

## PROGRAM HIGHLIGHTS

USAID's FY 2004 budget request responds to the challenge laid out by President Bush in 2002 in his remarks on global development.

"The advances of free markets and trade and democracy and rule of law have brought prosperity to an ever-widening circle of people in this world. During our lifetime, per capita income in the poorest countries has nearly doubled. Illiteracy has been cut by one-third, giving more children a chance to learn. Infant mortality has been almost halved, giving more children a chance to live... Yet in many nations, in many regions, poverty is broad and seemingly inescapable, leaving a dark shadow -- a dark shadow -- across a world that is increasingly illuminated by opportunity... This growing divide between wealth and poverty, between opportunity and misery, is both a challenge to our compassion and a source of instability. We must confront it. We must include every African, every Asian, every Latin American, every Muslim, in an expanding circle of development."<sup>1</sup>

USAID's budget request supports programs directed at key development priorities in the President's FY 2004 budget, including the Global AIDS Initiative, and the Famine Fund. The budget request reflects the Administration's new focus and impetus on the role of foreign assistance in enhancing our national security and promoting a sound economic development agenda.

By providing advisory services, training, and commodity support to more than 70 developing and transition countries around the world, USAID strengthens our country's leadership in the provision of hope and opportunity for people in the developing world.

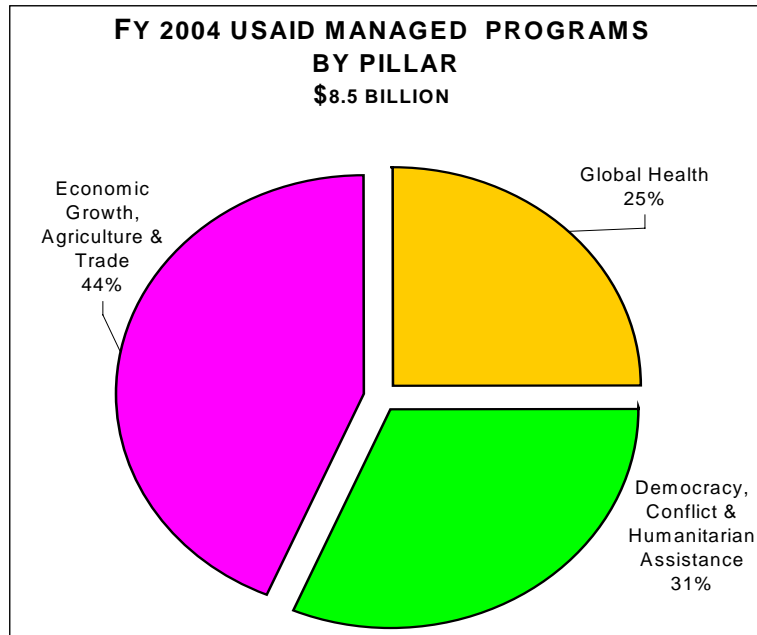
USAID has structured its programs around four "pillars": (1) the Economic Growth, Agriculture, and Trade (EGAT) pillar focuses on building stronger economies that are soundly-governed, broadly-based, and integrated into the global trading system; (2) the Global Health pillar includes child survival and maternal health, HIV/AIDS, infectious diseases, family planning and reproductive health; (3) the Democracy, Conflict, and Humanitarian Assistance pillar responds to crises and promotes good governance; and (4) the Global Development Alliance operationalizes a new way of promoting development in partnership with others, including the private sector. The FY 2004 budget request is organized around the three sectoral pillars; the Global Development Alliance is incorporated in all three.

The total FY 2004 program request is \$8.771 billion. \$4.255 billion is requested for programs to be implemented by USAID with accounts that are jointly managed with the Department of State (e.g., the Economic Support Fund, Assistance for Eastern Europe and the Baltic States, Assistance for the Independent States of the Former Soviet Union, Andean Counterdrug Initiative, and the Global AIDS Initiative). \$4.516 billion is requested for accounts which are principally managed by USAID. These programs will

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<sup>1</sup> Excerpted from remarks of March 14, 2002, at the Inter-American Development Bank, in Washington, DC.

be funded by: Development Assistance; Child Survival and Health Programs Fund; International Disaster Assistance; Transition Initiatives; the Famine Fund; and P.L. 480 Title II Food Aid (which falls under the Subcommittee on Agriculture, is appropriated through the U.S. Department of Agriculture and is managed by USAID). The graph below displays the total FY 2004 program budget request by pillar.



### Economic Growth, Agriculture and Trade Pillar

#### FY 2004 Program Request (\$ in millions)

OTHER	DA	ESF	AEEB	FSA	TOTALS
<b>Economic Growth, Agriculture &amp; Trade</b>	<b><u>1,133.0</u></b>	<b><u>2,113.2</u></b>	<b><u>157.3</u></b>	<b><u>311.4</u></b>	<b><u>3,714.9</u></b>
• Agriculture	268.5	91.2	13.7	44.4	417.8
• Economic Growth • [of which, microenterprise]	315.7	1,113.1	117.8	190.3	1,736.9 [155.0]
• Education and Training • of which, Basic Education	262.4 212.0	122.7 43.3	15.3 5.2	23.5 4.3	424.0 264.9
• Environment • [of which, GCC]	286.4	88.2	10.4	53.2	438.2 [155.0]
• Special Concerns*		698.0			698.0

\*Special Concerns include programs for Israel and Turkey cash transfers, and the South Pacific Tuna Treaty

Assistance provided under this pillar will broadly promote an expansion of economic opportunities by enabling: nations to better participate in and benefit from world trade; farmers and rural entrepreneurs to access new technologies and markets for the production of food and incomes; business firms, cooperatives, and other economic organizations to increase the efficiency and profitability of their efforts; and individuals to acquire the skills they need to succeed in life.

