard work of nation-building has begun in earnest. Long

before January's Referendum, the U.S. Government was mobilizing interagency resources to address the humanitarian crisis that plagued the country while at the same time attempting to address instability through improvements in internal and external security, longer-term socio-economic woes through infrastructure and capacity building, and establishing the basic building blocks of democracy. At this juncture in South Sudan's history, our responsibility is to ensure the requisite attention and sense of urgency is sustained to accompany it in its transition from a new, fragile state to a stable partner.

South Africa: As a G-20 country with the largest economy in sub-Saharan Africa, a member of the United Nations Security Council, the newest member of the BRICS Group (Brazil, Russia, India, China, South Africa), and a leading voice in the African Union, South Africa is an example of a country that plays an important role in advancing security and economic growth not only in the region but also globally. At the same time, a majority of South Africans still suffer from a lack of equal opportunity, without access to the health care, quality education, and good jobs needed to make this country a success. Since 2010, the Department and USAID have engaged South Africa in a strategic dialogue, chaired by the Secretary and the South African Foreign Minister. Under the strategic dialogue, we have established a number of bilateral working groups designed to advance cooperation in health, education, law enforcement, defense, and political and economic matters. The Department and USAID support the government's domestic policy priorities through smart, targeted infusions of aid that magnify the government's own efforts as well as those of civil society and the private sector. For example, the South African Government is committed to education reform. By supporting that commitment through a combination of smartly applied direct funding and public-private partnerships, we can effect a system-wide transformation that expands opportunity for young South Africans.

East Asia and Pacific Region

Marking an important pivot in U.S. policy toward the East Asia and Pacific Region, the Administration in 2011 articulated a new strategy to lock in substantially increased investment in "America's Pacific Century." This new strategy for Asia will guide such U.S. Government activities from reinvigorating already strong relations with treaty allies, building new partnerships with emerging powers in the region, engaging with multilateral institutions, expanding trade and investment, forging a broad based military presence, and advancing democracy, human rights and the rule of law.

The region accounts for nearly one-third of the earth's population and 25 percent of global gross domestic product. It contains five of the United States' top 15 trading partners and is home to long-standing allies as well as security relationships. As such, the Asia-Pacific region plays a central role in shaping the course of the world's economy, maintaining international peace and stability, and addressing key transnational issues such as energy, environment and climate change, infectious diseases, and nonproliferation.

Boundary representation is not necessarily authoritative

Burma: The United States is unwavering in its support of a peaceful, prosperous, and democratic Burma. During her historic trip to Burma in December 2011, Secretary Clinton, the first Secretary of State to visit Burma in over 50 years, assessed incremental signs of nascent political opening in Burma that followed our policy of principled engagement and maintaining appropriate pressure to bring about democratic reform and national reconciliation. While newly-confirmed U.S. Special Representative and Policy Coordinator for Burma, Ambassador Derek Mitchell, led diplomatic efforts in FY 2011 to strengthen key partnerships with non-governmental groups

and engage with key players in the Burmese Government, USAID led development efforts supporting vulnerable populations and key civil society actors. For example, USAID's Office of U.S. Foreign Disaster Assistance (OFDA) worked with organizations operating in Burma to deliver life-saving assistance in response to Cyclone Giri, including relief supplies that benefitted nearly 15,000 individuals. Additionally, USAID has initiated a five-year humanitarian assistance program in Burma to provide microfinance, maternal and child health and water and sanitation to disadvantaged communities in the Dry Zone. The United States remains committed to providing further support as reforms proceed and progress is made toward realizing the democratic aspirations of the Burmese people. We continue to call for the release of all political prisoners, a halt to hostilities in ethnic areas and an inclusive dialogue with ethnic minorities toward national reconciliation, space for all political parties to freely compete in by-elections scheduled for April 1, 2012, and full implementation of legislation to protect universal freedoms of expression, assembly, and association.

Japan: Japan and the U.S. share a strong and vibrant partnership. Our alliance helps safeguard regional security and is the cornerstone of U.S. strategic engagement throughout the Asia Pacific. Immediately following the disaster of unprecedented scale resulting from the earthquake, tsunami, and nuclear accident in March 2011, USAID/OFDA activated a Response Management Team in Washington, D.C., and deployed a Disaster Assistance Response Team (DART) to Japan. In cooperation with the Government of Japan (GoJ), civil society, and the private sector, the Department and USAID have supported Japan's recovery and worked to renew business interest in the region. During the nascent recovery process in April, Secretary Clinton and then-Foreign Minister Matsumoto, with the support of the U.S. Chamber of Commerce and the Keidanren business federation, announced a public-private Partnership for Reconstruction which has been bolstered by visits to Japan by Vice President Biden and other senior officials. Public and private contributions, both large and small, from communities around the United States have directly aided relief and recovery efforts in the spirit of the Partnership for Reconstruction. Within the Partnership, and echoing our early rescue and relief efforts in Operation Tomodachi conducted alongside Japanese authorities, Embassy Tokyo and the U.S. Japan Council are spearheading the Tomodachi Initiative, whose education, business, sports, and arts programs seek to harness the energy of Japan's young leaders and entrepreneurs.

Philippines: The Philippines is a key U.S. treaty ally. The U.S. Government's primary goal in the Philippines is to help the country become a stable, prosperous, and well-governed nation. Towards this end, during her November 2011 visit to Manila, Secretary Clinton signed a Joint Statement of Principles with her Philippines counterpart, officially launching the U.S.-Philippines Partnership for Growth (PFG). The five-year program is the signature inter-agency effort of President Barack Obama's Presidential Policy Directive on Global Development which elevates economic growth in countries committed to good governance as a core priority for U.S development efforts. Through the Partnership for Growth (PFG), the U.S. Government coordinated with the Government of the Philippines (GPH) to devise a comprehensive strategy to accelerate the country's path to sustainable, inclusive economic growth and development. We worked together to identify key priorities for PFG programming in the Philippines that would: (i) improve regulatory quality; (ii) strengthen the rule of law and anti-corruption enforcement; and (iii) expand fiscal space. The Philippines PFG not only represents strong diplomatic engagement with the GPH, but it also demonstrates unprecedented interagency collaboration to maximize development outcomes in the Philippines. Several U.S. Government agencies, in addition to State and USAID, continue to demonstrate successful cooperation and are actively engaged as key implementing PFG partners.

EUROPEAN AND EURASIAN REGION

The Department and USAID are working together with our European partners to ensure that Europe is engaged, stable and prosperous. Europe is the essential platform for global engagement as showcased in the United States' strong relationships with the North Atlantic Treaty Organization, the European Union (EU), and the Organization for Security and Cooperation in Europe. The United States works with Europe on priorities such as Afghanistan and Pakistan, Iraq, Iran, the changes sweeping the Arab world, and the Middle East peace process and the U.S. also collaborates on addressing challenges within Europe, such as Belarus, Ukraine, the Caucasus, and the Western Balkans. The Department and USAID engage Europeans through public diplomacy programs that advance a narrative of the U.S. and Europe working in partnership to achieve shared goals. On the economic front, we cooperate on a wide range of regulatory matters to unlock commerce around the world and ensure our companies and scientists lead in emerging sectors and technologies.

Georgia: Georgia is one of six high priority countries in Eastern Europe for U. S. support aimed at consolidating democratic and economic reforms to help sustain regional peace and stability. To support democratic reform in Georgia in FY 2011, the U.S. helped strengthen civil society by providing grants that enabled regional media to better monitor government decision-making and transparency. U.S. Government assistance also supported implementation of Georgia's new Criminal Procedures Code and the successful introduction of jury trials. Generating rapid, sustained, and broad-based economic growth is a key priority. In FY 2011, the Department of State efforts resulted in, among other successes, over $23.4 million in new domestic and foreign investments in greenhouse and cold storage facilities completion of the 30km Poti-Senaki gas pipeline and vocational education trainings and job fairs that helped more than 700 young people find employment. To further support economic reform, FY 2011 U.S. assistance addressed financial crime by helping establish Georgia's first cybercrime unit in the Ministry of Internal Affairs. The U.S. also supported Georgia's sovereignty and territorial integrity within its internationally recognized borders. Restoration of maritime assets and strengthening the Georgian Coast Guard (GCG) were a key focus of U.S. border security assistance in FY 2011. With U.S. funding, the GCG launched two 82-foot Coast Guard vessels, opened a new language center, and completed an upgrade of radar facilities. Over 200 officers of the Ministry of Internal Affairs were trained in detection, interdiction, and investigation of violations of the border security.

Moldova: As with Georgia, Moldova is one of six priority countries in Eastern Europe for U.S. assistance to consolidate democratic and economic reforms. Moldova's democracy currently serves as the reformist model for the region, making it a leading candidate for accelerated integration with the EU. U.S. assistance focuses on strengthening democratic governance, improving the economy and business climate, fostering enterprise development, combating corruption, reforming the justice sector, and leveraging new Millennium Challenge Corporation activities in Moldova, including competitive high value agriculture. In FY 2011, U.S. support for justice reform strengthened the role of prosecutors in overseeing Trafficking in Persons (TIP) investigations, prompting the Department of State to raise Moldova's status in its annual TIP Report from the Tier 2 Watch List to Tier 2. Grants to civil society groups fostered increased civic participation, government accountability, and democratic political processes, and monitored reforms in key sectors, such as health care. The U.S. also helped improve electoral administration and ensure democratic elections judged free and fair by national and international observers. On the economic front, the U.S. Government collaborated with the Government of Moldova on reforms that reduced the regulatory and tax burden on businesses and citizens and made significant strides in utilizing information technology to improve governance, strengthen civil society, and support private sector growth.

These improvements contributed to Moldova ranking as the second fastest reformer in the World Bank's Doing Business 2012 report.

Kosovo: The U.S. Government's continuing goal is to help Kosovo become a stable, multiethnic, democratic, and prosperous country that is fully integrated into European and Euro-Atlantic institutions and contributing to the peaceful development of the western Balkans. In FY 2011, U.S. judicial assistance helped strengthen the capacity of the Kosovo Judicial Council by restructuring the court system to streamline their functions, promoting transparency, and having courts serve as platforms for piloting new operations designed to improve court efficiency. To address economic challenges, the U.S. provided training for commercial banks and provided technical assistance to the Ministry of Finance to create an electronic platform that will enable issuance and trade of government securities. To increase the capacity of civil society, the U.S. Government provided several small grants to non-governmental organizations (NGO) in Kosovo to support their watchdog activities, with notable success in reaching minority media outlets that foster ethnic and political reconciliation. One U.S. assisted NGO in particular positively mediated a dispute between a Kosovo Serb TV station and the Government of Kosovo (GOK), resulting in improved interethnic dialogue and integration of Serb media into mainstream television channels. Institutional capacity building has also been critical in the electoral and local governance sectors, where the U.S. is assisting the GOK with the planning and implementation of a revised Election Law and enabling municipal administrations and assemblies to provide better services to their citizens. To ensure order and security at Kosovo's borders, the U.S. Government provided technical assistance to the Kosovo Police and the GOK for the development of operational plans, risk assessment tools, and protocols, which were especially critical following the violence in northern Kosovo last summer.

Near East Region

The Near East presents the United States with some of its most pressing security and political challenges. At a time of historic transformations, the U.S. is on the side of local forces for change, seeking to strengthen civil society, advance democratic transitions where they are underway, and sustain political, social, and economic reform all across the region. The U.S. Government has renewed its commitment to help the region to increase prosperity, promote freedom, and counter extremist ideology. At the same time, the U.S. will continue to help build a sovereign, stable, and self-reliant Iraq, and continue to promote a comprehensive and lasting peace in the Middle East.

Boundary representation is not necessarily authoritative

Arab Awakening and U.S. support for political and economic reforms throughout the region: In 2011, the U.S. supported political and economic reform across the region, capitalizing on openings created in the wake of the ongoing Arab Awakening. The U.S. Government increased its work with civil society activists and organizations working to strengthen citizens' voices in how they are governed. Sustaining the vision set out by the President in his May 19, 2011 speech, the U.S. remains committed to supporting the people of the region in their calls for democratic institutions, transparency, accountability, and economic opportunity. In states already undergoing political transition like Tunisia, Egypt, and Libya, the U.S. has worked closely with citizens to ensure founding elections are free and fair, setting these countries on a path to democratic consolidation. The obstacles facing countries in transition are daunting and the U.S. has pledged to continue its support.

Securing a peaceful, stable, and democratic Iraq: The bilateral relationship between the U.S. and Iraq is evolving with the departure of U.S. military forces from Iraq in December 2011. The Department of State has assumed the lead for the U.S. Government under the auspices of the bilateral Strategic Framework Agreement, signed with Iraq in 2008. Our mission in Iraq over the next three to five

years will focus on strengthening our bilateral relationships in line with more traditional political, economic, security, and other priorities, as well as helping the Iraqi Government professionalize its police force. The U.S. closed all of the Provincial Reconstruction Teams (PRTs) in Iraq in 2011, opened Consulates General in Basrah and Erbil, and opened a temporary consulate in Kirkuk. Another critical program under Department leadership is a robust Police Development Program, executed through approximately 20 sites across Iraq. In coordination with the Department of Defense, an Office of Security Cooperation-Iraq was established under Chief of Mission authority to manage security cooperation activities, to include foreign military sales to Iraq. Finally, USAID and the Department's Bureau of Democracy, Human Rights and Labor will continue nationwide programs in support of national and local level governance, civil service and private sector reform, agricultural development, small business development, financial sector reform, community development, legal assistance, health, education, and assistance to minorities and disadvantaged groups.

Middle East Peace: A comprehensive peace in the Middle East which includes peace agreements between Israel and the Palestinians, as well as a broader peace between Israel and its Arab neighbors, remains a key foreign policy goal of the U.S. We continue to engage in significant diplomatic efforts to advance a two-state solution through the resumption of direct negotiations between Israel and the Palestinians based on the foundation outlined by President Obama in his May 2011 remarks. The U.S. Government strategy in pursuit of Israeli-Palestinian peace remains focused on a dual track approach: vigorous, integrated efforts on both the negotiating and institution building tracks. We also continue to work closely with our partners in the international community to achieve this objective.

South and Central Asia Region

Energetic U.S. engagement in South and Central Asia remains vital to U.S. national security and regional stability as the U.S. Government aims to foster an integrated, cooperative region that supports peace and prosperity. Our highest priority across the region will be to support the New Silk Road vision outlined by Secretary Clinton in 2011. The New Silk Road envisions a network, with Afghanistan at its heart, of economic and transit connections throughout Central and South Asia. As the U.S. continues to support Afghanistan's transition and integration into the wider region, we will continue to strengthen the U.S. partnership with India, support reconciliation in Nepal and Sri Lanka, solidify democratic gains in the Kyrgyz Republic, and support democratic institutions throughout the region. U.S. programs and policy will continue to increase food security in Tajikistan, reinforce transitions towards peace and economic growth in Sri Lanka, Bangladesh, Nepal, and Maldives, and improve access to healthcare, strengthen education, and increase access to objective news and information for citizens of Central Asia. To fortify its efforts to generate region-wide linkages, the United States will enhance cooperation with multilateral partners, regional organizations and country coalitions to address cross-border challenges, including narcotics flows, barriers to trade, human trafficking, terrorism threats to trans-boundary water management, energy resources and disaster preparedness.

Boundary representation is not necessarily authoritative

Kyrgyzstan: Other countries in Central Asia are watching as the Kyrgyz Republic embarks on a historic path to full democracy. U.S. assistance to the Kyrgyz Republic will continue to strengthen democratic institutions as well as promote regional security, the rule of law, and broad-based economic opportunity. In the past 18 months, despite the outbreak of deadly ethnic violence in the south of the country in June 2010, the Kyrgyz Republic held successful parliamentary and presidential elections and a constitutional referendum, all of which were considered transparent, largely fair, and reflected the will of the people. The presidential inauguration on December 1, 2011, marked the first peaceful, democratic transfer of power in Central Asia's history. The U.S. provided support for election administration, training for political parties, assistance with televised candidate debates, and support for robust domestic election monitoring efforts. Rapid deployment of U.S. humanitarian assistance also helped stabilize conflict affected areas, contributing to the peaceful conduct and acceptance of the results of the elections. The Kyrgyz Republic's economy contracted during and after the downfall of the previous government and subsequent upheaval. U.S. assistance helped the Kyrgyz Government enact economic reforms, improve its trade policies, and restore food and animal feed production levels. The joint U.S.-Kyrgyz Economic Development Fund was formally launched in FY 2011, beginning with a $4.1 million voucher program which supplied quality seed to 34,000 farmers. The seed distributions enabled farmers to produce at least $20 million more in crops than in the previous year. In FY 2011, the U.S. supported a number of activities to strengthen the rule of law. To address the needs of the Kyrgyz Government for professionally trained and equipped crowd management units, U.S. security assistance supported training to 500 public order police stationed in Osh City and Jalalabad district. Additional assistance provided in-depth training and equipment to the Ministry of Internal Affairs, the Ministry of Justice, and other law enforcement and justice system actors.