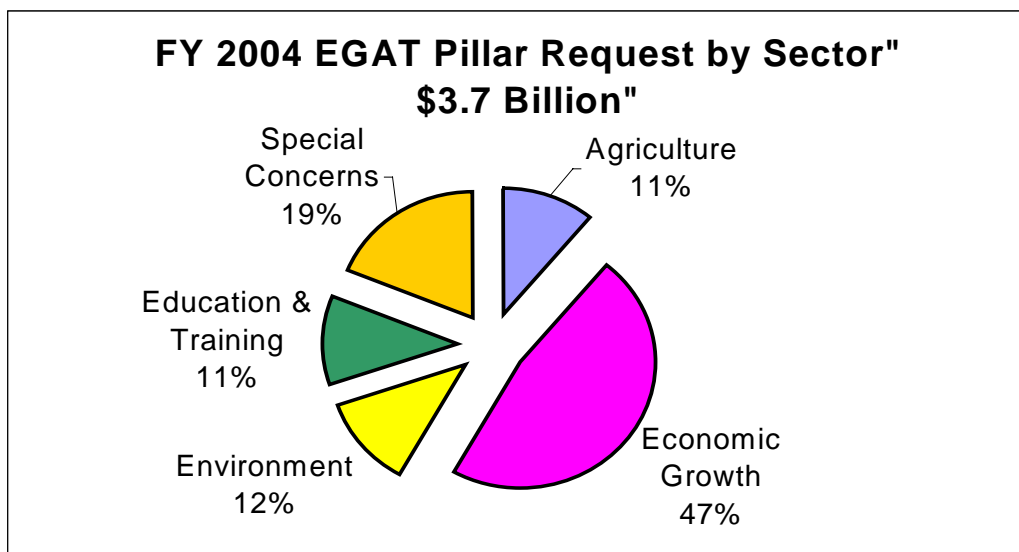
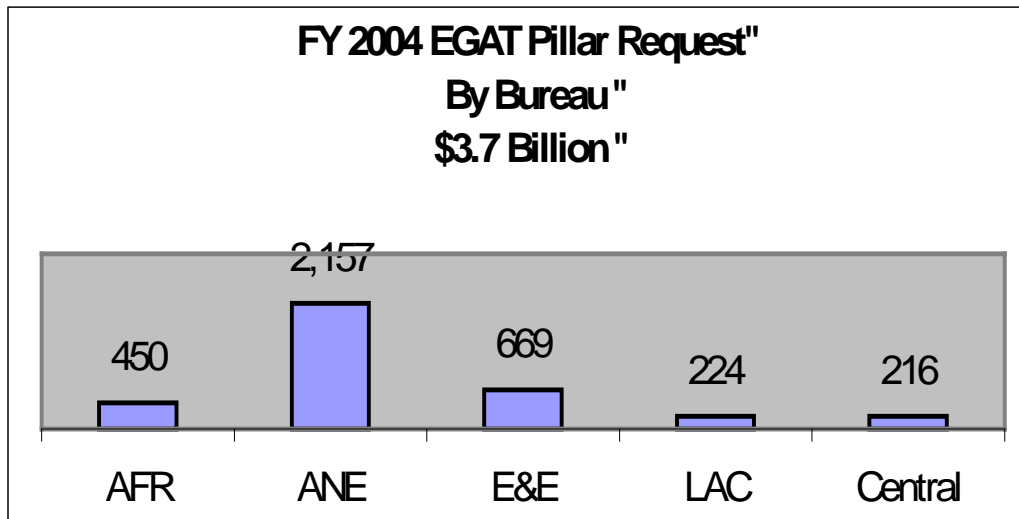
Development Assistance (DA) resources will be largely allocated to countries in sub-Saharan Africa, Latin America, and southeast Asia. OFDA and OTI resources will enable countries emerging from conflict or disaster to regain an economic growth path, initially by focusing on the basics of agriculture, microenterprise, education, and good governance. FSA and AEEB resources will continue the difficult task of building democratic market economies in Eastern Europe and the former Soviet Union. ESF resources support economic growth programs in countries that have special priority for the U.S. from a foreign policy perspective. Title II food aid resources both ensure safety nets when external shocks (drought, high oil prices, market crises, or civil strife) occur and highly-focussed resources that enable the poorest groups to find or maintain their places in national economies. The Development Credit Authority (DCA) permits USAID to expand the impact of all appropriated resources by facilitating our partnership with private sector financial institutions willing to work with USAID in providing needed credit to targeted sectors or borrowers.

Given U.S. Government (USG) commitments made at the WTO Ministerial Meeting in Doha to support increased integration of developing countries in the global trading system and at the U.N. Financing for Development Conference in Monterrey to support increased private sector investments in economic development, USAID's FY 2004 proposes to sustain a significant level of investment in trade capacity-building. With USG commitments made at the World Food Summit: five years later and USAID's role in the interagency effort dedicated to cutting hunger in half by the year 2015, the Agency is continuing to rebuild agricultural programs worldwide. We recognize that expanded economic opportunities for the vast majority of the poor in developing and transition countries rely on increasing productivity in this sector. Investments in science and the development of agricultural technologies (including those using biotechnology) will be complemented by investments that sustain the productivity and quality of the natural resources on which agricultural production depends.

The USG's recent decision to rejoin UNESCO strengthens USAID collaboration and leadership in the education sector and the implementation of the Education for All initiative. Without the training and skills to access the rapidly-growing knowledge base that underpins economic growth, children and adults in developing and transition countries will be unable to seize economic opportunities and realize the benefits of economic freedom that USAID promotes.

Finally, the USG commitments at the World Summit on Sustainable Development – and the Presidential Signature Initiatives announced at that Summit in Johannesburg – are reflected in the USAID requests for resources to support environmental protection and

conservation of biodiversity (especially in Central Africa), extending access to modern energy (including renewable energy and other clean technologies) to the poor, ending famine in Africa, expanding “digital freedom” by extending access to information technologies and the internet, and addressing increasingly critical issues associated with water: access to potable water and sanitation, more productive use of the world’s fresh water for agriculture, and improved management of this scarce resource.



**Increasing Trade and Investment for Economic Growth and Reducing Poverty**

Economic growth is driven largely by increased trade and investment. Effective economic governance makes trade and investment possible by establishing an environment which provides the necessary legal framework, security, and skilled and healthy human resource base. Sound policies – and programs geared toward the microentrepreneur, community development, and small business -- ensure that the poor as well as the rich can participate in and benefit from trade and investment. Over the long term, a growing economy is required to reduce poverty.

USAID has built an impressive track record in its programs to build trade capacity in developing and transition countries since FY 1999. As the USG pursues an increasing number of bilateral trade agreements, the hemispheric agreement known as the Free Trade Area of the Americas (FTAA), and a number of historic changes in the global trading agreements negotiated through the World Trade Organization (WTO), USAID finds itself increasingly called upon to respond to needs for assistance in economic analysis, trade facilitation, and building both government and local business capacity to understand and respond to the opportunities that global trade presents. USAID's trade and investment proposals will, therefore, support regional, subregional, national, and local (private sector) initiatives.

In **Africa**, USAID promotes harmonization of trade and customs policies, more transparent and efficient finance and investment environments, and business linkages through both regional and sub-regional efforts. The regional **Trade for African Development and Enterprise (TRADE) Initiative** seeks to: (1) promote U.S.-Africa business linkages; (2) enhance competitiveness of African products (especially in response to opportunities presented by the popular Africa Growth and Opportunity Act (AGOA)); (3) expand the role of trade in African poverty reduction strategies; (4) improve the delivery of public services supporting trade (e.g. customs procedures); (5) build African capacity for trade policy analysis; and (6) strengthen the enabling environment for African businesses. At the President's request, USAID established three regional "hubs" for increasing trade competitiveness in Africa in 2002/2003. These hubs energize sub-regional collaboration and, in southern Africa, will support the bilateral trade negotiations with the Southern Africa Customs Union as well as follow up to ensure that countries are able to respond to this new opportunity. The Africa Bureau's initiative to Cut Hunger in Africa will also include an element of trade capacity-building, focusing both on linking farmers to global markets and on increasing the efficiency of local and regional markets.

In **Asia and the Near East**, USAID's trade capacity building efforts will build on the success of the U.S.-Jordan Free Trade Agreement and U.S. support for Jordan's accession to the WTO, expand engagement with Morocco in the context of the U.S.-Moroccan Free Trade Agreement, and extend the impact and lessons of experience in work with private sector competitiveness in Sri Lanka. Opportunities to link the clean energy objectives with industrial growth and to link clean water objectives with better municipal management in support of economic growth will be seized to the extent that funds and private sector interests permit. In general, national programs will continue to liberalize international trade, improve economic governance, increase competition,

eliminate restraints on foreign and domestic investment, improve financial sector performance, and privatize infrastructure. "

In **Europe and Eurasia**, USAID continues to support countries' aspirations to become full members of the World Trade Organization. Some countries have gone further than others in making the transition to free market economies; USAID is emphasizing increasing competitiveness as a means of linking local markets to both macroeconomic reforms and microeconomic foundations for business growth. Good governance issues are also at the core of both regional and national programs. USAID is fighting corruption (including money laundering), promoting business ethics, and mitigating adverse impacts of transition through social insurance reform, employment generation and education reform.

In **Latin America and the Caribbean**, USAID supports the Opportunity Alliance for Central America (formerly the Partnership for Prosperity) as a means for integrating the relatively small economies in the region and promoting the recovery from market declines and job loss, exacerbated by drought. Assistance to the Alliance will also contribute to successful negotiation and implementation of the **U.S.-Central American Free Trade Agreement (CAFTA)** as well as the Free Trade Area of the Americas (FTAA) agreement. Priority bilateral activities include building capacity for analysis and policy development to underpin negotiations, promoting competitiveness in the private sector (being mindful of the gender impact of alternative approaches), developing market linkages (especially with the demanding U.S. market), and providing assistance for business development. Programs help countries comply with the "rules of trade," such as sanitary/phytosanitary measures, fair and efficient customs systems, and intellectual property rights. USAID's support for legal, policy, and regulatory reforms also will improve the climate for trade and investment. Given the importance of remittances to Central American economies, USAID is strengthening remittance mechanisms while lowering transfer costs.

To support these regional and country efforts to build trade capacity, the EGAT Bureau provides leadership and technical support to USAID economic growth programs around the world. In FY 2004, EGAT Bureau programs will identify and disseminate new approaches for creating sound commercial laws, increasing competition in key service sectors, and accelerating the response of private firms to global market opportunities. EGAT expertise will also complement and support mission staff capability worldwide. The EGAT Bureau will also provide support for interagency efforts to extend information and communication technologies more widely, working with governments on regulatory reforms, the private sector on needed infrastructural investments, and with a host of partners on applications relevant to development challenges.

### **Developing Agriculture and Reducing Hunger "**

To reduce hunger over the next 20 years, both men and women farmers in developing countries will have to more than double the productivity of their land, labor, and water

resources without further encroaching on concentrations of biodiversity, degrading soil and water quality, or bringing marginal land into production. At the same time, to realize the benefits of trade and meet the standards of international markets, farmers will have to become more competitive in marketing what they produce. The need to double productivity and compete globally will require countries to institute market-based policies as well as develop the institutions, infrastructure, and rural finance systems needed to ensure that farmers both have access to the necessary technologies and the incentive to use them.

To meet this huge challenge, USAID is revitalizing its agricultural programs and encouraging public and private donors and development partners to do the same. Agency-wide agricultural programs are aimed at four strategic themes:

- Mobilizing science and technology to reduce poverty and hunger
- Developing global and local trade opportunities for farmers and rural industries
- Increasing knowledge at the local level through training, outreach, and adaptive research
- Promoting sustainable agriculture and sound environmental management

**Africa's** challenges are the greatest: It is the only region of the world in which, if current trends prevail, hunger will increase rather than decrease in the coming decades. Recognizing that the agriculture sector is the most cost-effective engine of growth for Africa, USAID has launched the regional **Initiative to Cut Hunger in Africa**, with the intent of fulfilling the U.S. pledge towards a global effort to reduce hunger in the region in half by 2015. USAID will initially partner with three countries still experiencing significant food insecurity (Uganda, Mali, and Mozambique) but whose governments are most committed to promoting broad-based and equitable growth in the agricultural sector. With these three programs as "regional anchors", the Initiative will grow to include neighboring countries and promote the use of modern technologies, expand credit to farmers, strengthen producer associations, provide better market information to farmers and traders, and enhance the economic incentives for farmers and small-scale entrepreneurs. It will target crops, livestock, and environmental goods and services where African farmers have a competitive advantage. Related efforts will be made to promote private sector-led diversification of the economy, such as agro-processing, and to increase agricultural exports.

In **Latin America and the Caribbean**, USAID will more than double its agriculture program funding to build on successful efforts, including those with non-traditional agricultural exports and access to specialty coffee markets. Business development and marketing services will help small and medium farmers and rural enterprises improve productivity and tap new markets. In Central America and Mexico, the Opportunity Alliance in which USAID participates actively will emphasize trade-led rural competitiveness through diversification, promoting access to agricultural niche markets and expansion into non-agricultural products.