Nepal: In Nepal, U.S. policy seeks to support a stable, democratic and prosperous country in which the rights of all citizens are respected and protected. The Department and USAID are pursuing this goal against the backdrop of a country still emerging from a brutal, ten-year civil conflict and undergoing dramatic political, social and economic change. Responding to these complex challenges requires the U.S. Embassy in Kathmandu to take a "whole-of-government" approach to programs. To support the conclusion of the long-delayed peace process and prevent future conflict, USAID, the Departments of State, Justice, and Defense are working together to smooth the transition of former Maoist combatants into civilian life and to support the integration of others into the Nepal Army. Recognizing Nepal's extreme vulnerability to natural disasters – particularly a catastrophic earthquake – the Embassy created a Disaster Risk Reduction Office to focus on disaster issues and coordinate U.S. efforts in that area. This innovative office, headed by a USAID Foreign Service Officer, works closely with the Department of Defense, the United Nations (UN), donors, the Nepali diaspora, the private sector, and the Government of Nepal to reverse the disaster risk equation, save lives, and protect U.S. interests and investments in Nepal. USAID is also leading an interagency effort to implement the Global Health Initiative Country Strategy for Nepal, which is strengthening the national health system, building public-private partnerships, and extending health service delivery to women, children, and historically marginalized groups. Nepal is one of the few countries on track to meet its Millennium Development Goals goals for child mortality and maternal health. U.S. Government assistance has contributed to impressive progress in these areas since 1991, including a decrease in under-five mortality rates from 158 to 54 deaths per 1,000 live births. The State Department, USAID, and Justice Department are working together to combat the scourge of human trafficking by building police capacity, strengthening civil society, and supporting trafficking survivors. Finally, the Embassy's Economic/Commercial office is partnering with USAID's Economic Growth program to promote economic reform and U.S. trade and investment in Nepal.

Bangladesh: In Bangladesh, U.S. agencies directly engage and collaborate effectively with the Government of Bangladesh (GOB), demonstrating the "Three D's" of American foreign policy – diplomacy, development, and defense. Over the past forty years, the U.S. Government's partnership with the GOB has produced significant development results. From 2001-2010, maternal mortality rates declined by 40 percent, access to electricity increased to 42 percent in 2011 from 3 percent in 1971, and rice yields have dramatically increased in the past 30 years. Our ongoing development cooperation in Bangladesh builds on past successes and supports the President's Global Health, Food Security, and Climate Change Initiatives. U.S. assistance enables Bangladesh to address critical health challenges such as an unmet need for family planning, continued high rates of maternal and under-five mortality, one of the highest burdens of tuberculosis in the world, and severe stunting and malnutrition among children. Under our

Feed the Future program we are increasing rural agricultural productivity, enhancing crop diversification, addressing high levels of under-nutrition, and working towards improving the livelihoods of up to 900,000 people in southwest Bangladesh. U.S. resources are also working to consolidate Bangladesh's democratic transition by strengthening political practices and processes. The Department of State and USAID funding will continue to invest in our political, economic, development, and security relationship with Bangladesh to help the country lift millions of its people out of poverty, play a leadership role in promoting regional connectivity, and become a model for a moderate, secular, democratic society that is at peace with itself and its neighbors.

Western Hemisphere Region

The President's March 2011 trip to the region highlighted the significance of the Western Hemisphere to our economic competitiveness and a host of global strategic interests; indeed the prosperity and security of the United States are tied to the democratic success and economic development of the countries of the Americas. The United States pursues dynamic partnerships with its Latin American neighbors to achieve five policy priorities that, in turn, advance critical U.S. national security interests: 1) increased citizen security and effective democratic institutions and governance; 2) social equity and adequate social services for the peoples of the Americas; 3) expanded economic opportunity; 4) global climate change adaptation and mitigation and a secure and clean energy future; and 5) public opinion that supports U.S. policies in the Hemisphere. While the United States engages throughout the region, the three countries below serve to highlight the complementary work and success that the U.S. Department of State and the U.S. Agency for International Development (USAID) have achieved in advancing U.S. foreign policy priorities in the Western Hemisphere

Mexico: U.S. policy priorities in Mexico are broad and multifaceted, and include a robust security partnership, economic competitiveness, trade, energy, environment, climate change, human rights, and cultural and educational ties. A key component of our global competitiveness is creating a border that will facilitate secure and efficient flows of goods and people, and reduce the costs of doing business between our two countries. This includes consulting with states and local governments on both sides of the border; and exploring means to review and modernize border management and infrastructure with our Mexican partners. A deepening partnership with a strong Mexico improves the welfare and security of U.S. communities, our nation's economic well-being, and our ability to manage transnational organized crime.

Boundary representation is not necessarily authoritative

Over the past year, we achieved major successes in the United States-Mexico security partnership, highlighted by the Merida Initiative and its increases in seizures of narcotics and arrests of high profile traffickers. This United States-Mexico partnership is a whole-of-government, multi-dimensional approach, which focuses on crime prevention, justice sector reforms, anticorruption efforts, law enforcement effectiveness, and programs targeting at-risk youth. For example, our assistance enhanced the computer architecture linking over 120 law enforcement and public safety databases into a powerful crime fighting tool.

Mexico is the United States' second largest trading partner in the hemisphere and we took steps in areas like regulatory cooperation to enhance integration even further. We supported

Mexico's own efforts to make needed policy reforms that contributed to its improved performance in international competitiveness rankings and helped to combat poverty. Mexico also took over a lead role within the Energy and Climate Partnership of the Americas (ECPA), announced by President Obama at the 2009 Summit of the Americas to advance energy efficiency and conservation through policy, regulation and technology deployment.

Colombia: Consolidated progress on the security and political fronts in Colombia are opening major new opportunities in our bilateral relationship. Congress last year passed the United States-Colombia Trade Promotion Agreement, which will open the door to a more dynamic commercial relationship. Colombia is exporting its security expertise, becoming a leading provider of counternarcotics and security training programs in Mexico, Central America, and the Caribbean. It has also taken a leadership role within ECPA, and will host the next Pathways to Prosperity Ministerial.

The guiding structure of the U.S. Government's coordinated interagency effort, the Colombia Strategic Development Initiative, builds on the lessons-learned from Plan Colombia and supports the Government of Colombia's "National Consolidation Plan." In a sequenced and coordinated manner, the Department of State, USAID, and the Department of Defense continue to support Colombia's efforts to expand the state's presence to improve security and services in areas where poverty, violence, illicit crop cultivation and narcotics trafficking have historically converged.

In FY 2011, U.S. Government assistance also supported the Colombian Government's transformational efforts to compensate hundreds of thousands of victims, most of them women, provide for historic land restitution, reform the civil service system, and reorganize the government to create new ministries and agencies in the areas of labor, justice, environment, consolidation, and victims' assistance. Our assistance programs assisted the development of more democratic and representative political parties, helped create the space for expanded political participation of women and Afro-Colombians, and helped guaranteed more transparent elections.

El Salvador: One of only four countries worldwide selected to participate in President Obama's Partnership for Growth initiative, El Salvador in 2011 signed a five-year Joint Country Action Plan (JCAP) to work together with the United States and mobilize the resources of both governments to address the most serious constraints to economic growth and development in El Salvador: citizen insecurity and low productivity in the tradable goods sector. The JCAP outlines the prioritized joint activities to unlock these binding constraints.

El Salvador is a strong partner in Pathways to Prosperity, the United States' strategic regional partnership to promote inclusive economic growth in the hemisphere. Through Pathways, the Salvadoran Government has an ambitious program to expand to 15 small business development centers by the end of 2012, which will develop the capacities of SMEs operating in El Salvador. A Pathways-sponsored regional Treasury Advisor is working with the Salvadoran Central Bank to promote greater financial inclusion. To facilitate trade, El Salvador plans to host a Pathways workshop on customs modernization in early 2012. By providing greater opportunities in the growing Salvadoran economy, the United States is helping to develop a safe, stable, and prosperous El Salvador that will benefit the people of El Salvador and create new markets for American businesses.

Frontline States

United States foreign assistance is helping to meet national security objectives in the frontline states of Afghanistan, Iraq and Pakistan. Assistance efforts are enhancing stability and sovereignty in Afghanistan and Pakistan through targeted economic development, education, and government capacity building. Programs in Afghanistan and Pakistan are closely aligned with the overarching U.S. Government goal to disrupt, dismantle, and defeat al Qaeda and eliminate its capacity to threaten America and our allies in the future. In Iraq, USAID supports the objectives of the Strategic Framework Agreement (SFA) with the Government of Iraq by improving Iraq's ability to use its own resources for its own development, security, and sovereignty. And with the transition from military to civilian lead in Iraq, the Department will be fully responsible for its own critical support functions once performed by the U.S. military, including security, transportation, and the provision of basic services. These functions are essential to maintaining the diplomatic presence necessary to continue strengthening democratic institutions in Iraq and encouraging its reintegration into the international community. With U.S. military forces withdrawn from Iraq and decreasing their ranks in Afghanistan, State and USAID programs will build upon hard- won achievements to date by continuing the development of democratic institutions, capable security forces, and sustainable economic growth.

A key goal of stabilization programs in Afghanistan and Pakistan is supporting the local population - including building capacity of Afghan government officials to respond to citizens' needs and increasing interaction between government and citizens. In Afghanistan, each spring insurgents try to recruit villagers to take supporting roles, from providing transport and fuel to using small arms and delivering explosives. In Spring 2011, the insurgent recruitment campaign in one Wardak district faltered when hundreds of likely recruits were already gainfully employed through the USAID Community Development Project reconstructing critical irrigation systems. The project, initiated in 2010, benefited 4,320 farmers and their family members in six villages across three valleys, employing 450 villagers on any given day and a total of 2,700 workers over the life of the project. Because of the project, residents pushed back when insurgents tried to lure villagers away from the project and into the conflict. Work on the irrigation systems has continued and proceeded ever since without interference. In support of the U.S. Government's efforts to lay the groundwork for long-term stability and transition, a 1,100-person strong civilian surge of Foreign Service Officers from the Department of State, USAID, and other agencies joined our military forces in facilitating transition and building the capacity of key Afghan ministries.

In Pakistan, U.S. civilian assistance supports the development of a stable, secure, tolerant Pakistan with a vibrant economy that can offer alternatives to extremism. Stabilization programs are addressing instability and insecurity resulting from decades of poor governance, underdevelopment, and conflict in the Federally Administered Tribal Areas and Khyber Pakhtunkhwa province, both bordering Afghanistan. USAID is supporting the Government of Pakistan in making these areas inhospitable to extremists by strengthening the capacity and legitimacy of public institutions to provide security, good governance, and socio-economic development. Over 1,700 small community-based projects are helping to increase citizens' confidence in the government by addressing immediate needs for basic services (water, power, health, and education) and providing work opportunities through the construction of infrastructure and roads. A recent evaluation of this program in Mohmand Agency geographic area affirmed that citizens are now more inclined to ask for help from their government rather than militant groups. U.S. security assistance complements these efforts by building Pakistan's counterterrorism and counterinsurgency capabilities.

In Iraq, the Iraqi and American people share a common goal for Iraq's future: an Iraq that is sovereign, stable, and self-reliant. State and USAID work with Iraqi counterparts to consolidate gains made by previous stabilization programs in peace and security. In tandem with our military's drawdown, the U.S. Government is engaged in the largest State Department logistical effort since the Marshall Plan to stand up a new civilian structure in Iraq to achieve our national strategic interests. USAID programs are aligned with the SFA and based on shared priorities with Iraqi partners. They focus on strengthening democratic governance, encouraging economic growth, and improving key social services. USAID works to strengthen the accountability of key Iraqi institutions such as the Independent High Electoral Commission which has successfully administered five major electoral events since 2004. The Marla Ruzicka Fund continues to assist innocent civilian victims of military operations through the USAID's Community Action Program. Marla Fund recipients are assisted through direct medical help, replacement of damaged property, and the establishment of sustainable livelihoods after the death or injury of a breadwinner. Recipients are provided training and grants to start businesses such as grocery stores, bakeries, electronics shops or farms. To date, the Marla Fund has supported more than 3,320 individual and community projects that directly benefit innocent civilian victims. In the aftermath of the U.S. military drawdown USAID is working to build the capacity of local Iraqi NGOs and government to continue to provide such assistance.

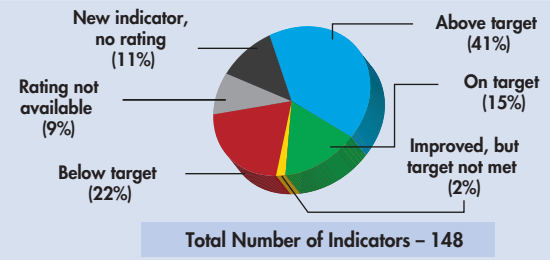
Performance Highlights

Performance Management

The Department of State and USAID work together, along with other U.S. Government partners, to plan and execute programs that meet global challenges of the 21st century. Performance management practices at the Department and USAID enable programs to achieve U.S. foreign policy outcomes and promote greater accountability to the American people. A multiphase process includes setting strategic goals and priorities, creating programs to achieve goals, monitoring program activities, measuring progress, using performance data to inform resource allocations, and communicating program results to stakeholders.

To communicate the progress achieved towards U.S. foreign policy goals in FY 2011, 148 representative performance indicators were published in the Department of State's and USAID's Annual Performance Reports. FY 2011 results for each indicator were reviewed against previously determined performance targets to determine performance ratings, which are summarized in the chart at right. The following section highlights 15 of these illustrative indicators organized by Strategic Goal, accompanied by an explanation of each goal and analyses of the results achieved in FY 2011. For complete information on indicators, see FY 2011 Annual Performance Reports for State and USAID at *http://www.state.gov/s/d/rm/c6113.htm* and *http://www.usaid.gov/performance/agency-performance/*.

Summary of Performance Ratings for Fiscal Year 2011[1]



Source: *FY 2011 Annual Performance Reports and FY 2013 Annual Performance Plans for both agencies. Performance ratings calculated from performance data provided at the time of publication.*

Ratings are not available for indicators that are new or for which result data are not yet available.

1. Percentages rounded to the nearest whole number.

Department of State

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

The Department's annual planning cycle is anchored by mission and bureau level strategic plans that engage diplomatic missions and Washington-based bureaus in outcome-oriented planning that drives policies and establishes programmatic direction by country, region, strategic goal, and strategic priority. A data quality assurance process has been instituted throughout the Department of State to ensure the integrity and reliability of the data reported for all performance indicators. Every two years, bureaus are required to complete a questionnaire that assesses the quality of each of their indicators. These Data Quality Assessments are also required for all new indicators. Through use of an internal Data Quality Assessment tool, the bureaus determine the overall quality of the indicators and submit a formal Data Quality Statement affirming the overall accuracy and reliability of the performance information provided.

USAID

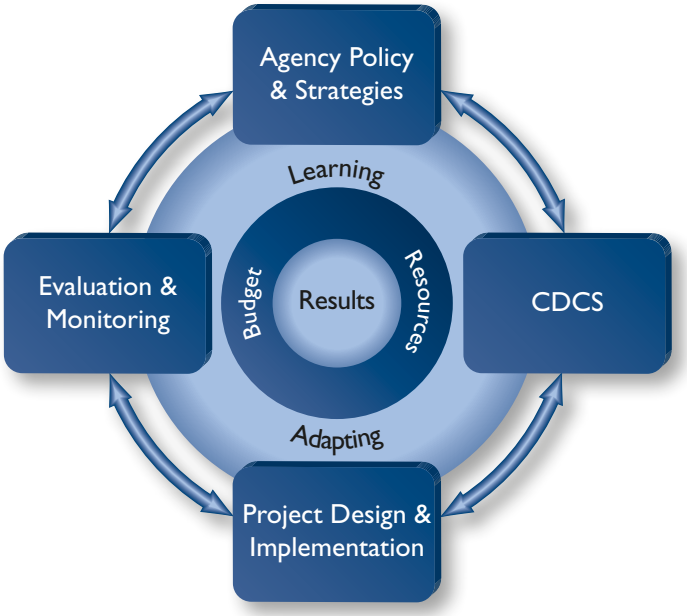
At USAID, the tools for assessing, learning, and sharing are interrelated through the concept of performance management. USAID missions and offices are responsible for establishing Performance Management Plans and targets to track progress toward intended objectives. They are also responsible for reporting key indicator data in their annual performance reports. These performance reports inform decisions on funding, program development, and implementation.

USAID is undertaking a number of reforms to implement PPD-6 and the QDDR. The Agency is incorporating these reforms into its operations through the core components of USAID's Program Cycle – Agency-wide policy and strategies, strategic planning (through Country Development and Cooperation Strategies), project design and implementation, as well as evaluation and monitoring. These components, representing the "discipline of development," are informed by continuous learning and adapting, influence the annual budget and resource management processes, and focus on achieving results.

The Program Cycle specifically delivers on the Agency's QDDR commitment to "develop processes to define specific strategic priorities, evaluating results in light of those priorities, and incorporating our conclusions into budget, program management, and project design decisions."

A strengthened and integrated Program Cycle will enable more effective interventions and maximize development impacts. It will also allow the Agency to provide analysis and data on what is working, determine strategic opportunities and tradeoffs, evaluate projects, and feed knowledge back into programming and future policy development. The Program Cycle provides a more strategic and evidence-based approach to justify resources and serves as the basis for a more integrated budget cycle, ensuring that resource decisions are built around strategic plans and priorities and performance and evaluation data.

A good performance target is ambitious, measurable, and achievable. USAID follows a multi-step process to determine targets by examining the following: baseline value before U.S. Government intervention, historical trends and level of progress, expert judgment from technical authorities, research findings and empirical evidence, accomplishments of programs with similar characteristics elsewhere, customer expectations, and planned progress from the baseline for what will be accomplished over a five-year period with anticipated funds.



Data are only useful for decision making if they are of high quality and provide the groundwork for informed decisions. USAID missions and offices are required to conduct data quality assessments for all performance data reported to Washington. These assessments verify the quality of the data against the five standards of validity, integrity, precision, reliability, and timeliness.

Program Evaluation

Program evaluation is an essential component to implementing diplomatic and development programs and initiatives. Evaluations allow project managers to better understand their programs and give policy makers a tool to assess the capacity of a particular program or sector.

The Department of State and USAID have partnered to develop and implement new evaluation policies, guidelines and procedures to support both agencies' evaluation and performance management strategies. Under the aegis of the Quadrennial Diplomacy and Development Review (QDDR), the two agencies are collaborating on activities to promote and sustain evaluation as a management tool. The Department of State's evaluation policy is located at *http://www.state.gov/s/d/rm/rls/fs/2011/163299.htm*; USAID's Evaluation Policy can be found at *http://www.usaid.gov/evaluation/*.

Department of State

The Department is committed to using performance management best practices, including, program evaluation, to achieve the

Gender Equality And Women's Empowerment

Gender equality and female empowerment are essential to effective and sustainable development outcomes. A growing body of research demonstrates that societies with greater gender equality experience faster economic growth and benefit from greater agricultural productivity and improved food security. Empowering women to participate in and lead public and private institutions makes them more representative and effective. Increasing girls' and women's education and access to resources improves health and education for the next generation. Promoting women's participation in conflict prevention, management, and resolution activities, as well as in post conflict relief and recovery efforts, helps to advance peace, national security, economic and social development, and international cooperation.

Over the last year, USAID and the Department of State have worked closely together, as well as with interagency partners, to further advance women's economic, political, and social empowerment globally. These efforts are yielding concrete results. For example, the Department of State and USAID collaborated with the White House and Department of Defense to produce the first ever **U.S. National Action Plan on Women, Peace, and Security**, in recognition of women's important role as peace builders and guarantors of security.

The **Feed the Future** initiative developed an enhanced monitoring and evaluation system that will comprehensively track the impact of our work on women and girls using a newly designed women's empowerment index that USAID created in collaboration with the International Food Policy and Research Institute and the Oxford Poverty and Human Development Initiative. A key component of the U.S. Global Health Initiative is the Women, Girls, and Gender Equality (WGGE) Principle, which seeks to understand gender roles and their impact on health, to address gender imbalances related to health, to promote the empowerment of women and girls, and to improve health outcomes for individuals, families and communities. In April 2011, the Department of State and USAID released the WGGE Principle Supplemental Guidance to help countries incorporate the principle into their strategies.

> "If we decide – as societies, governments and businesses – to invest in women and girls, we will strengthen our efforts to fight poverty, drive development and spread stability. When women thrive, families, communities and countries thrive – and the world becomes more peaceful and prosperous."
>
> *— Secretary of State Hillary Clinton on Empowering Women Helps World Growth, March 8, 2011*

USAID expanded funding to **support women's leadership in a range of sectors**. U.S. Government funds are supporting women's direct participation in peace negotiations, humanitarian and post-conflict donor conferences, and government and political transitions. These funds also are being used to expand women's leadership in the mobile phone industry, increase women's leadership of small and medium-sized enterprises, and increase the extent to which higher education programs cultivate women leaders in business, academe, research and other fields. Funds will also be used to help strengthen the skills and capacity of women members of legislatures, support the creation of a South Asian female parliamentarians network, and support the Inter-Parliamentary Union's work tracking and studying the impact of women in government around the world. Women's leadership components are also being added to programs that combat gender-based violence in the Democratic Republic of Congo.

For further information about new and innovative efforts to address women's and girl's issues, visit the Department of State's Office of Global Women's Issues website at *http://www.state.gov/s/gwi* and USAID's Office of Gender Equality and Women's Empowerment website at *http://www.usaid.gov/our_work/cross-cutting_programs/wid/*.

most effective U.S. foreign policy outcomes and greater accountability to our primary stakeholders, the American people. The Department of State's policy on program evaluation embodies the aims of the current National Security Strategy, the Presidential Policy Directive on Global Development, and the Quadrennial Diplomacy and Development Review. The policy applies to evaluations of the Department's diplomatic and development programs, projects and activities. This policy is an important milestone in strengthening agency evaluation capacity at State and more effectively incorporating evaluation into planning and budget decision-making. The policy supports OMB efforts to work with agencies on the development of evaluation plans and to incorporate program evaluation as a core element of program management. As part of efforts to implement key QDDR recommendations, the Department is currently revising its evaluation policy to strengthen the connection between evaluation and USAID's strategic planning, performance management and budget formulation processes. The revised evaluation policy incorporates best practices and international standards in evaluation and criteria to facilitate the evaluation of programs, projects, activities and other efforts implemented with State Operations and Foreign Assistance funding.

To support implementation of the policy and to lay the foundation for a coordinated and robust evaluation function, the Department is putting in place training, tools, and products to assist in the design and execution of high-quality evaluations.

USAID

USAID manages public resources to promote sustainable development. To fulfill this responsibility, the Agency bases policy and investment decisions on the best available empirical evidence, and uses the opportunities afforded by project implementation to generate new knowledge for the wider community. Moreover, USAID commits to measuring and documenting project achievements and shortcomings through performance monitoring and evaluation so that the Agency's multiple stakeholders gain an understanding of the return on investment in development activities.

In January 2011, USAID released a new Evaluation Policy that sets ambitious standards for the quality and transparency of evaluation to demonstrate results, generate evidence to inform decisions, promote learning, and ensure accountability. Many of the policy requirements build on and update past USAID evaluation practices to bring the agency up to date with, and in some cases surpass international standards.

Since release of the policy, the Bureau of Policy, Planning and Learning has led the effort to institutionalize the policy across the agency by:

- **Establishing and extending good practice** by communicating Evaluation Policy standards and increasing the understanding and awareness of USAID staff and partners of what makes for good practice in development program evaluation. This includes, among other actions, integrating evaluation into the program cycle and working on new communications products to help staff understand and in turn present on evaluation requirements.
- **Building USAID capacity** through training in evaluation methods and best practices for field and Washington based staff. In FY 2011, 365 staff members were trained, and another 1,100 will be reached by the end of FY 2013. In addition, evaluation training is now mandatory for all incoming Foreign Service Officers hired under the Development Leadership Initiative.
- **Providing Technical Assistance** to staff in bilateral and regional missions and Washington pillar bureaus in drafting evaluation scopes of work for impact and performance evaluations, developing mission evaluation orders, and drafting the monitoring and evaluation sections of mission Country Development and Cooperation Strategies.
- **Leveraging Evidence and Learning** by hosting a community of practice, the Evaluation Interest Group (EIG), which provides a broad forum for USAID staff to share evaluation experiences, best practices, and opportunities related to evaluation and learning. Membership is voluntary and open to any staff person, including from the Department of State. Before the Evaluation Policy, the group numbered around 100 members. As of September 2011 there are over 700 people on the EIG email list. The group also manages an internal Share Point site that archives Evaluation Resources, available to USAID staff.

Global Climate Change Initiative (GCCI)

The Global Climate Change Initiative (GCCI) is one of three high-priority Presidential Initiatives. U.S. leadership on climate change strengthens our international posture while helping to build a clean-energy world less exposed and more resilient to climate dangers. In Cancun, Mexico, during the United Nations Climate Change Conference in December 2010, the world took an important step toward meeting the climate and clean energy challenge, as all major economies will take actions to reduce their greenhouse gas (GHG) emissions in a transparent way. GCCI funds support the U.S. commitment to contribute its share of $30 billion over the 2010-2012 period for "fast-start" funding to help developing countries address climate change while maintaining development gains. This commitment was made in the United Nations Framework Convention on Climate Change (UNFCCC) Copenhagen climate negotiations in 2009 and reaffirmed in Cancun. U.S. Government-wide finance in support of this pledge totaled over $3 billion in FY 2011 appropriated funds.

The GCCI, organized into three "pillars" (Adaptation, Clean Energy, and Sustainable Landscapes), is:

- Accelerating the transition to low emissions development by supporting country Low Emission Development Strategies (LEDS), as well as additional direct investments in clean energy and sustainable landscapes
- Increasing the resilience of people, places, and livelihoods through investments in adaptation
- Strengthening development outcomes by integrating climate change resilience into approaches for food security, health, governance, disaster risk reduction, and other development and diplomatic goals

FY 2011 Highlights

The whole-of-government **Enhancing Capacity for Low Emission Development Strategies** (EC-LEDS) program supports developing countries' efforts to pursue sustainable, climate-resilient economic growth while slowing the release of GHG emissions. In FY 2011, the EC-LEDS team led seven scoping assessments, exchanged knowledge and built field capacity in an inter-agency workshop, and established agreed work programs with two partner country governments—Bangladesh and Costa Rica.

Through the GCCI, the U.S. Government released the United States' strategy to reduce emissions from deforestation and forest degradation and increase carbon sequestration by forests in developing countries, commonly referred to as **REDD+**. This U.S. Government-wide strategy outlines how the U.S. will invest the $1 billion dedicated for REDD+ announced by the Obama Administration at the UNFCCC meeting in Copenhagen in December 2009. The strategy was developed through an interagency process facilitated by the White House National Security Council and the Council on Environmental Quality.

A mother carries her child in one hand and a packet of collected food in the other down a flooded road on the outskirts of Dhaka, Bangladesh, in August 2002. Floods are expected to become more frequent and severe in the face of climate change. ©AFP Image / Jewel Samad

Dedicated adaptation programs are critical to demonstrating a longer term, climate-resilient development perspective. In FY 2011, USAID disseminated tools for use by Missions, Bureaus, and host country governments. A number of innovative demonstration activities related to pilot insurance, risk management, and climate services were initiated.

The Department of State supported **multilateral programs and processes** that build international consensus on, and the ability to address, climate change challenges. These programs and processes include the international bodies that lead the climate change negotiations and global scientific analysis of climate change, efforts to increase global uptake of new clean energy technologies through the Clean Energy Ministerial, the Global Methane Initiative, the Energy and Climate Partnership of the Americas, and the Montreal Protocol, and support for multilateral funds that assist the most vulnerable developing countries.

For more information, visit *http://www.usaid.gov/climate* and *http://www.state.gov/e/oes/climate*.

Strategic Goals and Results

In FY 2011, the Department of State and USAID continued to increase analytical rigor in strategic planning and performance management by focusing on outcome oriented performance measures that support their strategic goals and priorities. This section summarizes performance information presented in both agencies' Agency Financial Reports as well as in the Annual Performance Reports included in the Congressional Budget Justification. Illustrative indicators for the joint Department of State and USAID strategic goals are included in the following goal chapters.

Strategic Goal 1: Achieving Peace and Security

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

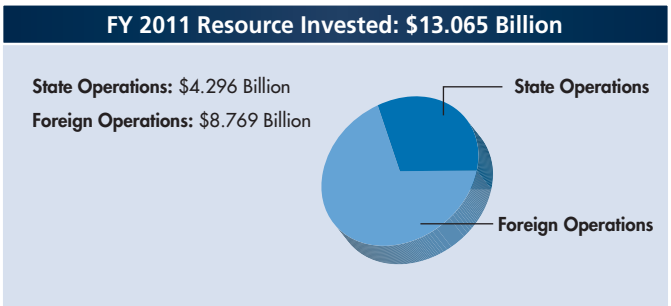
Public Benefit

U.S. policy states that the security of U.S. citizens at home and abroad is best guaranteed when countries and societies are secure, free, prosperous, and at peace. The Department, USAID, and their partners seek to strengthen their diplomatic and development capabilities, as well as those of international partners and allies, to prevent or mitigate conflict, stabilize countries in crisis, promote regional stability, and protect civilians. In 2011, a profound and dramatic wave of change swept across the Middle East as people courageously stood up to their governments to express their legitimate aspirations for greater political participation and economic opportunity. Our close relationship with our international partners has enabled the United States to strengthen our national security and provide leadership in conflict areas, such as the Middle East, to promote democratic and political reforms and ensure a voice for all peoples, including women, in building stable and peaceful societies.

Summary of Performance and Resources

The Department and USAID allocated $13.065 billion toward this Strategic Goal in FY 2011, which is 28 percent of the total State-USAID budget supporting all strategic goals. The Department and USAID met or exceeded targets for 63 percent of their performance indicators for Strategic Goal 1. Twenty-six percent of indicators were below target, and ratings were not available for 11 percent that are new indicators or data are not yet available.

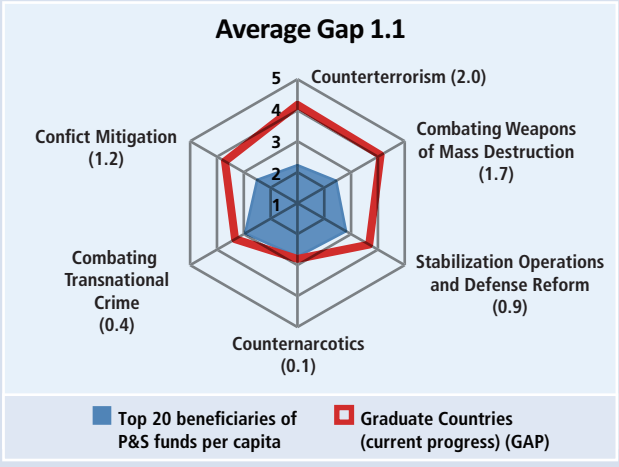
U.S. Secretary of State Hillary Rodham Clinton shakes hands with Korean Foreign Minister Kim Sung-Hwan, after they signed an agreement to cooperate on international development, Friday, June 24, 2011, during a bilateral meeting at the State Department in Washington.
©AP Image



Closing the Gap

Through a number of integrated programs, the U.S. Government seeks to strengthen the capacity of local law enforcement and security authorities to combat illicit activity and weapons of mass destruction, terrorism and transnational crime and prevent and mitigate conflict. As noted below, except in the areas of counter-narcotics and transnational crime, the top 20 beneficiaries of U.S. Government assistance (blue) score considerably lower in the other four areas as compared to a select group of countries that have graduated from U.S. Government assistance (red)[1]. As indicated by the achievements below, U.S. assistance efforts are making progress in improving the capacity of target countries to preserve peace and security.

Top 20 Country Beneficiaries of U.S. Government Foreign Assistance in Peace and Security



Key Selected Achievements

- The U.S. has improved the work of the 82-country Global Initiative to Combat Nuclear Terrorism so that it has become a durable international institution. Institutional changes include the establishment of an Implementation and Assessment Group, with three working groups on nuclear forensics, nuclear detection, and nuclear response and mitigation.

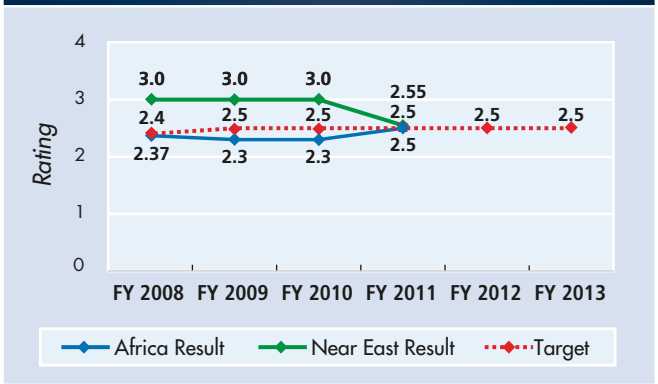
- The bilateral relationship between the United States and Iraq continues to evolve, with the Department assuming the lead for the U.S. Government under the auspices of the Strategic Framework Agreement. The United States closed all of its Provincial Reconstruction Teams in Iraq in 2011 and opened Consulates General in both Erbil and Basrah. Plans are underway to open a temporary consulate in Kirkuk, Iraq.

Selected Strategic Priorities and Analyses

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

Analysis: This section details a key performance indicator to illustrate the Department's performance in an area that links to key budget and policy priorities under Strategic Goal 1. The indicator *Average rating denoting degree to which United Nations peacekeeping missions in Africa and Near East Asia funded through the Contributions for International Peacekeeping Activities (CIPA) account achieve U.S. Government objectives* represents the Department's ongoing priority to work with multilateral bodies to advance peace and security through active engagement with global institutions, and to share the burden of peacekeeping, peacebuilding, and conflict resolution with a growing community of nations. UN Peacekeeping Missions in Near East Asia received an average rating of 2.55 out of 4 for

Performance Indicator: Peacekeeping Operations Ratings in Africa and Near East Asia[1]



Source: *Internal State Department Mission Reports, UN Secretary General Reports, UN Security Council Report. Indicator title: Average rating denoting degree to which United Nations peacekeeping missions in Africa and Near East Asia funded through the Contributions for International Peacekeeping Activities (CIPA) account achieve pre-established U.S. Government objectives.*

[1]Scale: 1 = Below Target; 2 = Improved over prior year, but not met; 3 = On Target; 4 = Above Target. The average of these ratings is then compared to the annual target.