In **Europe and Eurasia**, much of USAID's work in the agricultural sector has focused on land reform; this has improved the incentives for farmers to invest in and manage their land. Lessons learned in one country are being shared with others, such as between Moldova and Ukraine. Where countries have a comparative advantage in agriculture, such as Albania and Kazakhstan, USAID is increasing its support for agribusiness development. "

The FY 2004 budget request for the EGAT Bureau will enable the Bureau to sustain global leadership in international agricultural research and development through its management of the global Collaborative Research and Development Program (CRSP) with the U.S. land grant universities as well as its participation in the Consultative Group for International Agricultural Research (CGIAR). In addition, the Bureau will provide technical leadership and field support in a wide range of areas: sanitary/phytosanitary standards, environmentally-sound sustainable agriculture, mitigation of and adaptation to climate change, training and outreach, and rural finance.

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### **Increasing Access to Efficient, High Quality Education "**

President Bush has repeatedly underscored his commitment to education both at home and abroad. "The task of development is urgent and difficult, yet the way is clear. As we plan and act, we must remember the true source of economic progress is the creativity of human beings. Nations' most vital natural resources are found in the minds and skills and enterprise of their citizens. The greatness of a society is achieved by unleashing the greatness of its people."

Education – an important investment in people -- is the foundation for higher living standards and democratic societies. It is an important long-term investment in sustaining democracies, improving health, increasing per capita income and conserving the environment. Economic growth in developing countries requires creating a skilled workforce. Full educational participation by girls leads to improved family health and child survival, along with stronger family support for the education of future generations. Conversely, uneducated young men, without prospects of productive employment, are especially vulnerable to recruitment by groups supporting terrorism or contributing to civil and international conflict.

USAID's basic education programs help and encourage countries to improve their educational policies and institutions and to adopt improved educational practices in the classroom. The involvement of families and communities in educational decision-making is crucial. In many developing countries, where girls face barriers to educational participation, USAID devotes special efforts to reducing these barriers and thereby promoting educational opportunity for girls. These efforts, along with the Agency's strong field presence, have given USAID a reputation as a technical leader and innovator in basic education. The Agency is well-known, for example, for investing in pilot programs that are later funded on a large scale by the World Bank and regional development banks. In FY 2004, the USG, through USAID, is requesting funds for two Presidential Initiatives in Africa and Latin America as well as increased education funding for South Asia, Southeast Asia, and Eurasia. USAID also proposes to continue targeted support for higher education, including fostering of partnerships between U.S.



institutions and counterpart institutions in developing and transition countries. Workforce development will also play a role in linking economic growth and education strategies in countries experiencing high unemployment.

The multi-year initiative, **Strengthening Basic Education in Africa**, challenges African education professionals to find new ways to quickly provide children with opportunities to learn and become productive members of society. To address the devastation of the HIV/AIDS epidemic, this initiative will assure that 400,000 teachers are trained, and will increase the African Education Ministries' capacity to address the impact of HIV/AIDS on education systems. With the assistance of U.S. Historically Black Colleges and Universities, African students will be provided with 4.5 million textbooks in their local languages. Local organizations will receive funding to help communities create parent teacher associations to ensure that parents and communities have a school they can be proud to send their children to. An important result will be an increase in the number of girls graduating with the life skills they need.

The **Centers of Excellence in Teacher Training (CETT) Initiative in Latin America and the Caribbean** is supporting the development of three teacher training centers to serve Central America, the Caribbean, and the Andean region of South America. This multi-year education initiative is focused on increasing teacher and administrator quality, improving the reading instruction and pedagogical skills of poorly qualified teachers, and advancing education reform in key countries. A clearinghouse of teacher training materials will be created and disseminated using information technology. The centers will disseminate best practices and lessons learned from teacher training institutions, think tanks, schools, and universities, as well as provide virtual training.

In **South and Southeast Asia** (Afghanistan, Pakistan, Bangladesh, India, and Indonesia), increased FY 2004 funding for basic education will foster continued progress in training of very large populations. In Afghanistan and Pakistan, the emphasis will be on expanding opportunities for girls as well as boys who have had their education disrupted by war.

In **Central Asia** (Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan), USAID is initiating a major effort to prevent basic education services from deteriorating. This initiative is focused on nurturing critical thinking and indigenous values required both to reform successfully and to reduce the appeal of Islamic radicalism.

USAID'S basic education programs strongly emphasize the need to ensure equitable access for girls, especially in Africa and the Near East. In contrast, educational gender gaps tend to be small in most countries in Latin America and the Caribbean. In such countries, USAID concentrates more on improving classroom practices and other aspects of educational quality, to reduce grade repetition and school drop-outs among girls and boys alike.

In the EGAT Bureau, support for higher education partnerships, a program of research pointing to best practices, management of the USAID training system, and support for

the development of fact-based management information systems will contribute to more effective education and training programs worldwide.

## **Managing Natural Resources and Protecting the Global Environment "**

In addition to improving management of natural resources for increased agricultural productivity, USAID invests in five key areas that affect environmental quality and the sustainable access of people to resources vital for life:

- Conservation of biological diversity
- Improved management of land, water, and forests
- Environmentally-sound urbanization
- Enhancing the access of underserved populations to modern energy and promoting clean and efficient energy production and use
- Measures to reduce the threat of and facilitate adaptation to Global Climate Change while simultaneously promoting sustainable economic growth.

In FY 2004, USAID is requesting funds to implement three Presidential Initiatives.

The **Water for the Poor Initiative** expands access to clean water and sanitation services, improves watershed management, and increases the efficiency of water in industrial and agricultural activities. This initiative will help achieve the UN Millennium Declaration Goal of cutting in half by 2015 the proportion of people who lack safe drinking water. This initiative is multi-year and will leverage private resources to generate more than \$1.6 billion for water-related activities globally. The regional focus will be in Africa, and Asia and the Near East.