[1] *For more information on the Closing the Gap chart above, see link in reference section on inside back cover of report.*

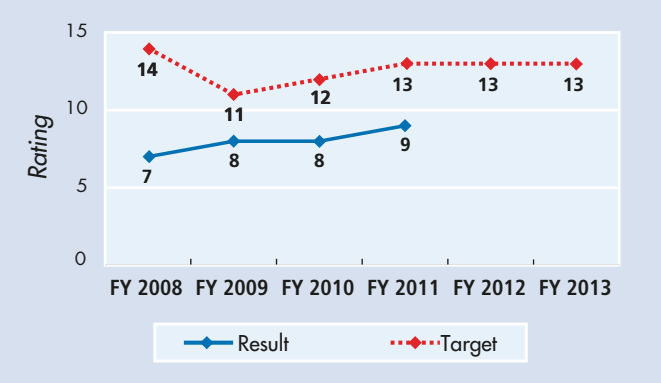
FY 2011, surpassing its FY 2011 target of 2.5. The difference in the FY 2010 data was due to unexpectedly strong progress reports for the United Nations Interim Force in Lebanon and the United Nations Disengagement Observer Force on short-term goals. In addition, the FY 2011 target was not adjusted upward. The average rating of 2.5 in FY 2011 for UN Peacekeeping Missions in Africa met the FY 2011 target of 2.5. Results for this indicator reflect the difficult security, political, and economic environment in which peace operations are carried out.

COUNTERTERRORISM: *Developing policies that advance international cooperation against terrorist financing and funding partner capacity building programs.*

Analysis: The indicator *Number of NEA countries with Financial Intelligence Units*[1] *(FIUs) that meet the standards of the Egmont Group*[2] represents the State Department's commitment to working with partner nations in the Egmont Group to combat terrorism and decrease terrorist organizations' ability to access unregulated or poorly monitored cash flows that support operations against the citizens and interests of the U.S. and partner governments throughout the world.

A total of nine countries with FIUs met the standards of the Egmont Group in FY 2011. The target of thirteen countries was not met, but the FY 2011 result represents an increase from the FY 2010 result. To improve results for FY 2012, NEA missions will meet with host government officials to stress the importance of developing FIUs that meet the Egmont Group's criteria.

Performance Indicator: Number of NEA Countries with FIU's That Meet the Standards of the Egmont Group



Source: *U.S. Department of State, Bureau of Near Eastern Affairs, the Egmont Group.*

[1] *A Financial Intelligence Unit is a central, national agency responsible for receiving (and, as permitted, requesting), analyzing and disseminating to the competent authorities, disclosures of financial information: (i) concerning suspected proceeds of crime and potential financing of terrorism, or (ii) required by national legislation or regulation, in order to counter money laundering and terrorism financing.*

[2] *The Egmont Group is a group of FIUs that are committed to improve cooperation in the fight against money laundering and financing of terrorism and to foster the implementation of domestic programs in this field.*

STRATEGIC GOAL 2:
GOVERNING JUSTLY AND DEMOCRATICALLY

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

PUBLIC BENEFIT

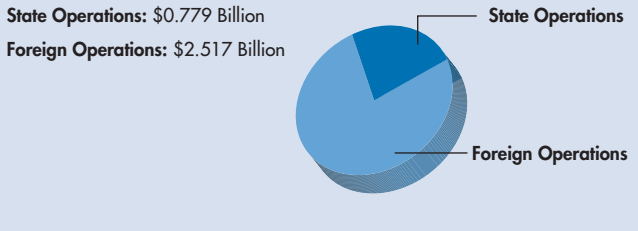
The U.S. Government supports just and democratic governance for three related reasons: (1) as a matter of principle, (2) as a contribution to U.S. national security, and (3) as a cornerstone of the broader development agenda. The National Security Strategy makes clear that supporting the expansion of democracy and human rights abroad is in our national interest. U.S. leadership in promoting capable, transparent, accessible, and accountable public institutions and economic growth is key to achieving successful and sustained transitions to democracies and universal freedoms around the globe. The Department and USAID work to build the essential institutions of democratic accountability, including the advancement of rule of law and human rights, good governance, political competition and civil society.

A transparent, empowered school board process in Egypt raises election turnout and expectations. Elected parents and community members attend a Board of Trustees meeting in Egypt, to determine, prioritize and meet the school's needs. USAID

SUMMARY OF PERFORMANCE AND RESOURCES

The Department and USAID allocated $3.296 billion toward this Strategic Goal in FY 2011, which is 7 percent of the total State-USAID budget supporting all strategic goals. The Department and USAID met or exceeded targets for 42 percent of their performance indicators for Strategic Goal 2. Forty-six percent of indicators were below target, and ratings were not available for 12 percent that are new indicators or data are not yet available.

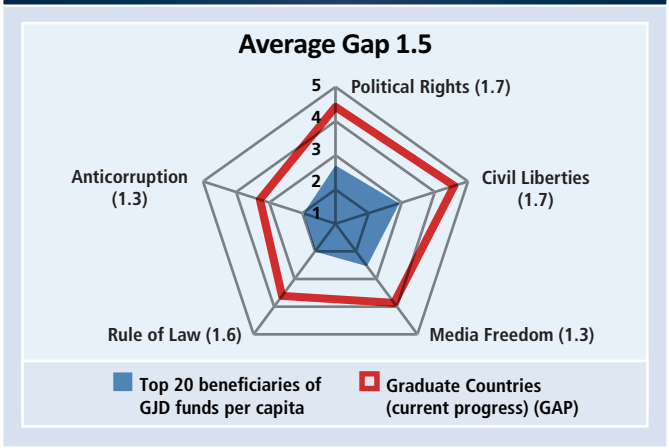
FY 2011 Resource Invested: $3.296 Billion



Closing the Gap

The Department and USAID work with governments and civil society to build and strengthen effective and responsive democratic governments that value and support good governance, political rights, civil liberties, media and religious freedom and rule of law. As noted below, the top 20 beneficiaries of U.S. Government assistance (blue) have considerable progress to make in order to attain the level of just and democratic gover-

Top 20 Country Beneficiaries of U.S. Government Foreign Assistance in Governing Justly and Democratically



nance achieved by a select group of countries that have graduated from U.S. Government assistance (red)[1]. The positive results of U.S. Government assistance for democracy and governance programs as reported below are helping to close that gap.

Key Selected Achievements

- Provided voter and civic education to over 19 million people, trained more than 50,000 election observers, and deployed almost 2,000 election observers to South Sudan—where credible elections enabled the peaceful transition of South Sudan into its own nation—and to Tunisia—where U.S. Government technical assistance contributed to peaceful constitutional assembly elections.

- Assisted over 4,300 civil society organizations in 60 countries engaged in advocacy interventions through the legislative process to improve government transparency and accountability.

- Called upon leaders of governments and civil society in the Fourth High Level Forum on Aid Effectiveness in 2011 in Busan, South Korea to emphasize democracy, rights, and good governance in the final Declaration of the Partnership for Effective Development Cooperation, stating that the Millennium Declaration identifies promoting human rights, democracy and good governance an integral part of our development efforts.

- The United States is a party to the Voluntary Principles on Security and Human Rights, which bring together governments, companies, and NGOs to ensure companies take tangible steps to minimize human rights abuses in the surrounding communities as they extract resources in some of the most challenging places in the world. This year, the Department helped negotiate a consensus among 19 oil, gas and mining companies, seven governments, and 10 NGOs on a new core document that outlines the expectations of participants, and lays out a plan to pursue the creation of a legal entity to help companies maintain high standards.

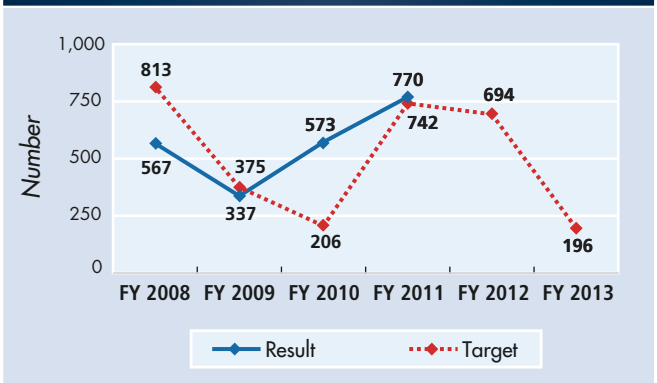
Selected Strategic Priorities and Analyses

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

Analysis: The United States supports programs that help countries build the necessary rule of law infrastructure, particularly in the justice sector, to uphold and protect their citizens' basic human rights. The rule of law is a principle of governance under which all persons, institutions, and entities, public and private, including the state itself, are accountable to laws that are publicly promulgated, equally enforced, independently adjudicated, and consistent with international laws, norms, and standards. Improved case management leads to a more effective justice system by decreasing case backlog and case disposition time, reducing administrative burdens on judges, increasing transparency of judicial procedures, and improving compliance with procedural law.

A total of 742 courts improved their case management systems as a result of U.S. assistance in FY 2011, exceeding the target of 624. A strong commitment to justice sector reform by the newly elected President of Haiti increased the number of courts the U.S. Government was able to assist there. In Colombia, the training of judges and court staff was so well received that demand for the training enabled U.S. programs to assist more courts than initially planned.

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



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

[1] *For more information on the Closing the Gap chart on previous page, see link in reference section on inside back cover of report.*

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

Analysis: The Department exceeded the target for the illustrative indicator relative to Strategic Goal 2 *Increased civic activism in priority countries with repressive regimes, as measured by the percent of civil society activists and organizations able to sustain activities after six months of receiving U.S. support*. This performance indicator is a key measure of the joint Department of State-USAID High Priority Performance Goal for Democracy, Good Governance, and Human Rights, and illustrates the Department's performance in an area that links key policy priorities to the Department's budget under Strategic Goal 2. The focus on this policy priority will continue with the new APG's.

Protecting the fundamental freedoms of association, assembly, expression, and religion represents an important aspect of U.S. foreign policy. The Department is leveraging key foreign assistance and diplomatic tools to support local activists in creating conditions necessary to reverse a trend in recent years of a shrinking enabling environment for civil society around the world. The recent events in the Middle East and North Africa remind us of the challenges human rights activists and civil society face in their work to protect citizens' rights. In February 2011, Secretary Clinton launched the State Department's first Strategic Dialogue to underscore our commitment to supporting and defending civil society around the world. The Dialogue enhances efforts to amplify the voices of activists and to provide protection for civil society where we can. In support of this important commitment, the Lifeline: The Embattled NGOs Assistance Fund was created this year with support from twelve other democratic nations. In FY 2011, in a selection of 14 targeted countries, 20 percent of activists and organizations were able to continue activities six months after receiving U.S. support. The percentage of actual number of human rights activists and defenders, supported by U.S. Government funds, who are advocating for a more open civil society within repressive regimes, exceeded the established target. This is evidence that these activists are becoming more aware of mechanisms to sustain their ongoing civil society advocacy efforts despite rising restrictions.

South Sudan

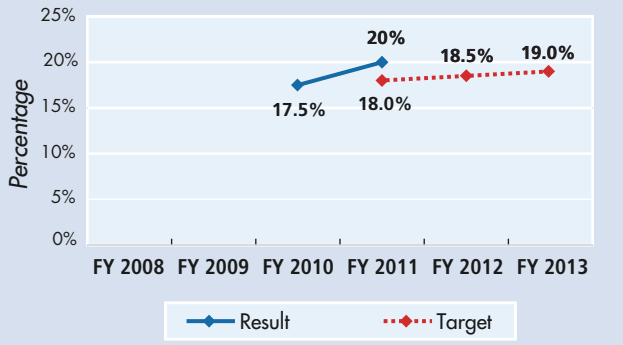
On July 9, after decades of civil war and the loss of more than 2 million lives, South Sudan seceded from Sudan and became the world's newest nation—a peaceful and democratic division of what used to be Africa's largest country. The event brought joy to the streets and dusty roads of South Sudan, where nearly 99 percent of citizens who voted in a USAID-assisted referendum chose secession last January.

Sudan has for years been the U.S. Government's highest priority in Africa, so the country's division brought changes for the U.S. Government as well. On July 9, USAID's office in Juba became an official South Sudan mission, and the U.S. Consulate became a U.S. Embassy.

A woman in Kapoeta, Eastern Equatoria, casts her referendum ballot on January 10, 2011. USAID

As South Sudan embarks on nationhood, USAID seeks to help make the new nation increasingly stable while helping the government deliver basic services to citizens, provide effective, inclusive, and accountable governance, diversify the economy, and combat poverty. Increasing stability in South Sudan will depend on a combination of strengthening core governance institutions and processes and making them more inclusive, responding to the expectations of the population for essential services and improved livelihoods, as well as containing conflicts and addressing the grievances behind them.

Performance Indicator: Increased Civic Activism in Priority Countries[1]

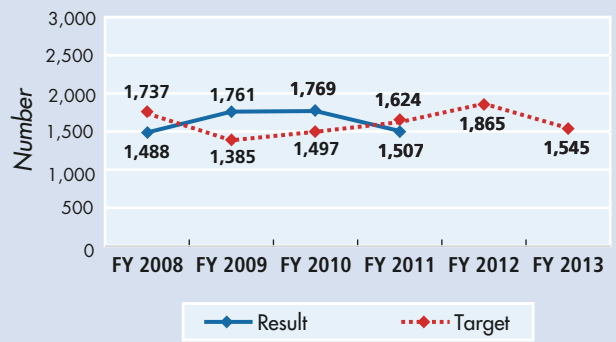


Source: *Global Human Rights Defender Fund.*

[1] Indicator new in FY 2010, targets established in early FY 2011. Indicator title: Increased civic activism in priority countries with repressive regimes, as measured by the percent of civil society activists and organizations able to sustain activities after six months of receiving U.S. support.

Analysis: A fully participatory, democratic state must include an active and vibrant civil society in which individuals can peacefully exercise their fundamental rights. Free media (including print, broadcast, and the Internet) as the voice of civil society, are essential to building and sustaining democracy. Journalists often serve as a necessary check to the government. U.S. assistance in this area focus on: 1) increasing the ability of media actors to provide representative and responsible coverage; 2) developing innovative information sharing to strengthen independent media outlets; and 3) training journalists in ethics and rights. In FY 2011, the U.S. Government provided assistance to 1,507 non-state news outlets, slightly below the target of 1,624. The lower result reflects a post-presidential elections crackdown on civil society in Belarus and a shift in media strategy in Russia from traditional media outlets towards newer Internet-based technologies, which are becoming more widely used as a source of information.

Performance Indicator: Number of Non-State News Outlets Assisted by U.S. Government



Source: *FY 2011 Performance Reports as collected in the Foreign Assistance and Coordination System (FACTS).*

Global Health Initiative

Saving lives and assisting countries and communities to develop sustainable solutions to save and improve the lives of women, children and families.

During this phase of the President's Global Health Initiative (GHI), the U.S. Government – including USAID, the Department of Health and Human Services, Centers for Disease Control and Prevention, the Department of Defense, and the Peace Corps – has moved quickly to develop joint strategies that align U.S. investments with host country government priorities in partnership NGOs and the private sector. In Fiscal Year (FY) 2011, U.S. Government Teams developed 21 GHI Country Strategies, and twenty more strategies are targeted for approval in early FY 2012.

©AFP Image / Gwenn Dubourthoumieu [center]

Saving the Lives of Mothers and Children

GHI programs renew the U.S. emphasis on saving the lives of mothers, children, and families from preventable, treatable diseases. U.S. investments provide immunizations and are working to: control and treat malaria, eliminate pediatric AIDS, and avert unintended pregnancy, which is saving millions of lives.

Protecting Communities from Infectious Diseases

A critical GHI focus includes tuberculosis (TB) and neglected tropical diseases (NTDs). These diseases have the greatest impact on the lives of women, children and families. Drug resistant TB is a global threat and is the leading killer of people with HIV. It requires continued resources and focus. Seven treatable NTDs afflict more than one billion people causing lifelong disability, poor intellectual development, and increasing poverty.

Creating an AIDS-Free Generation

HIV/AIDS has devastated countries worldwide, particularly in Africa. Millions of men, women and children with HIV/AIDS are now on life saving treatment and are provided with care and support. In partnership with countries and communities, implementation of new research and solutions is creating the prospect of an AIDS-free generation for the first time in decades.

Maximizing Results

GHI ensures that U.S. Government agencies combine their efforts to maximize results, making the most of every dollar to improve the health of the poorest families around the world. GHI implementation has four standard components:

- **Collaborating for impact:** Promote country ownership and align U.S. investments with national plans, including improved coordination across U.S. agencies and with other donors.
- **Doing more of what works, ending what does not:** Identify, take to scale, and evaluate proven approaches in all fields of health and stop efforts that have not produced positive impacts on health outcomes.
- **Build and expand existing country-owned platforms to foster stronger systems and sustainable results:** Strengthen health systems' functions to ensure the quality and reach of short- and long-term health services and public health programs, and work with governments to ensure sustainability.
- **Innovating for results:** Identify, implement, and rigorously evaluate new approaches that reward efficiency, effectiveness, and sustainability.