The **Clean Energy Initiative: Powering Sustainable Development from the Village to Metropolis** seeks to provide millions of people with new access to energy services, increase the efficiency of energy use, and significantly reduce readily preventable deaths associated with indoor and outdoor air pollution. It will accomplish these goals by changing vehicle and domestic energy use patterns. Under this initiative, USAID funds will leverage an estimated \$400 million in other funds through the Global Village Energy Partnership. The Partnership includes other governments, the private sector, civil society, and development organizations. "

The **Congo Basin Forest Partnership Initiative** will promote economic development, alleviate poverty, improve governance, and conserve natural resources in six Central African countries: Cameroon, Central African Republic, Democratic Republic of Congo, Equatorial Guinea, Gabon, and the Republic of Congo. Through a network of national parks and protected areas, activities will support sustainable forest management, forestry concessions, sustainable agriculture, and assistance to local communities who depend upon conservation of the forest and wildlife resources. USAID funding will be leveraged by contributions from international environmental organizations, host governments, G-8 nations, the European Union, and the private sector.

USAID activities in support of the President's **Initiative on Illegal Logging** will complement the regional Congo Basin Forest Partnership Initiative. Recognizing the negative impact that illegal logging has on world markets in forest products, USAID will partner with producers and forest organizations worldwide to develop and implement new approaches to sustainable forestry management that respond to market incentives.

The **Global Climate Change Initiative** will transfer American energy and sequestration technologies to developing and transition countries to promote sustainable development and minimize their greenhouse gas emissions growth. Activities assist countries to better measure, reduce emissions, and invest in clean and renewable energy technologies. This initiative is implemented in the four regional bureaus: Africa, Asia and the Near East, Latin America and the Caribbean, and Europe and Eurasia.

## Global Health Pillar "

The Global Health pillar will focus on the five main program areas of child survival, maternal health, nutrition, HIV/AIDS, other infectious diseases, family planning and reproductive health. Within these program areas, USAID's objectives are to:

- Reduce infant and child mortality
- Improve maternal health
- Address the HIV/AIDS epidemic
- Reduce the threat of other infectious diseases
- Reduce unintended pregnancies

For decades, USAID has led the worldwide effort to improve child and maternal health and nutrition in developing and transition countries. In recent years, USAID has intensified and expanded efforts to combat HIV/AIDS, tuberculosis, and malaria. USAID's technical leadership and field presence give it a comparative advantage over other donors in designing effective programs and influencing global and national

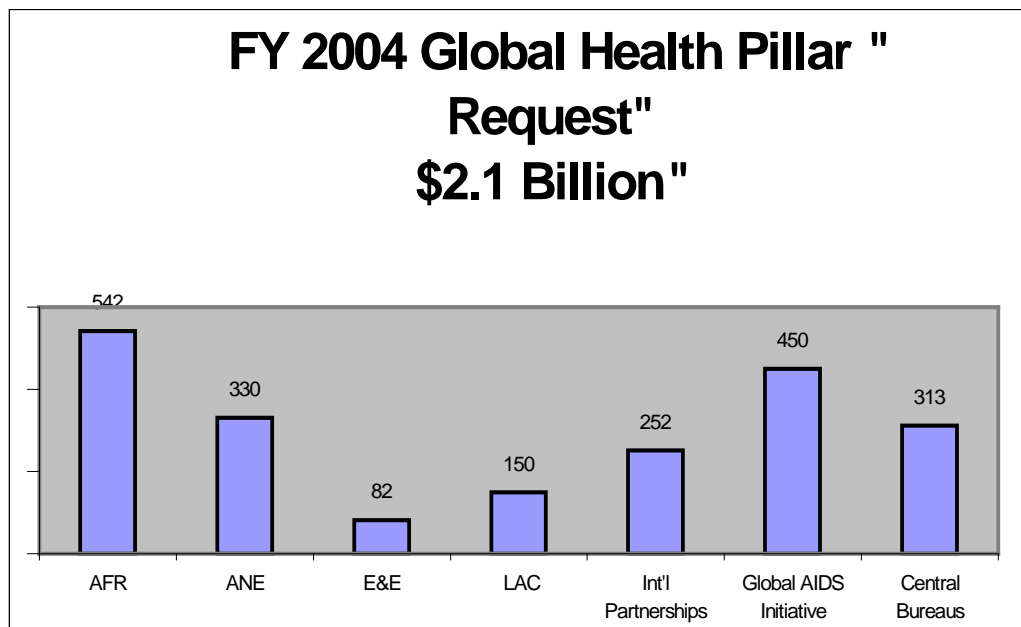
## Global Health Pillar "

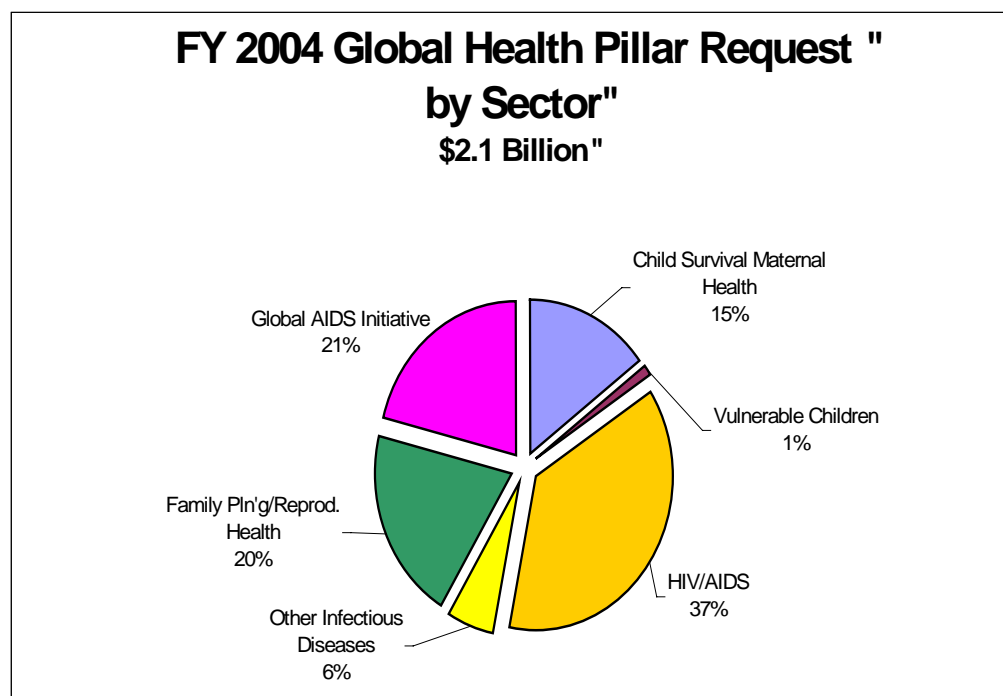
### FY 2004 Program Request (\$ in millions) "

Pillar and Sector "	CSH "	ESF "	AEEB "	FSA "	GLOBAL AIDS INITIATIVE "	PL 480 "	TOTALS "
<b>Global Health</b>	<b><u>1,495.0</u></b>	<b><u>91.5</u></b>	<b><u>13.5</u></b>	<b><u>50.7</u></b>	<b><u>450.0</u></b>	<b><u>10.0</u></b>	<b><u>2,118.2</u></b>
• Child Survival/ Maternal Health	284.6	18.1	2.4	14.9			310.1
• Vulnerable Children	10.0	6.4	4.1	3.7			24.2
• HIV/AIDS	750.0	13.4	1.2	15.4		10.0	790.0

Pillar and Sector "	CSH "	ESF "	AEEB "	FSA "	GLOBAL AIDS INITIATIVE "	PL 480 "	TOTALS "
• Other Infectious Diseases	104.4	2.8	1.0	10.7			118.9
• Family Planning/ Reproductive Health	346.0	50.8	5.2	14.7			425.0
• Global AIDS Initiative					450.0		450.0

policies to combat these health threats USAID uses these advantages to catalyze the efforts of the international community through technical leadership and support to partnerships including the Global Fund to Fight AIDS, Tuberculosis, and Malaria; the Global Alliance for Vaccines and Immunization; and the Global Alliance for Improved Nutrition. These partnerships complement worldwide coalitions to implement technical and programmatic strategies, such as Stop TB and Roll Back Malaria.





### Addressing the HIV/AIDS Epidemic "

The HIV/AIDS pandemic is a major and growing threat to both health and overall development, especially in poor countries. HIV primarily strikes people in their peak productive years, with devastating effects on citizens, communities, economies, and national security. The guiding principle of USAID's HIV/AIDS strategy is to support programs that save the most lives. This strategy is both geographic and programmatic. Geographically, USAID directs resources to priority countries and regions selected on the basis of the severity of the epidemic, the risk of rapid increase of infection, and the commitment to deal aggressively with the pandemic. Programmatically, USAID implements activities in a "prevention-to-care" continuum to fight the pandemic. This includes a balanced ABC prevention approach: abstinence (including delaying sexual debut); being faithful in relationships and condom provision; supporting care and treatment including provision of drugs; assisting orphans and children affected by HIV/AIDS; and supporting efforts by the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

USAID will provide both financial and technical assistance to the **Global Fund to Fight AIDS, Tuberculosis, and Malaria**. The Global Fund is a financing mechanism intended to mobilize additional resources for scaling up proven interventions. USAID's bilateral programming provides the foundation, e.g., human capacity and systems development, upon which the Global Fund can build and expand. At the country level, USAID's missions support the Global Fund by providing technical assistance to the Country Coordinating Mechanism (CCMs) in analyses or assessments required to

strengthen proposals, as well as assistance in proposal development; and by improving the capacity of CCMs to implement successful programs. Additionally, in FY 2002, USAID staff provided technical support to develop policy and operational guidelines for the Fund, and continue to be members of the technical committees.

In FY 2003, USAID in partnership with the Centers for Disease Control and Prevention (CDC) will begin implementation of the President's **International Mother and Child HIV Prevention Initiative**. This jointly managed initiative will be expanded in FY 2004 to provide national coverage in fourteen countries in Africa and the Caribbean Basin.

At the program level, USAID implements activities in a "prevention-to-care continuum" to fight the pandemic by:

- Using a balanced "ABC" prevention approach focusing on behavior change and increased voluntary counseling and testing (VCT)
- Supporting care and treatment
- Assisting orphans, and children and families affected by AIDS
- Building capacity for surveillance
- Encouraging greater financial commitments from stakeholders
- Supporting Global Fund efforts
- Galvanizing support from national leaders in all sectors

In FY 2003 and FY 2004, USAID will implement a global HIV/AIDS program that will use resources most effectively by:

- Concentrating resources on priority countries and regions to provide a critical mass of coverage in these countries
- Increasing resources for Africa, which remains USAID's highest HIV/AIDS priority
- Supporting the scaling up of prevention, care, and treatment programs for families and children affected by AIDS
- Supporting the President's Mother and Child HIV Prevention Initiative
- Increasing staffing levels in priority countries and regional programs
- Improving managers' ability to plan, monitor, implement, and evaluate programs for maximum impact and to disseminate effective approaches to others

Since 1999, USAID has more than quadrupled its resources for combating HIV/AIDS. These efforts have resulted in a slowing of the pandemic in Uganda and Zambia and among population groups in other countries; the development of new voluntary counseling and testing procedures, which have increased preventive behaviors; and improved surveillance of the disease and its progression worldwide.

The Agency is committed to improving the capacity of developing countries to protect populations not yet infected by HIV and those already affected. In FY 2003 and FY 2004, USAID will continue to work closely with host-country governments, citizen

groups and other donors. It will also expand partnerships with the community and faith-based organizations to help achieve ambitious international goals. Within the HIV/AIDS program, the Agency will also continue to fund programs that address the critical needs of children affected by HIV/AIDS, including orphans.

In his State of the Union Address on January 29, 2003, President Bush announced the **Emergency Plan for AIDS Relief**, to turn the tide in the global effort to combat the HIV/AIDS pandemic. The plan will enhance the commitment of the United States in preventing the global spread of AIDS through development and delivery of more effective treatments to those who are already infected or threatened with infection. A new AIDS Coordinator in the Department of State will administer the President's Initiative. The FY 2004 request of \$450 million is to be appropriated into a new account, the **Global AIDS Initiative**. When added to the existing USG International HIV/AIDS programs, the total United States commitment to this global effort will reach \$15 billion over five years.

### **Reducing the Threat of Other Infectious Diseases "**

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USAID's FY 2003 and FY 2004 programs will reduce deaths and sickness from infectious diseases. They will support the prevention and control of tuberculosis and malaria as well as programs designed to combat anti-microbial resistance and improve disease surveillance and response capabilities. USAID will strengthen global and regional initiatives, such as Roll Back Malaria, the Global Partnership to Stop TB, and its related effort, the Global TB Drug Facility. The Agency will continue to advance the sharing and use of the most recent technical knowledge by using electronic networks to convene key international health experts to share technical information, program developments, and research findings.