Strategic Goal 3: Investing in People

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

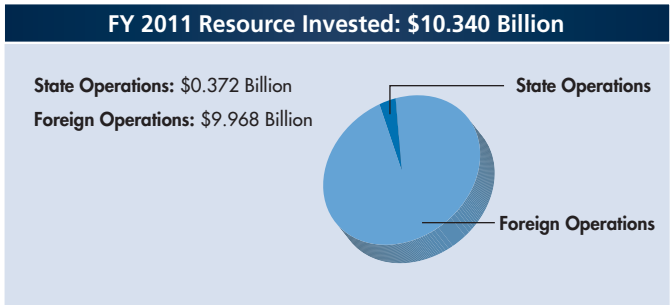
Public Benefit

Bringing better health systems, education and training to people around the globe contributes to a more secure, stable, and prosperous world. People are central to the sustainability and positive development of a country. The Department of State and USAID help recipient nations achieve and maintain improvements in the well-being and productivity of their citizens and build sustainable capacity to provide services in three priority program areas: health, education, and social services and protection for especially vulnerable populations. U.S. Government investments focus on improving the health of men, women, newborns, and children, in particular through such initiatives as the President's Emergency Plan for AIDS Relief (PEPFAR) and the Global Health Initiative (GHI). Both of these presidential initiatives aim to maximize the impact the U.S. achieves for every dollar invested in global health. By investing in education, science and technology, and innovative practices, the Department and USAID are improving the lives of vulnerable populations.

The yogurt plus prevention education is carried out in partnership with the President's Emergency Plan for AIDS Relief. In February, USAID launched a public-private partnership in cooperation with Standard Bank, the largest bank on the African continent; Namibia Dairies, that country's leading dairy company; and the Namibia Business Coalition on AIDS. USAID

Summary of Performance and Resources

The Department and USAID allocated $10.340 billion toward this Strategic Goal in FY 2011, which is 22 percent of the total State-USAID budget supporting all strategic goals. The Department and USAID met or exceeded targets for 50 percent of their performance indicators for Strategic Goal 3. Twenty-five percent of indicators were below target, and ratings were not available for 25 percent that are new indicators or data are not yet available.

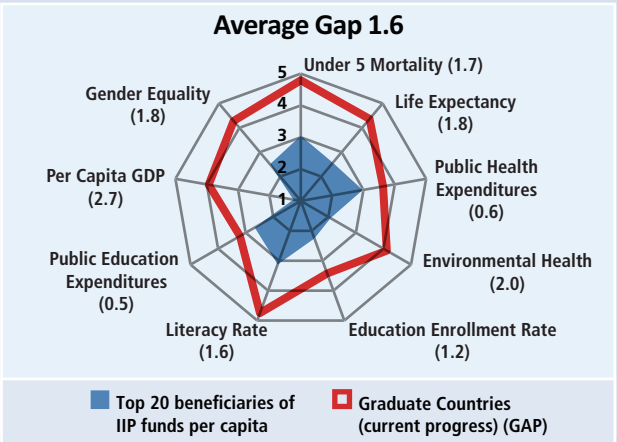


Closing the Gap

Through investments in health and education, the U.S. Government works to unlock human potential and help the most vulnerable populations become more productive citizens. As indicated on the following page, the top 20 beneficiaries of U.S. Government assistance (blue) fall well below a select group of countries that have graduated from U.S. Government assistance (red)[1] in every measure of human development on a scale of one to five, with five representing the performance of the best country in the world. Nonetheless, U.S. Government programs are yielding steady improvements in these areas as the data demonstrates on the following page.

[1] *For more information on the Closing the Gap chart on following page, see link in reference section on inside back cover of report.*

Top 20 Country Beneficiaries of U.S. Government Foreign Assistance in Investing in People



Key Selected Achievements

- USAID released their new Education Strategy, which focuses on three major goals: (1) improved reading skills for 100 million children in primary grades, (2) improved ability of tertiary and workforce development programs, and (3) increased equitable access to education in crisis and conflict environments.

- Saved an average of 485 children per day from malaria. Among the nine focus countries in the President's Malaria Initiative, all-cause mortality among children under five has dropped by between 16 and 50 percent.

- Stepped up efforts to integrate family planning across other health sectors as a strategic and cost-effective use of resources by employing the BEST (Best Practices at Scale in the Home, Community and Facilities) action plan in 28 countries.

- PEPFAR Country teams, under the leadership of the Ambassador and Deputy Chief of Mission, advanced the Country Ownership agenda for sustainability of the HIV/AIDS response. This agenda seeks to foster greater cooperation between aid donors and recipient governments by providing those governments with the tools and training necessary for assuming more responsibility in financing and implementing.

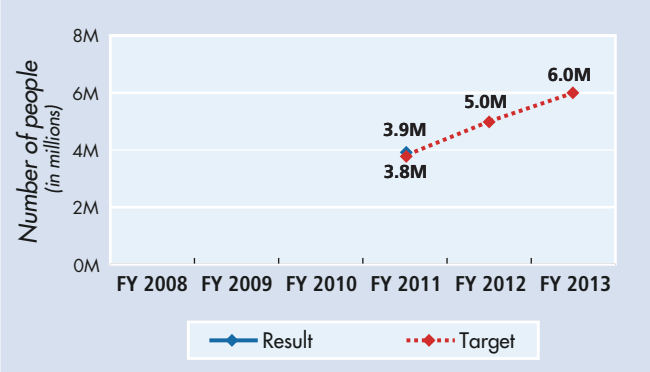
Selected Strategic Priorities and Analyses

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

HIV/AIDS Analysis: The U.S. President's Emergency Plan for AIDS Relief (PEPFAR) is the U.S. Government's initiative to help save the lives of those suffering from HIV/AIDS around the world. This historic plan is the largest commitment by any nation to combat a single disease internationally. PEPFAR is driven by a shared responsibility among donor and partner nations to make smart investments to save lives. PEPFAR is advancing this agenda in the context of stronger country ownership, with the long-term goal of transitioning host countries to plan, manage, deliver and finance health programs responsive to the needs of their people without development assistance.

Antiretroviral (ARV) treatments provide direct benefits by increasing the length and quality of the lives of infected individuals, enabling them to resume daily activities and provide care for their families. ARVs also reduce the viral load in patients on therapy, which decreases the rate of transmission. Because of the rapid scale-up of the programs in FY 2011, the United States directly supported treatment to some 3.9 million people living with HIV, exceeding the target by 100,000.

Performance Indicator: Number of Eligible Adults and Children with Advanced HIV Infection Receiving Antiretroviral Therapy (ART)[1]



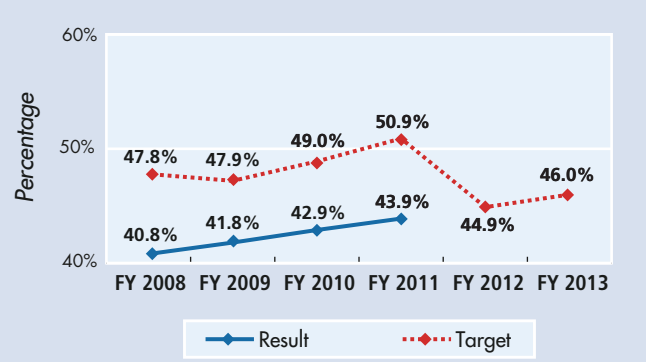
Source: Semi-Annual and Annual Progress Reports as captured in U.S. Government Country Operational Plan and Reporting System (COPRS).

[1] *Indicator new in FY 2011.*

Maternal and Child Health Analysis: U.S. assistance in this area aims to increase the survival of mothers, newborns, and children by supporting innovation and research, providing technical support to countries, and exerting global leadership. Having a skilled attendant at birth is a critical component of efforts to reduce maternal mortality. Most non-abortion-related maternal deaths happen during labor and delivery or within the first few days following delivery. In many countries, most births occur at home. Increasing the frequency of deliveries assisted by skilled birth attendants in homes and health care facilities is important for prompt recognition of complications, initiation of treatment, and lives saved.

As FY 2011 is the first year this indicator has been calculated using the restricted definition of a skilled birth attendant provided by the World Health Organization (WHO), comparisons with earlier data are not exact. When comparing the FY 2011 result with the FY 2010 data calculated using the current definition, then the actual change in the use of skilled birth attendants is an increase from 44.4 percent to 45.4 percent, which represents a performance improvement and is consistent with past positive trends. Future targets have been adjusted accordingly.

Performance Indicator: Percent of Births Attended by a Skilled Doctor, Nurse or Midwife

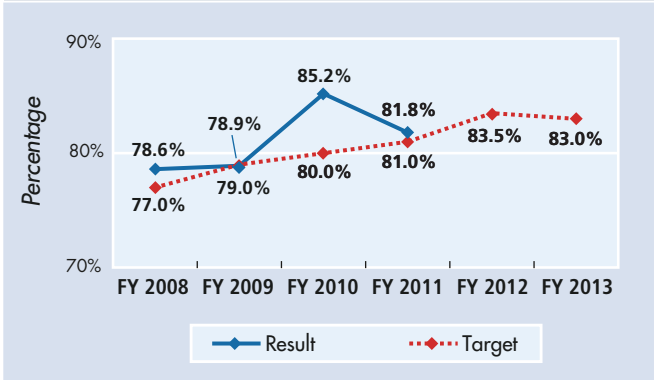


Source: *Demographic Health Surveys and Census Bureau.*

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

Analysis: The United States assesses its performance based on the primary net enrollment rate (NER) for a sample of countries receiving basic education funds. NER is a measure of access to schooling among the official primary school-age group. U.S. foreign assistance supports an increase in NER through a variety of activities designed to improve the quality of teaching and learning which helps reduce barriers to student attendance and promote effective classroom practices. High NERs lead to increases in school completion rates and thus higher educational attainment within the overall population. Countries with an educated population are more likely to experience improvements in health and economic growth. Since FY 2002, NERs have improved steadily in countries receiving U.S. assistance. In FY 2011, the United States exceeded its target of 81 percent for the NER, with substantial increases in Pakistan.

Performance Indicator: Primary Net Enrollement



Source: *Demographic Health Surveys and Census Bureau.*

Partnering For Haiti's Future

The year 2011 marked Haiti's first peaceful democratic transition from the administration of one government to one led by an opposition candidate. Partnering with the new government, the United States is supporting Haiti to improve the economic security of its citizens. With an estimated 40 percent of the population out of work, unemployment remains one of Haiti's most pressing problems. From a peak employment of 100,000 in the early 1980s, employment in the garment sector has declined due to embargoes, insecurity, and lack of investment. Recent U.S. trade preferences, enacted through the HOPE (2010) and HELP II (2008) legislation have made Haiti a more attractive place to invest.

In its National Action Plan, the Government of Haiti expressed its desire to create centers of economic development outside of Port-au- Prince for Haiti's growth and to bring jobs to Haiti's underserved regions. The Caracol Industrial Park is a first step toward achieving this goal, bringing together the Haitian and U.S. Governments, the Inter-American Development Bank, and Sae-A Trading Co. Ltd.—Korea's leading garment manufacturer. The park is projected to create 20,000 permanent jobs through Sae-A's investment alone, and marks the first major public-private partnership to bring permanent jobs to Haiti since the January 2010 earthquake. At a ceremony in November 2011, the first stone was laid in the park and activity is projected to begin in the first quarter of 2012. The U.S. Government, through the U.S. Department of State, helped to broker the public-private partnership. Through USAID, the United States is supporting several key interventions to prepare for and support the Park including the construction of a power plant, exploring approaches to improve regional ports, transition initiatives to help the region cope with rapid urbanization, and support for housing.

The United States' *Feed the Future* initiative is supporting the Haitian Government's priorities in agriculture, working to ensure sustainable growth in the agricultural sector in Government of Haiti-prioritized fertile plains. The U.S. Government is working with farmers, farmer associations, and scientists to introduce new techniques and technologies, strengthen agricultural infrastructure along the whole value chain, and attract investments from private businesses—with an overall aim to improve livelihoods for more than 100,000 farmer households, corresponding to 8-10 percent of the rural population. This investment will not only lead to nutritional improvements in the population, but also improve the lives of farmers benefitting from increased crop yields and incomes.

A worker surveys USAID-funded housing site near the Caracol Industrial Park in northern Haiti on November 10, 2011. USAID

While working with the Government of Haiti on long term economic development, the United States continues to stand with the Haitian people during emergencies. On October 21, 2010, the Haitian Ministry of Health and Population (MSPP) confirmed cases of cholera for the first time in at least a century. At the request of the Government of Haiti, the U.S. Centers for Disease Control and Prevention and USAID—already helping Haiti build sustainable health systems to detect and combat the spread of communicable diseases in the aftermath of the devastating January 2010 earthquake—immediately began working with MSPP and the Pan American Health Organization to lessen the severity of the outbreak. Through December 2011, the U.S. Government provided expertise and more than $73 million to prevent additional cholera cases and support the response. Though deaths from cholera were high in the first few months of the epidemic, Haitian-led international efforts have helped ensure the fatality rate remains consistently below the international standard of 1 percent.

Strategic Goal 4:
Promoting Economic Growth and Prosperity

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

Public Benefit

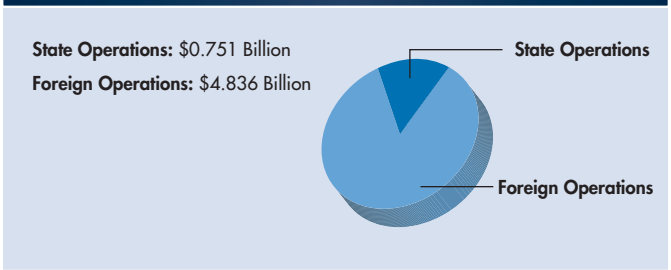
Economic growth provides citizens and governments with the resources needed to meet needs and aspirations, including improved education, health, peace and security, via an international economic system that is open, free, transparent and fair. The Department and USAID share the goal to strengthen world economic growth and protect the environment, while expanding opportunities for U.S. businesses and working to help countries spark and sustain transformative economic growth. The Department plays a lead role in implementing President Obama's National Export Initiative (NEI) by advocating on behalf of American companies with other governments for fair treatment, transparency, and maximum opportunity in competitive global markets. And under Presidential Policy Directive 6, USAID is working to empower private entrepreneurs, workers, and enterprises to take advantage of expanding opportunities in a global economy. By embracing business transparency efforts, such as patent protection and intellectual property rights, foreign countries become an attractive market for the products and services of U.S. workers and companies.

Cashew processing training in Guinea. Funded by USAID, the project aims to assist in the development of a cashew processing industry by introducing improved methods and technologies and creating sustainable commercial links among small processors, commercial distributors and local equipment suppliers. Enterprise Works Worldwide

Summary of Performance and Resources

The Department and USAID allocated $5.587 billion toward this Strategic Goal in FY 2011, which is 12 percent of the total State-USAID budget for all strategic goals. The Department and USAID met or exceeded targets for 53 percent of performance indicators for Strategic Goal 4. Six percent of indicators were below target, and 3 percent of indicators improved, but did not meet targets. Ratings were not available for 38 percent that are new indicators or data are not yet available.

FY 2011 Resource Invested: $5.587 Billion



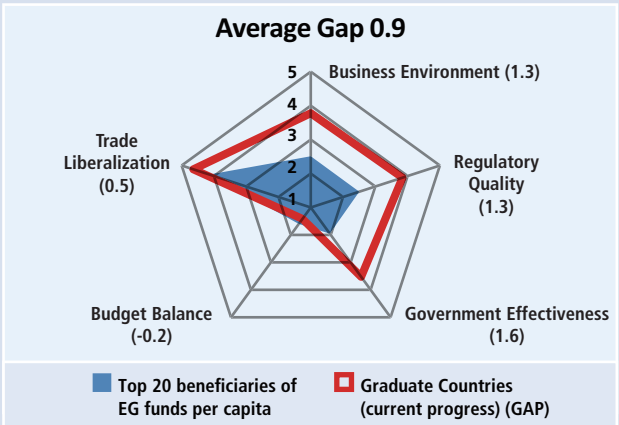
Closing the Gap

Experience demonstrates that liberalized trade regimes, transparent, effective and accountable governments, fair rules for business, and friendly market policies all contribute to greater economic growth. The Department and USAID programs are targeted at assisting countries to make the economic reforms necessary for sustainable growth to occur. As shown on the following page, except in the areas of trade liberalization and budget balance, the scores of the top 20 beneficiaries of U.S. assistance (blue) in the areas facilitating economic development rank considerably lower than a select group of countries that have graduated from U.S. Government assistance (red)[1].

[1] *For more information on the Closing the Gap chart on following page, see link in reference section on inside back cover of report.*

The countries are ranked on a scale of one to five, where five represents the performance of the best country in the world in each area. Efforts to close those gaps are yielding results, as noted below.

Top 20 Country Beneficiaries of U.S. Government Foreign Assistance in Economic Growth



Key Selected Achievements

- Led the interagency Enhancing Capacity for Low Emissions Development Strategies (EC-LEDS) program. Twelve countries have committed to analyzing, designing and implementing low emission development strategies; six agreed work plans are in place; and the U.S. signed formal EC-LEDS cooperation agreements with the Governments of Costa Rica and Bangladesh, meeting a key Agency Priority Goal benchmark for FY 2011.

- USAID's natural resource management (NRM) and conservation portfolio improved the management of more than six million hectares in biologically significant areas in FY2011. This included one large area spanning Bolivia and Peru, where conservation planning, integrated monitoring, and community-based NRM, resulted in a rate of deforestation 400 percent lower than surrounding areas.

- In partnership with the Department of Commerce and U.S. missions abroad, the Department implemented key portions of the President's NEI by supporting and advocating for U.S. companies doing business abroad and exporting to foreign markets. Through July 2011, U.S. exports were up 15 percent; a pace sufficient to sustain the NEI's goal of doubling exports by 2014 and an increase that will support two million additional jobs in the United States.

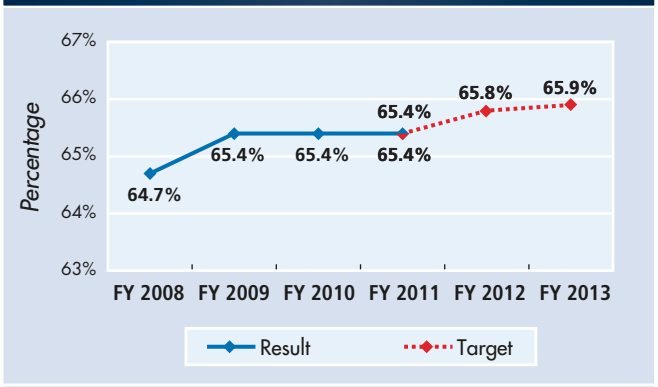
- The Department reached an important milestone by concluding several new "Open Skies" agreements during the fiscal year, expanding these partnerships to over 100 countries around the world. These agreements encourage vigorous price competition by airlines, and preserve our commitments to aviation safety and security.

Selected Strategic Priorities and Analyses

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

Analysis: A primary focus of the Department's diplomatic efforts in the area of energy security is promoting the development and implementation of policies in foreign governments designed to diversify energy sources and foster growth in the clean energy sector. One indicator for this Strategic Goal is the percent of world energy supplies from non-oil sources. This trend has increased incrementally in recent years in part due to supply diversification provided by lower carbon sources such as unconventional gas, biofuels and other renewable energy, and in part due to demand reduction as a result of the global economic downturn and, importantly, measures to increase efficiency and conservation.

Performance Indicator: Percentage of World Energy Supplies from Non-Oil Sources[1]



Source: U.S. Department of Energy.

1. Indicator new in FY 2010, targets established beginning in FY 2011.

Economic Diplomacy

While economic diplomacy has always been part of our foreign and development policy, the Administration continues to emphasize its importance to promote domestic and international economic prosperity – most notably through the State Department's "Economic Statecraft" agenda, unveiled by Secretary Clinton in 2011. This is a time when U.S. diplomacy and global leadership must be harnessed for domestic economic renewal. U.S. economic growth will increasingly rely upon our ability to excel overseas, making economic diplomacy all the more vital to our foreign policy efforts.

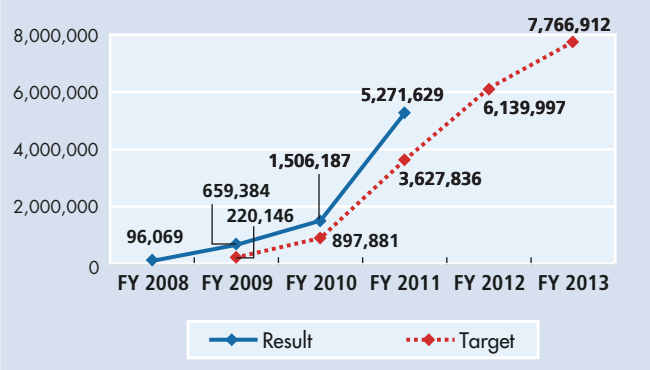
The Department of State and USAID are realizing these goals through new partnerships, bilateral investment treaties, intellectual property protection, anti-corruption efforts, engagement with multilateral organizations, international best practices, enhancing development effectiveness, and infrastructure investment, among others. Removing trade barriers is an important tool for global growth. By pursuing new trade agreements, implementing existing ones and enforcing international trade laws, we help level the playing field for U.S. companies and ensure market access for U.S. workers, businesses, farmers and ranchers. Three major trade agreements were passed in 2011, with the Republic of Korea, Panama and Columbia.

The U.S.-Korea Free Trade Agreement (KORUS) will help American workers, farmers and ranchers by increasing exports of our manufacturing and agricultural exports to Korea, which already support 200,000 American jobs and many small businesses. The trade agreement with Panama also will support American jobs, since Panama is one of the fastest-growing economies in Latin America. This comprehensive agreement will eliminate tariffs and other barriers to U.S. exports, and will provide access to Panama's $20.6 billion services market. Colombia's economy is the third largest in Central and South America. The U.S.-Colombia Trade Promotion Agreement will expand exports of U.S. goods alone by more than $1.1 billion through tariff reductions, supporting thousands of American jobs, and potentially increasing U.S. GDP by $2.5 billion. The conclusion of these three major trade agreements was the result of a multi-year effort. They will significantly benefit the U.S. economy and the economies of our trading partners, thus enhancing global growth.

AGRICULTURE: *In many developing countries, increased productivity and growth in the agricultural sector is critical to overall economic prosperity and poverty reduction. In this sector, the United States promotes broad-based agricultural sector growth, expanded agricultural trade and market systems, and broadened application of scientific and technological advances, including biotechnology and sustainable natural resource management. Increased agricultural productivity is an important goal for nearly all the countries in which the United States provides assistance. Activities in this Program Area are a core element of the President's Feed the Future (FTF) initiative.*

Analysis: Increasing agricultural productivity is an important goal for almost all of the countries to which the United States provides assistance. Working with rural households, the United States promotes technological change and its adoption by different actors in the agricultural supply chain, which is critical to increasing smallholders' agricultural production as well as agricultural productivity at regional and national levels. In FY 2011, more than 5 million farmers and others applied new technologies or management practices as a result of U.S. Government assistance, exceeding the target of 3.6 million by 45 percent. This is a result of increased emphasis on extension and outreach, and expansion of activities to new areas and new crops. Activities such as Nepal's Economic Agriculture and Trade program and Senegal's Wula Nafaa project work with farmers and other individuals to increase usage of appropriate agricultural technologies and management practices.

Performance Indicator: Number of Farmers or Others Who Have Applied New Technologies or Management Practices as a Result of U.S. Government Assistance[1]



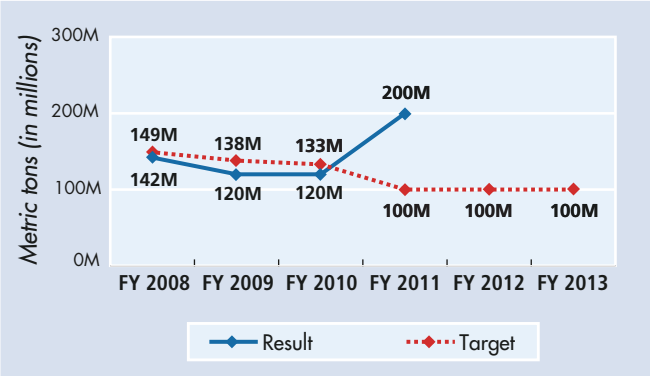
Source: FY 2011 USAID and Department of State Performance Plans and Reports as collected in the Foreign Assistance Coordination and Tracking System (FACTS).

1. Indicator new in FY 2008, targets established beginning in FY 2009.

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

Analysis: Greenhouse gas emissions reduced or sequestered as measured in carbon dioxide equivalent (CO2-eq) is an internationally recognized measure of climate change mitigation. It enables comparison of impacts from policies and activities that reduce, avoid, or store greenhouse gases in the energy, industry, transport, and land-use sectors. Results can be aggregated to demonstrate program-wide impact on reducing emissions that lead to climate change. FY 2011 results exceed the target by 100 million metric tons, due in part to the successes of the Central Africa Regional Program for the Environment, though most reporting missions met their FY 2011 targets. As the Agency moves forward with the new Climate Change and Development Strategy, there will be a shift in emphasis to more cost-effective activities that seek transformational change through policy reform, enhancing national systems, and capacity building. These activities do not lead to easily quantifiable near-term reductions, and long-term impact may be indirect or subject to a time lag.

Performance Indicator: Quantity of Greenhouse Gas Emissions, Measured in Metric Tons of CO2, Reduced or Sequestered as a Result of U.S. Government Assistance



Source: *Demographic Health Surveys and Census Bureau.*

To improve long-term results, the President's Global Climate Change Initiative will work with partner countries to develop low emission development strategies, improve the enabling environment for clean energy, link field level activities to national policy frameworks, and support robust monitoring and evaluation efforts. Targets for FY 2012 and FY 2013 are conservative to reflect this new focus on longer-term, sustainable results.

Feed the Future

President Obama's Feed the Future is the U.S. Government's global hunger and food security initiative. A whole-of-government effort led by USAID, Feed the Future promotes country-led approaches to advancing food security. With a focus on smallholder farmers, particularly women, Feed the Future supports countries in developing their agriculture sectors as a catalyst to generate broad-based economic growth that increases incomes and reduces hunger. As the overall framework to address global hunger, Feed the Future recognizes the importance of providing food aid and other humanitarian assistance during crises to save lives and protect livelihoods. Feed the Future also integrates nutrition interventions to ensure that our investments lead to improved agriculture and better health, while supporting conflict mitigation and good governance efforts required to achieve the goals of reducing poverty and undernutrition.

Over the past year, Feed the Future investments have increased the productivity and access of vulnerable populations to nutritious foods. Through Feed the Future support to improve the quality of milk production in Kenya, more than 90,000 smallholder farmers increased their income by $14 million. Feed the Future also launched new programs in Africa that will support efforts to strengthen farming systems and increase crop yields. In Bangladesh, use of fertilizer to increase yields expanded from close to zero to more than 244,000 hectares. In Guatemala, over seven thousand women were trained in agricultural production, marketing and improved feeding practices. Overall, Feed the Future will directly benefit millions of people in increasing their incomes and improve the nutritional status of millions of undernourished children.

Kongera Bosoro and Abdallah Francis Bosoro are a sister and brother who farm small plots of land in Tanzania. With U.S. Government assistance, Kongera has improved her yield from farming and Abdallah is using his augmented income to support his family's needs and to construct a new house. USAID

For more information on Feed the Future, visit *http://www.feedthefuture.gov/*

Strategic Goal 5: Providing Humanitarian Assistance

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

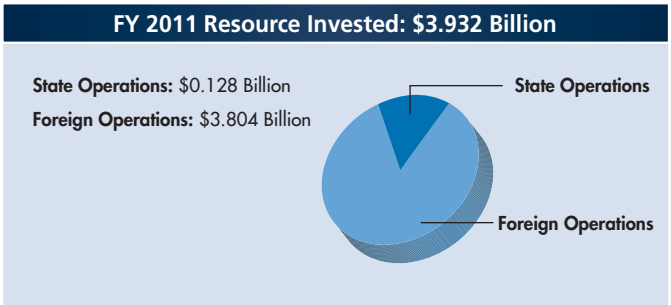
Public Benefit

The Department of State and USAID are the lead U.S. Government agencies that respond to complex humanitarian emergencies and natural disasters overseas. The commitment of the United States to humanitarian assistance stems from its sense of shared humanity and demonstrates the Nation's compassion for victims of natural disasters, armed conflict, forced migration, persecution, human rights violations, widespread health and food insecurity, and other threats. The U.S. Government's emergency response to population displacement and distress caused by natural and human-made disasters is tightly linked to all other foreign assistance goals, including the protection of civilian populations, programs to strengthen support for human rights, provision of health and basic education, and support for livelihoods of beneficiaries.

USAID's Office of U.S. Foreign Disaster Assistance has provided $5.8 million to the U.N. Children's Fund for 640 metric tons of ready-to-use therapeutic Plumpy Nut, which will treat an estimated 64,000 severely acutely malnourished children. If a child has no appetite for the thick peanut paste, she/he is moved to a stabilization center for more intense treatment. USAID

Summary of Performance and Resources

The Department and USAID allocated $3.932 billion toward this Strategic Goal in FY 2011, which is 9 percent of the total State-USAID budget for all strategic goals. The Department and USAID met or exceeded targets for 73 percent of their performance indicators for Strategic Goal 5. Twenty-seven percent of indicators were below target.



Key Selected Achievements

- In Afghanistan, efforts to reintegrate returning refugees and internally displaced people passed a milestone in December 2010 with the completion of the 200,000th home for returnee families. The U.S. Government support to shelter programs in Afghanistan began in 2002 and has been an important element in the return of some 4.5 million refugees over the past eight years.. The prospect of a secure home is regularly cited by Afghan refugees in Iran and Pakistan as one of their primary requirements before deciding to return.
- In FY 2011, U.S. Government assistance supported over 400,000 migrants and over 50,000 Libyans who fled conflict in Libya to seek safety in neighboring countries, helping ensure that the vast majority of migrants were able to voluntarily return home to their countries of origin, while also providing protection to vulnerable migrants (such as unaccompanied children) and refugees

that remained in Tunisia and Egypt. U.S. assistance also supported emergency evacuations of urgent medical cases for vulnerable migrants from Libya during the siege of Misrata.

- **Haiti** – Due to Office of Foreign Disaster Assistance (OFDA)-funded habitability assessments, home repairs, and the construction of transitional shelters, the number of displaced people in Haiti had decreased by an estimated 60 percent, by September 2011.

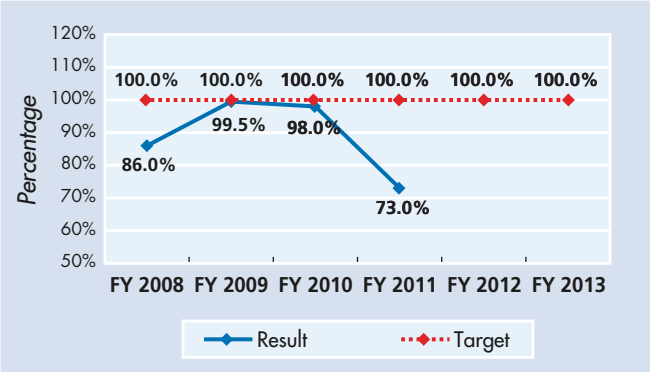
- **South Sudan** – When conflict erupted in Abyei, OFDA partners were ready to respond using prepositioned supplies located in key hubs. In less than a month, OFDA grantees and other humanitarian partners had distributed plastic sheeting, blankets, water containers, and other supplies to 68,000 people in need.

Selected Strategic Priorities and Analyses

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

Analysis: The Department of State's Bureau for Population, Refugees, and Migration (PRM) emphasizes a multilateral approach, providing the majority of funding to international organizations through the Migration and Refugee Assistance and Emergency Refugee and Migration Assistance accounts. USAID's Office of U.S. Foreign Disaster Assistance (OFDA) provides most of its assistance bilaterally to non-governmental organizations and international organizations through the International Disaster Assistance account, and leads U.S. responses to humanitarian crises resulting from natural or industrial disasters. A large percentage of OFDA funding supports response to complex humanitarian crises. USAID's Office of Food for Peace (FFP) is the primary source of U.S. food aid, targeting the most food insecure beneficiaries including refugees, Internally Displaced Persons (IDPs), and those coping with conflict and natural disasters. Given the fluidity and unpredictability of population movements in any given crisis, the Department of State and USAID coordinate closely in the provision of humanitarian assistance. Activities include distributing food and other relief supplies to affected populations; providing health and nutrition services, including feeding centers; responding to water, sanitation, and hygiene needs; providing shelter materials; implementing programs in response to child protection and gender-based violence; and providing economic recovery and agricultural inputs where appropriate.

Performance Indicator: Percentage of Refugees Admitted to the United States as a Percentage of the Allocated Regional Ceilings Established by Presidential Determination

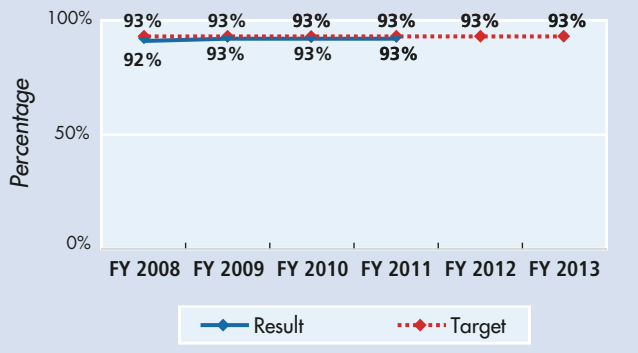


Source: *Department of State, Bureau of Population, Refugees and Migration (PRM).*

Analysis: The U.S. emergency food assistance program has long played a critical role in responding to global food insecurity. It saves lives and livelihoods, supports host government efforts to respond to critical needs of their own people during shocks, and demonstrates the concern and generosity of the American people in times of need. Urgent responses to rapid onset emergencies and efforts to resolve protracted crises provide a basis for transitioning to the medium- and long-term political, economic, and social investments that can eliminate the root causes of poverty and instability. In FY 2011, Food for Peace provided more than $1.77 billion in emergency food assistance and program support in 50 countries around the world. Of this funding, $1.54 billion was made available through Title II emergency resources and $232 million in International Disaster Account funds in grants through the Emergency Food Security Program (EFSP). EFSP provided funds to a variety of private voluntary organizations and the U.N. World Food Program (WFP) to support local and regional procurement and cash and food voucher programs in 22 countries, including Afghanistan, Ethiopia, Haiti, Kenya, Kyrgyzstan, Libya, Niger, Pakistan,

Somalia, Sri Lanka, West Bank/Gaza, and Yemen. The U.S. Government is also the single largest donor to the WFP. In FY 2011, FFP contributed $1.28 billion to WFP in response to global appeals in 36 different countries in Africa, Asia, Latin America, the Caribbean, and Near East.