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The Agency's TB strategy will support programs in high-prevalence countries, including those training TB experts on the Directly Observed Treatment Short-Care (DOTS) strategy, as well as others supporting local efforts of global and regional partnerships. USAID's plan is to achieve cure rates of 85% and case-detection rates of 70% in targeted countries and to continue to support drug-resistance surveillance. The Agency will also expand the availability and appropriate use of new diagnostics for tuberculosis.

USAID's malaria strategy focuses on preventing infection, promoting effective treatment, protecting pregnant women, responding aggressively to drug-resistant malaria, and developing new tools and approaches for prevention, diagnosis, and control. USAID and its partners will contribute to achieving by 2010 the goals of the 2000 Abuja Declaration on Malaria:

- At least 60% of those suffering from malaria will receive appropriate cost-effective treatment within 24 hours of the onset of symptoms
- At least 60% of those at risk of malaria will benefit from protective measures such as insecticide-treated mosquito nets

- At least 60% of all pregnant women who are at risk of malaria will have access to presumptive treatment

## **Reducing Infant and Child Mortality and Improving Maternal Health "**

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USAID has been a global leader in child survival since the 1980s. Using proven tools, many of them developed with Agency support, child survival programs have saved tens of millions of children's lives, even in the poorest countries. As a result, mortality of children under five in developing countries (excluding China) declined from 105 per 1,000 births in 1985 to 70 per 1,000 in the year 2000. In other words, 4.4 million fewer children under five died in 2000 than would have died under child mortality rates that prevailed 15 years ago.

In FY 2004, USAID will continue activities that reduce the incidence of the major childhood killers: acute respiratory infections (primarily pneumonia), diarrheal disease, measles, malaria and factors that occur in the first 28 days of life (neonatal period). Combating childhood malnutrition and preventing micronutrient deficiencies will also be part of USAID's programs, as will safe-birthing and effective prenatal, postpartum, and neonatal care. USAID will continue critical environmental health activities, such as promoting good hygiene, controlling vector-borne diseases, and improving access to safe water and sanitation services.

USAID will work with its partners to continue reducing the mortality rate for infants and children under five. In addition, in countries where it has a field presence, the Agency will help reduce by 25% between 1998 and 2007 the number of underweight children under five. The Agency expects to meet this goal, although the mounting HIV/AIDS pandemic and deterioration of the economic and health systems in some countries may slow progress.

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Child health and the overall welfare of families are powerfully dependent on maternal health. In recent years, USAID has increased its efforts to reduce maternal deaths and disabilities. Approximately 500,000 mothers die every year, leaving behind two million orphans. Newborns whose mothers die in childbirth are ten times more likely to die by age two. The estimated annual worldwide economic impact in lost productivity due to maternal mortality and subsequent child mortality is \$15 billion. However, 95% of these maternal deaths are preventable. Therefore, the Agency has identified and begun promoting a set of feasible, low-cost programs and best practices that will significantly reduce mortality among mothers and newborns. These successful and cost-effective interventions include improving maternal nutrition and birth preparedness, promoting attendance of medically trained personnel at delivery, managing obstetrical complications, and providing postpartum and pregnancy-related hemorrhage care services (emergency treatment, family planning services, and referral for infection treatment and follow-up).

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USAID aims to reduce the maternal mortality ratio by 10% between 1998 and 2007 in countries where it works. To achieve this goal, USAID will continue its successful maternal health programs at the national level and its advocacy programs at the community level. The Agency will also continue to work toward better national policies for maternal health and nutrition. USAID's maternal health programs are relatively new, but initial reports indicate that they have already contributed to significant declines in maternal mortality ratios (e.g. Egypt, Indonesia, Honduras, Bangladesh and Morocco) and increases in skilled attendance at delivery (e.g. Bolivia).

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### **Protecting Vulnerable Children "**

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In 2004, USAID will continue to support the Displaced Children and Orphans Fund (DCOF) by establishing effective approaches to working with local communities and nongovernmental organizations to provide care and support for vulnerable children. Activities will assist children affected by war, street children, and children with disabilities. These programs will seek to avoid institutional care solutions, working instead to meet children's needs within their communities. Additionally, USAID will continue programs that assist orphans in Russia and Eastern Europe by focussing on the medical and basic needs of orphans and reducing the number of children entering state orphanages.

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### **Stabilizing Population "**

For 35 years, USAID has been a world leader in supporting voluntary family planning and reproductive health programs, helping families achieve their desired family size while protecting the health of women and children. The Agency's programs have had a significant impact, contributing to a decrease in the average number of children per family in developing countries (excluding China) from more than six in the 1960s to the 2001 level of less than four. By helping women and families have only the children they want, and when they want them, family planning programs have significantly contributed to a 25% reduction in maternal and infant deaths and decreased the demand for abortions. USAID's population programs will continue to be implemented and monitored in accordance with the requirements of the Mexico City Policy, which was restored by the President in January 2001. The policy requires that foreign non-governmental organizations agree, as a condition of receiving U.S. Government funds for family planning activities, not to perform or actively promote abortion as a method of family planning, regardless of funding source.

The long-term aim of the Agency's family planning and reproductive health programs is to increase availability and use of family planning services by using client-centered approaches, maximizing quality and emphasizing informed choice. By reducing the number of unintended and mistimed pregnancies, these efforts contribute directly to the Agency goal of stabilizing world population, while extensively improving the health and status of women. "

In FY 2004, USAID will maintain its current level of support for family planning and reproductive health activities. The Agency will focus on the special needs of youth, protection against unintended pregnancy and sexually transmitted infections (including HIV/AIDS), and pregnancy-related hemorrhage care services (emergency treatment, family planning services, and referral for infection treatment and follow-up).