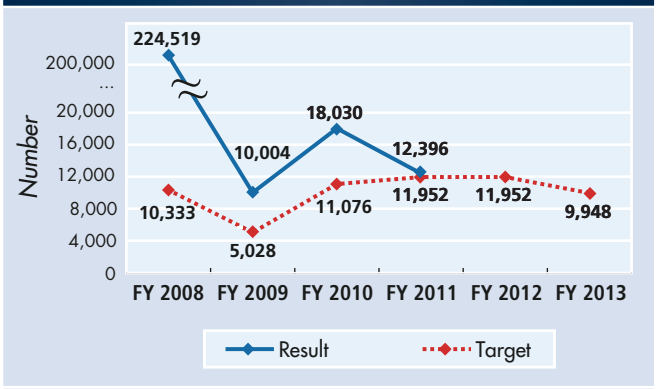
Performance Indicator: Percent of Planned Emergency Food Aid Beneficiaries Reached with U.S. Government Assitance



Source: *USAID's Office of Food for Peace (FFP) Summary Request and Beneficiary Tracking Table.*

Analysis: U.S. assistance builds resiliency and reinforces the capacity of disaster-affected countries, American responders, and the international community to reduce risks and prepare for rapid, coordinated response. Programs also focus on increasing resiliency among households and communities and improving their ability to cope with and recover from the effects of a disaster. Although principles of disaster readiness and risk reduction are often incorporated into disaster response programs, assistance in the Disaster Readiness program area focuses primarily on risk reduction, readiness, resiliency, and capacity building. In FY 2011, USAID trained 12, 396 persons in disaster preparedness, 33 percent above the target goal. Achievements included national contingency planning and capacity building in desert locust prevention and other transnational plant pest control, conservation agriculture to reduce food insecurity due to erratic rainfall, flood early warning, and volcano and seismic monitoring.

Performance Indicator: Number of People Trained in Disaster Preparedness as a Result of U.S. Government Assistance



Source: *USAID internal awards tracking system and FY 2011 Implementing Partner Quarterly Reports.*

STRATEGIC GOAL 6:
PROMOTING INTERNATIONAL UNDERSTANDING

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

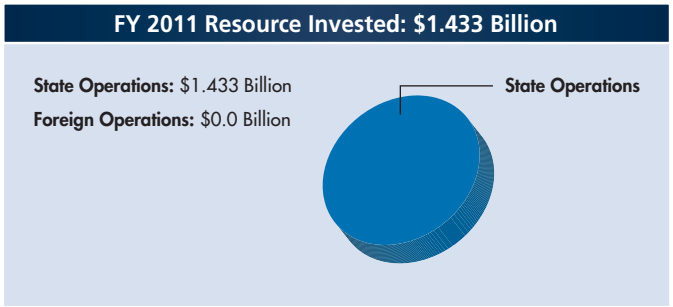
PUBLIC BENEFIT

The Department recognizes the central role of public diplomacy as a tool and an essential element of 21st century statecraft, and has committed to renewing America's engagement with the people of the world by enhancing mutual respect and understanding, and creating partnerships aimed at solving common problems. To address the challenges of today, the Department has developed the first detailed global strategy for public diplomacy in more than a decade, ensuring its alignment with foreign policy objectives. Public diplomacy programs explain American society and culture and policy making to a broader international public. By improving their understanding of American society and values, the United States can establish a positive narrative and framework for policy discussions.

On January 14, U.S. Ambassador Scot Marciel, State Department Coordinator for International Information Programs Dawn McCall, 2011 CNN Hero Robin Lim, and Indonesian and American friends kicked off a month-long celebration for @america's one-year anniversary. Department of State

SUMMARY OF PERFORMANCE AND RESOURCES

The Department and USAID allocated $1.433 billion toward this Strategic Goal in FY 2011, which is 3 percent of the total State-USAID budget for all strategic goals. The Department and USAID met or exceeded targets for 50 percent of performance indicators for Strategic Goal 6. Ratings were not available for 50 percent that are new indicators or data are not yet available.



Key Selected Achievements

- The Department's *Fund for Innovation in Public Diplomacy* enables embassies to quickly capitalize on public diplomacy opportunities that advance Department policy priorities. "Free African Media," Embassy Pretoria's innovative, public interest project, supports responsible and independent journalism and counters repression of the press across sub-Saharan Africa. The Embassy and its partners – the Department's Africa Regional Media Hub and the independent media organization *The Daily Maverick* – created an independent, online platform where journalists can share experiences and file stories they cannot safely publish in their home countries. Each dollar in U.S. Government funding was matched by $1.51 by the non-U.S. Government partner.
- The Department expanded its social media outreach in foreign languages, including Twitter feeds in Arabic, Farsi, Hindi, and Urdu. The Department's regional Media Hubs continued to proactively engage local and regional media, amplifying the President's and Secretary's policy messages in Arabic, Farsi, Spanish, and other languages, ensuring that foreign publics received accurate statements of U.S. policy.

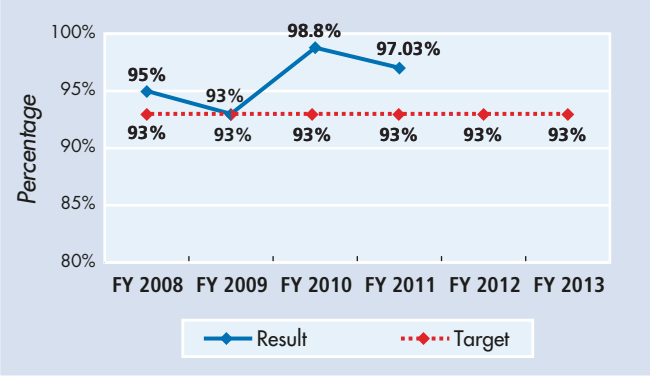
- "@america Jakarta," the high-tech, multimedia American Center in a Jakarta shopping mall that opened in December 2010, is on track to reach well over a hundred thousand visitors in its first year. The space is part of a larger strategy to take our outreach efforts to where the audiences are. Extensive measurement and evaluation of public reaction to the space show an overwhelmingly positive response.

Selected Strategic Priorities and Analyses

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

Analysis: The Department assesses educational and cultural exchange program performance by collecting data directly from program participants. The indicator to the right measures the percentage of exchange participants who reported an increase or positive change in their understanding of the United States (political and economic institutions, norms, and values) immediately at the conclusion of their programs. In FY 2011, the Department again exceeded its target, with more than 94 percent of foreign publics reporting an increased or positive change in understanding. Statistics are compiled from surveys of actual participants ("alumni") of exchange programs. While there are many factors that could account for variations from year to year – what is most important is the trend: each year, overwhelmingly, the participants' perceptions of the United States are positively impacted by their experiences. Other indicators measured changes in exchange participant favorability towards the U.S. Government (75 percent reported a more favorable view in FY 2011), and towards the American people (86 percent reported a more favorable view in FY 2011), as a result of their participation in an exchange program. These results show the effectiveness of educational and cultural exchange programs in positively and substantively reshaping understanding of, and attitudes towards, the United States.

Performance Indicator: Percentage of Exchange Program Participants with Increased Understanding of the United States[1]



Source: *U.S. Department of State, Bureau of Educational and Cultural Affairs.*

Strategic Goal 7:
Strengthening Consular and Management Capabilities

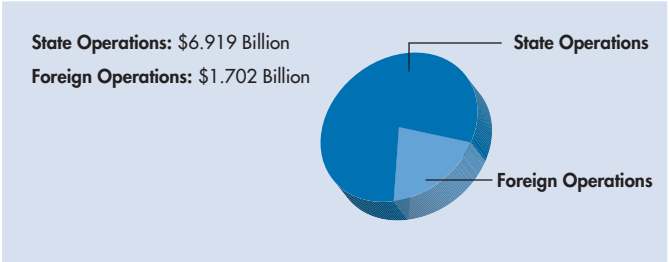
Assist American citizens to travel, conduct business, and live abroad securely, and ensure a high quality workforce supported by modern, secure infrastructure and operational capabilities.

Public Benefit

Approximately five million Americans reside abroad, and Americans make about 65 million trips overseas every year. The Department provides citizen support throughout the cycle of life, from certifying the birth of American citizens born abroad, to assisting families when an American dies overseas. The Department also assists Americans whose children have been wrongly taken to or kept in foreign countries. In collaboration with the Department of Homeland Security and other agencies, the Department protects America's homeland with improved technology and efficiency at ports of entry and in visa processing and more secure U.S. travel documents. In support of this strategic goal, the Department is pursuing a multi-year hiring program to build the talented, diverse workforce needed to handle the Nation's foreign policy priorities and strengthen diplomacy. In addition, the Department continues its commitment to using "green" technologies in embassies and consulates, and to maximize funding under the American Recovery and Reinvestment Act of 2009 to expand consular services offered to American taxpayers.

The line forms for evacuation processing of private U.S. citizens at Cairo International Airport. State Magazine May 2011

FY 2011 Resource Invested: $8.621 Billion



Summary of Performance and Resources

The Department allocated $8.621 billion toward this Strategic Goal in FY 2011, which is 18 percent of the total State-USAID budget for all strategic goals. The Department and USAID met or exceeded targets for 63 percent of performance indicators for Strategic Goal 7. Thirteen percent of indicators were below target, and 13 percent of indicators improved, but did not meet targets. Ratings were not available for 12 percent that are new indicators or data are not yet available.[1]

Key Selected Achievements

- Three Department buildings in Virginia, Washington, D.C., and Washington State received Leadership in Energy and Environmental Design (LEED) Gold certification. The Department's Regional Center Building in Charleston, South Carolina received LEED Platinum certification and is scheduled to achieve net zero energy with onsite solar and wind renewable energy generation.
- Worldwide visa applications increased by more than 14 percent in FY 2011. The Department provided more resources, domestic support and personnel to ensure that posts experiencing exceptional growth could maintain appropriate levels of service, in particular in Brazil and China. The Department utilized post-9/11 technical and interagency collaboration to reduce Security Advisory Opinion (SAO) backlogs to form the foundation for the foundation for the development of a more secure,

[1] *Percentages rounded to the nearest whole number.*

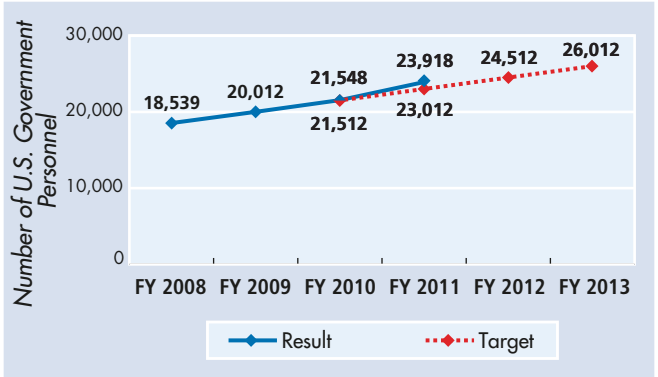
automated, and efficient SAO process. Since the beginning of the Department's Diplomacy, Development, and Defense (D3.0) initiative, the Department has increased the number of Foreign Service positions by 17 percent and the number of Civil Service positions by 5 percent and has been aggressively hiring Foreign and Civil Service personnel to increase staffing capacity. The Department's efforts to staff Afghanistan, Iraq, and Pakistan have been successful with over 95 percent of positions filled. Human Resources Shared Services is working with its partners to deliver services more efficiently and effectively by automating processes and providing self-service applications and, at the time of preparing this document, the Department had 78 human resource service applications available electronically.

Selected Strategic Priorities and Analyses

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

Analysis: During FY 2011, the Department exceeded expectations for the illustrative indicator relative to Strategic Goal 7: The number of U.S. Government personnel moved into more safe, secure and functional facilities. Our embassies overseas provide the diplomatic platform for all civilian agencies of the U.S. Government and the Department is responsible for providing and maintaining secure, safe and functional facilities for U.S. Government personnel staffed at overseas posts. At the end of FY 2011, data for the total cumulative number of U.S. Government personnel moved into more secure, safe and functional facilities shows that the 23,918 personnel moved into the improved facilities. This is above the target of 23,012.

Performance Indicator: Total Cumulative Number of U.S. Government Personnel Moved into More Safe, Secure, and Functional Facilities Since 2001[1]



Source: *U.S. Department of State, Bureau of Overseas Buildings Operations.*

[1] *Indicator new in FY 2009, targets established beginning in FY 2010.*

PASSPORT SERVICES: *Implementing technologies to insure the integrity of the U.S. passport while simultaneously facilitating the efficient issuance of U.S. passports.*

Analysis: Another illustrative indicator for this Strategic Goal is the *Percentage of passport applications processed within the targeted timeframe*. While the quality of the adjudication process is the Bureau of Consular Affairs' top priority in the area of passports, American travelers and Congress still expect quick and efficient processing of passport applications. This indicator measures how efficiently Passport Services (PPT) is serving the American public.

Performance Indicator: Percentage of Passport Applications Processed Within the Targeted Timeframe

Source: *U.S. Department of State, Bureau of Consular Affairs.*

Budget Highlights

The Department of State and USAID are the lead U.S. agencies responsible for carrying out the President's foreign policy agenda, which includes developing and executing U.S. foreign policy and interacting with foreign governments and international organizations. The Department of State and USAID budget requests also represent critical components of the U.S. national security budget, along with the Departments of Defense and Homeland Security, and are vital to securing U.S. national security interests.

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

The annual budget request to Congress for funding is presented in two volumes: the Congressional Budget Justification for Department of State Operations, and the Congressional Budget Justification for Foreign Assistance. Both components of the budget and key performance measures link directly to the joint strategic goals of the Department of State and USAID. State and USAID are committed to demonstrating the relationship between their budget requests to Congress and the performance of the programs that these budgets support. The chart on the following page reflects the combined FY 2013 State Operations and Foreign Assistance Budget by strategic goal and includes a table listing the actual FY 2011, FY 2012 and the requested FY 2013 resources.

State Department FY 2013 Budget: The budget request for Department of State Operations totals $17.9 billion (not including fees) and includes resources to carry out a robust foreign policy that is leading the world in solving the most complex challenges of our time, from thwarting international terrorism to stopping the spread of catastrophic weapons, strengthening the global economy, advancing human rights and universal values, and assisting American citizens overseas.

In keeping with these economic times, the budget reflects hard choices based on a clear view of where a dollar of funding could have the greatest impact. The request represents the Department's ongoing investments to advance America's security and economic interests.

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

Foreign Assistance FY 2013 Budget: The FY 2013 foreign assistance appropriations request totals $33.749 billion. The budget will advance U.S. security interests with critical investments in the promotion of stability and security in the frontline states of Afghanistan, Pakistan, and Iraq. Other aid investments will be made to create sustained capacity building, peace, and economic growth within nations receiving assistance. Key initiatives in the budget include food security, climate change, health, and gender issues. FY 2013 will also target support for USAID *Forward*, an ambitious reform effort to strengthen and transform USAID, reviving USAID's science and technology capacity, deepening USAID's commitment to results-based planning and thorough monitoring and evaluation, and improving USAID's knowledge management approach. Funding will also foster innovation through the Development Innovation Ventures program and place additional focus on public-private partnerships.

For additional information and details, please consult the FY 2013 Budget of the U.S. Government at *http://www.whitehouse.gov/omb/budget*, the Congressional Budget Justifications, and the Executive Budget Summary, Function 150 and Other International Programs for Fiscal Year 2013 at *http://www.state.gov/s/d/rm/c6113.htm* and *http://www.usaid.gov/performance*.

STATE OPERATIONS AND FOREIGN OPERATIONS BUDGET RESOURCES BY STRATEGIC GOAL
Fiscal Years 2011 & 2012

Old Strategic Goals[1,2,3] ($ in millions)	FY 2011 Actual			FY 2012 Enacted			
	State Operations	Foreign Operations	OCO Foreign Operations	State Operations	Foreign Operations	OCO State Operations	OCO Foreign Operations
Achieving Peace and Security	$ 4,296	$ 8,769	$ 297	$ 3,578	$ 10,595	$ 1,291	$ 3,179
Governing Justly and Democratically	779	2,517	0	657	2,596	75	960
Investing in People	372	9,968	0	304	10,560	55	555
Promoting Economic Growth and Prosperity	751	4,836	0	556	4,405	0	1,235
Providing Humanitarian Assistance	128	3,804	0	64	4,092	0	235
Promoting International Understanding	1,433	N/A	0	1,313	N/A	48	0
Strengthening Consular and Management Capabilities	6,919	1,702	0	5,746	1,670	3,145	260
Appropriated Resources Allocated by Strategic Goal	**$ 14,678**	**$ 31,596**	**$ 297**	**$ 12,218**	**$ 33,918**	**$ 4,615**	**$ 6,424**
Office of the Inspector General[4]	105	N/A	N/A	62	N/A	N/A	N/A
International Commissions	133	N/A	N/A	124	N/A	N/A	N/A
Buying Power Maintenance	0	N/A	N/A	0	N/A	N/A	N/A
Foreign Service National Separation Liability Trust Fund Payment	63	N/A	N/A	11	N/A	N/A	N/A
Foreign Service Retirement and Disability Fund[5]	159	N/A	N/A	159	N/A	N/A	N/A
Appropriated Resources Not Allocated by Strategic Goal[6]	**$ 301**	**N/A**	**N/A**	**$ 197**	**N/A**	**N/A**	**N/A**
Total Appropriated Resources	**$ 14,979**	**$ 31,596**	**$ 297**	**$ 12,415**	**$ 33,918**	**$ 4,615**	**$ 6,424**

[1] *FY 2011 and FY 2012 funding were requested under the old Strategic Goal framework for both State and Foreign Operations.*

[2] *FY 2011 Actual column for State Operations includes Overseas Contingency Operations (OCO) for State Operations. Summed values may contain discrepancies due to rounding.*

[3] *OCO funding for FY 2012 includes Office of Inspector General – Middle East Regional Office (OIG-MERO), Conflict Stabilization Operations (CSO), Educational and Cultural Exchange Programs (ECE), and Embassy Security, Construction, and Maintenance (ESCM).*

[4] *State Department Office of Inspector General only. USAID Inspector General budget included in Strategic Goals allocation.*

[5] *Mandatory funding for the Foreign Service Retirement and Disability Fund is not added to summed totals.*

[6] *Resources for these accounts and offices represent programs that support the Department of State as an institution rather than diplomatic, consular and management programs linked to Strategic Goals and Priorities, and therefore are not allocated by Strategic Goal.*

STATE OPERATIONS AND FOREIGN OPERATIONS BUDGET RESOURCES BY STRATEGIC GOAL
Fiscal Year 2013

New Strategic Goals[1] ($ in millions)	FY 2013 Request			
	State Operations	Foreign Operations	OCO State Operations	OCO Foreign Operations
Counter threats to the United States and the international order, and advance civilian security around the world.	$ 4,095	$ 7,112	$ 2,351	$ 11
Effectively manage transitions in the frontline states.	297	2,990	1,410	3,788
Expand and sustain the ranks of prosperous, stable and democratic states by promoting effective, accountable, democratic governance; respect for human rights; sustainable, broad-based economic growth; and well-being.	1,504	13,815	58	0
Provide humanitarian assistance and support disaster mitigation.	504	3,785	78	0
Support American prosperity through economic diplomacy.	279	N/A	122	0
Advance U.S. interests and values through public diplomacy and programs that connect the United States and Americans to the world.	1,621	N/A	49	0
Build a 21st Century workforce; and achieve U.S. Government operational and consular efficiency and effectiveness, transparency and accountability; and a secure U.S. Government presence internationally.	4,961	2,164	294	84
Appropriated Resources Allocated by Strategic Goal	**$ 13,261**	**$ 29,866**	**$ 4,362**	**$ 3,883**
Office of the Inspector General[2]	66	N/A	N/A	N/A
International Commissions	122	N/A	N/A	N/A
Buying Power Maintenance	0	N/A	N/A	N/A
Foreign Service National Separation Liability Trust Fund Payment	62	N/A	N/A	N/A
Foreign Service Retirement and Disability Fund[3]	159	N/A	N/A	N/A
Appropriated Resources Not Allocated by Strategic Goal[4]	**$ 250**	**N/A**	**N/A**	**N/A**
Total Appropriated Resources	**$ 13,511**	**$ 29,866**	**$ 4,362**	**$ 3,883**

[1] *FY 2013 funding was requested under the new Strategic Goal framework.*

[2] *State Department Office of Inspector General only. USAID Inspector General budget included in Strategic Goals allocation.*

[3] *Mandatory funding for the Foreign Service Retirement and Disability Fund is not added to summed totals.*

[4] *Resources for these accounts and offices represent programs that support the Department of State as an institution rather than diplomatic, consular and management programs linked to Strategic Goals and Priorities, and therefore are not allocated by Strategic Goal.*

Financial Highlights

The Department of State and USAID Agency Financial Reports (AFR) disclose the agencies' financial status and provide transparency and accountability to the American people, Congress, and the President—including both successes and challenges. The reports provide a snapshot in time of the immense financial work undertaken by each agency's financial personnel to exercise good stewardship and management of public funds. The AFRs present each agency's audited financial statements and footnotes, Management's Discussion and Analysis, and performance and other required information.

Below are summary highlights of the AFRs for both the Department of State and USAID for FY 2011. Following the highlights are tables containing key financial information on each agency's assets, liabilities, and net position in a Balance Sheet Summary; information on each agency's net cost of operations in a Net Cost of Operations Summary; and available resources in a Budgetary Resources Summary. Both agencies' AFRs are posted online. For a complete Department of State AFR, see: *http://www.state.gov/s/d/rm/rls/perfrpt/2011/index.htm*. For the USAID AFR see: *http://www.usaid.gov/performance/afr/afr11.pdf*.

Department of State: The scale and complexity of the Department's activities and corresponding financial management requirements continued to grow in the face of a wide range of global and regional issues. Financial staff operates in more than 270 locations, 180 countries, and in over 135 currencies and foreign languages, often in the most challenging environments. For FY 2011, the Department again worked with unity of purpose to build on past successes and make improvements to our financial management processes and activities worldwide. Staff focused on meeting the challenges of addressing audit and compliance requirements, managing and prioritizing improvements in the financial processes and systems, supporting the President's Accountable Governance Initiative and meeting day-to-day financial management support obligations.

The external audit has become a year-around process and focus as the Department strives to deliver meaningful financial statements by November 15 and demonstrate the Department's strong financial management practices. The Department's Independent Auditor (IA) issued an unqualified opinion on time for the Department's FY 2011 Combined Statement of Budgetary Resources and Consolidated Statement of Net Cost, and a qualified opinion for the Consolidated Balance Sheet and Consolidated Statement of Changes in Net Position. The qualified opinion was due to a material weakness in the reporting of after-employment benefits for locally employed overseas staff. Specifically, accounting for the financial aspects of these complex compensation plans throughout the world presents unique challenges, and there was insufficient time for the IA to perform auditing procedures and satisfy themselves as to the accuracy of these amounts in time to meet the November 15, 2011 deadline.

The Department maintains a robust system of internal controls overseen by senior leadership. A material weakness was identified by the Department regarding the effective oversight of the Summer Work Travel Program for students traveling to the United States for temporary and seasonal employment during their academic breaks. Except for this material weakness, and the aforementioned material weakness in financial reporting of after-employment benefits for locally employed overseas staff, the Secretary was able to provide assurance for the Department's internal controls in accordance with the Federal Managers' Financial Integrity Act.

USAID: The agency received an unqualified opinion for the ninth consecutive year from the OIG, affirming that USAID's financial statements for year-end September 30, 2011 were presented fairly in all material aspects and prepared in conformance with Generally Accepted Accounting Principles. The Independent Auditor's Report is included in the FY 2011 Agency Financial Report (AFR). The auditor identified one material weakness related to unreconciled differences between the Agency's Fund Balance and its cash balance reported by the U.S. Treasury, and six significant deficiencies. Notable progress was made in resolving these findings during FY 2011, and corrective action plans are in place to resolve these issues and related audit recommendations by September 30, 2012.

The following summarized financial statement information is based on the same underlying data as that which USAID presented in the FY 2011 AFR. This condensed information provides a high level analysis of each agency's financial performance and should not be viewed as a substitute for the financial statements and notes contained in the AFR.

Balance Sheet Summary

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

Department of State: Total Assets increased $5.4 billion or 8 percent over FY 2010 levels. Fund Balance with Treasury was up $2.6 billion due to an increase in unpaid obligations and recoveries over the prior year. Property and Equipment increased $1.7 billion due to continued emphasis on the construction of new embassies and necessary security upgrades at existing embassies. Investment balances in U.S. Government securities for the Foreign Service Retirement and Disability Fund increased by $532 million during the year. Total Liabilities increased $1.3 billion, or 5 percent, between 2010 and 2011. The After-Employment Benefit Liability (78 percent of total liabilities) increased by $811 million; this liability includes amounts owed in the Foreign Service Disability and Retirement Fund and amounts due to Foreign Service Nationals for after-employment benefits. Accounts Payable and the International Organizations Liability increased by $388 million and $163 million, respectively.

USAID: Assets increased by 1 percent in FY 2011 over FY 2010. Fund Balance with Treasury (unspent appropriations) represents 86 percent of these total assets. The Agency's liabilities decreased 1 percent. Decreases in the Loan Guarantee Liability and non-Federal Accounts Payable were offset by an increase in Other Liabilities. Credit reform related payables to the U.S. Treasury account for 40 percent of overall liabilities.

CONDENSED BALANCE SHEETS
As of September 30, 2011

($ in millions)	State	USAID
Assets:		
Fund Balance with Treasury	$ 40,415	$ 27,759
Investments, Net	16,433	–
Property, Plant, and Equipment, Net	14,606	74
Accounts, Loans, and Interest Receivables, Net	652	3,487
Advances, Prepayments, Other Assets	1,705	996
Total Assets	**$ 73,811**	**$ 32,316**
Liabilities:		
After-Employment Benefit Liability	$ 19,425	$ –
Liability for Capital Transfers to the General Fund of the Treasury	–	3,199
Accounts Payable	2,150	1,750
Loan Guaranty Liability	–	1,694
International Organizations Liabilities	1,658	–
All Other Liabilities	1,642	2,442
Total Liabilities	24,875	9,085
Net Position:		
Unexpended Appropriations	31,915	21,202
Cumulative Results of Operations	17,021	2,029
Total Net Position	48,936	23,231
Total Liabilities and Net Position	**$ 73,811**	**$ 32,316**

Net Cost of Operations Summary

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

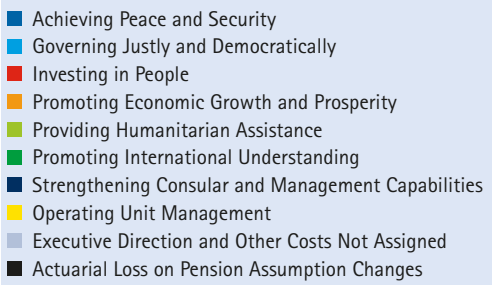
Department of State: Total net cost of $23.3 billion is an increase of 8 percent or $1.7 billion over 2010. The goals of Achieving Peace and Security, Investing in People, and Strengthening Consular and Management Capabilities account for most of this change. As seen in the Net Cost by Strategic Goal chart, the goal of Achieving Peace and Security is the largest. This goal included an International Narcotics and Law Enforcement (INL) cost increase by $525 million. The increase includes contractual expenses, educational grants and personnel costs. Our second largest goal, Investing in People, accounted for a $1.8 billion net cost increase. This was primarily the result of initiatives with the fund established in 2008 for Global Health and Child Survival. Additionally, passport and visa issuance included in the goal of Strengthening Consular and Management Capabilities contributed to $457 million of the increase in earned revenue.

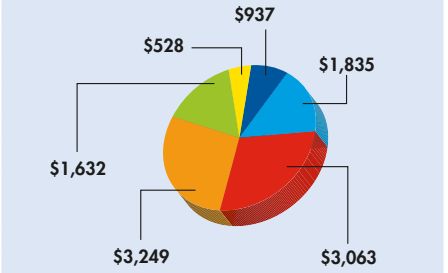
USAID: The Statement of Net Cost shows the amounts spent on meeting the Agency's six objectives. These objectives are consistent with the State-USAID Strategic Planning Framework. The Investing in People and Economic Growth objectives

represent the largest investments at 27 percent and 29 percent of total net costs, respectively. USAID's net costs increased 8 percent over last year due to the expenditure of funds appropriated in prior years primarily as a result of additional expenditures related to the Economic Growth objective. Complete details are provided in the AFR at *http://www.usaid.gov/performance/afr/afr11.pdf*, page 27. The table below presents the net cost of operations by strategic goal.

NET COST OF OPERATIONS
For the Year Ended September 30, 2011 ($ in millions)

Strategic Goal	STATE Net Cost	STATE Percent of Total Net Cost	USAID Net Cost	USAID Percent of Total Net Cost
Achieving Peace and Security	$ 6,490	28%	$ 937	8%
Governing Justly and Democratically	887	4%	1,835	16%
Investing in People	6,340	27%	3,063	27%
Promoting Economic Growth and Prosperity	1,450	6%	3,249	29%
Providing Humanitarian Assistance	1,967	8%	1,632	15%
Promoting International Understanding	2,562	11%	N/A	N/A
Strengthening Consular and Management Capabilities	865	4%	N/A	N/A
Other Cost Category				
Operating Unit Management	N/A	N/A	528	5%
Executive Direction and Other Costs Not Assigned	2,255	10%	N/A	N/A
Actuarial Loss on Pension Assumption Changes	444	2%	N/A	N/A
Total Net Cost of Operations	**$ 23,260**	**100%**	**$ 11,244**	**100%**

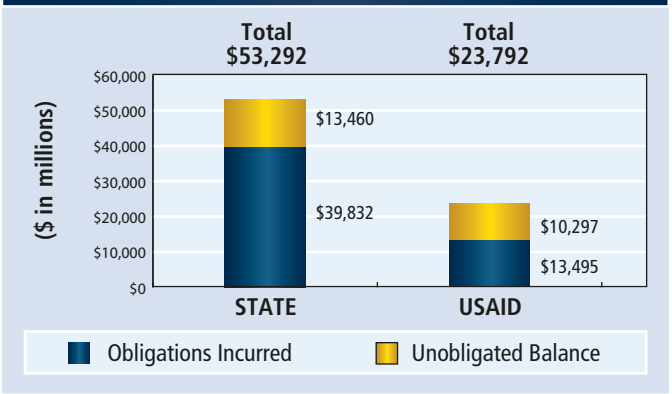




BUDGETARY RESOURCES SUMMARY

The Department reported budgetary resources of $53.3 billion as of September 30, 2011, an increase of 1 percent from the prior fiscal year, and USAID reported $23.8 billion in budgetary resources, a 5 percent decrease from the previous fiscal year mainly because of decreased appropriations in the Economic Support Fund and in the International Disaster Assistance account. The Department's increases in authority from offsetting collections, unobligated balances brought forward and recoveries offset by a decrease in budget authority from appropriations granted by Congress account for the increase. The chart to the right presents the Department's and USAID's status of budgetary resources on September 30, 2011.

State and USAID
FY 2011 Status of Budgetary Resources[1]



Source: FY 2011 Agency Financial Reports, Statement of Budgetary Resources.
1. Prepared in accordance with OMB Circular A-136.

ACKNOWLEDGMENTS

The Joint Summary of Performance and Financial Information for FY 2010 was prepared by State Department's Bureau of Resource Management, Office of State Programs, Operations and Budget; USAID's Bureau for Policy, Planning, and Learning, Office of Learning, Evaluation and Research; and the Office of U.S. Foreign Assistance Resources.

The Joint Summary of Performance and Financial Information for FY 2011 Core Team is composed of Nadine Bradley, Stephanie Cabell, Kristine Cronin, Nakiea W. Dade, Nancy Durham, Carol Gower, Holly Herrera, Gary Russell, Maria Skirk, Erica Victoria, and Wendy Williams.

Special Acknowledgement to the Department of State's Bureau of Public Affairs and Bureau of Administration and to USAID's Bureau for Legislative and Public Affairs for their assistance in posting the document to the internet. Additionally, the Bureau of Public Affairs, Office of Electronic Information (PA/EI) assisted the Bureau of Resource Management with the production of this report, including images from AP/Wide World.

We Offer Our Special Thanks to The DesignPond team of Sheri Beauregard and Michael James for its outstanding contributions to the design of the report.

IMAGE CREDITS

Agence France Presse (AFP): *Cover, pages 39, 47*
Associated Press (AP): *Cover, Table of Contents, pages 1, 8, 40*
Department of State: *Pages 2, 59*
Enterprise Works Worldwide: *Page 52*
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USAID *FORWARD*
http://forward.usaid.gov/

For More Information...

Closing the Gap Methodology: *http://www.usaid.gov/locations/europe_eurasia/wp/MCP%20Global%20Appendix%202012.docx*

CONTACT INFORMATION

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Electronic versions are available at:
http://www.state.gov/s/d/rm/rls/perfrpt2011performancesummary/index.htm
http://www.usaid.gov/performance/summary/

February 2012

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PD-ACS-600