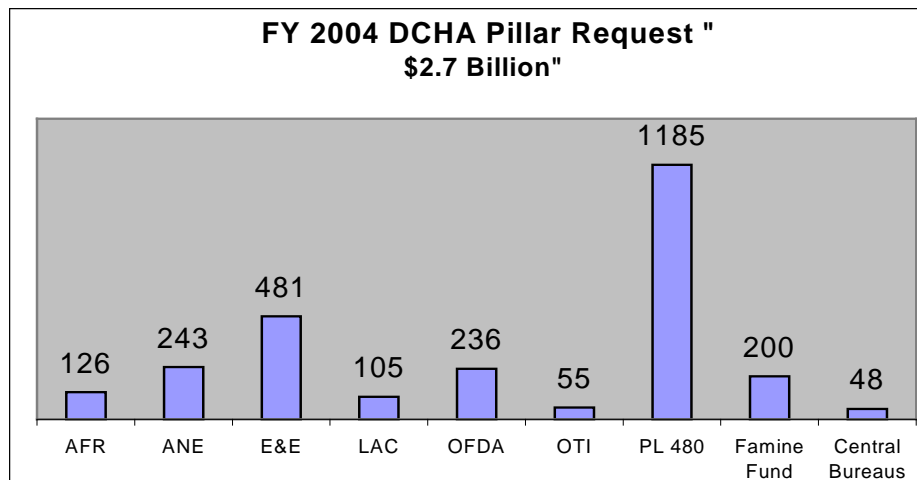
In summary, USAID believes that expanding basic health services and strengthening health systems significantly improves all peoples' health, especially that of women, children, and vulnerable populations. The linkage between good health and improved productivity and reduced poverty is very strong. In some low-income areas, such as sub-Saharan Africa, high levels of disease have slowed or stopped economic growth. The AIDS pandemic alone stands to reverse decades of hard-won economic achievements in Africa and, like malaria, will have significant effects on the economic well-being of many other low-income countries. Control of infectious diseases, good nutrition, and access to information and family planning services are not only interdependent but also essential to development and long-term growth. When people are well nourished, free from the ravages of disease, and able to make informed decisions about planning their family size, they can more fully contribute to social and economic progress.

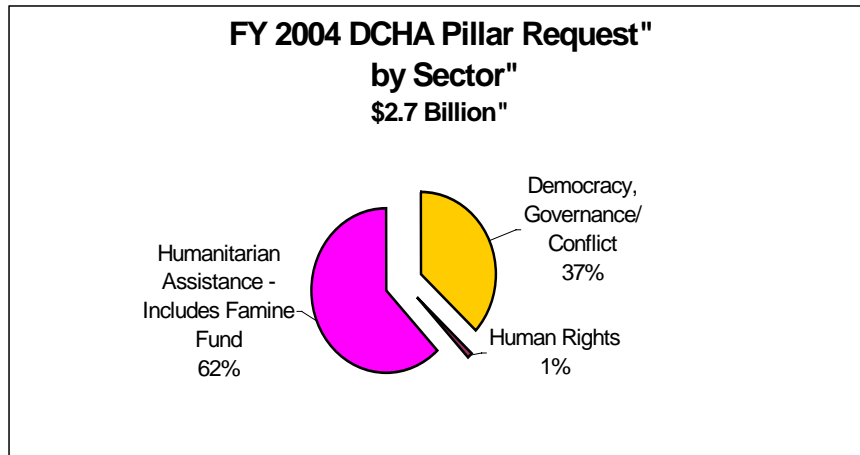
### Democracy, Conflict and Humanitarian Assistance Pillar "

**FY 2004 Program Request (\$ in millions) "**

Pillar and Sector "	DA "	ESF "	AEEB "	FSA "	Famine "	IDA "	TI "	PL 480 "	TOTALS "
<b>Democracy, Conflict, &amp; Humanitarian Assistance "</b>	<b><u>212.0</u> "</b>	<b><u>330.4</u> "</b>	<b><u>262.9</u> "</b>	<b><u>197.7</u> "</b>	<b><u>200.0</u> "</b>	<b><u>235.5</u> "</b>	<b><u>55.0</u> "</b>	<b><u>1,185.0</u> "</b>	<b><u>2,678.4</u> "</b>
• Democracy and Governance	192.5	325.4	250.4	167.4			55.0		990.7
• Human Rights	19.5	5.0	3.6	2.6					30.7
• Humanitarian Assistance			8.9	27.7	200.0	235.5		1,185.0	1,657.0

**FY 2004 DCHA Pillar Request "**  
**\$2.7 Billion"**





USAID's DCHA Pillar will improve coordination of democracy and governance, transitions, and humanitarian assistance; it will also create a cross-cutting approach to conflict mitigation and management. The overarching goal of the DCHA Pillar is promoting peace within a democratic framework.

The Agency's programs will integrate efforts in conflict prevention, mitigation, and management, as well as post-conflict transitions and reconstruction. USAID will strengthen the performance and accountability of democratic governance, which in turn will improve stability, expand economic prosperity, and combat the corruption that dermines economic development prospects. The Agency will also develop a more integrated response to assist the increasing numbers of failing and failed states. These states help breed violent conflict and support for international terrorism; tackling these two problems is a major U.S. foreign policy priority.

In addition to funding democracy and governance programs and the Conflict Management Initiative, the requested FY 2004 budget will enable USAID to maintain its renowned capability to respond quickly to man-made crises and natural disasters, whether with rapid provision of emergency food aid and other relief material or with innovative and effective near-term efforts of the Office of Transition Initiatives.

The President has announced the establishment of a new **Famine Fund**, a flexible tool to use in U.S.-led multilateral efforts to reduce the incidence of famine by addressing its root causes. The Fund would also respond more efficiently and effectively to famines that cannot be prevented, while more equitably sharing the burden of this response with other donors. It will draw upon the broad disaster assistance authorities in the Foreign Assistance Act and will be managed by USAID under the foreign policy direction of the Secretary of State, subject to approval by the President. The FY 2004 request is \$200 million to be appropriated into a new account.

Over the past three decades, democracy and freedom have spread globally at an unprecedented rate. USAID's democracy and governance programs have played an important role in these historic accomplishments. Recent notable examples include transitions to democracy in Nigeria, East Timor and Peru and significant elections in Peru, Kenya, Senegal, and Ghana. Constant nurturing of fragile democracies remains critical to limit backsliding; Nigeria is an example of a country perpetually teetering on the precipice of return to military rule. "

Nevertheless, troubling signs have been on the horizon for several years. The terrorist attacks on the United States marked a shift in how the United States defines its national interests and priorities, requiring a concomitant change in how it strategically uses its foreign assistance. The United States has an overriding economic and political interest in helping shape a world where stable states and societies resolve problems peacefully. Success will result in less terrorism and violent conflict and a better ability worldwide to meet people's security, economic, and political needs. USAID will reorient and increase its efforts to deal effectively with the changing international environment, especially related to the crisis in political and economic governance and the related loss of faith in democracy, markets, and other attributes of modernism.

### **Mitigating Conflict and Improving Governance "**

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Corruption, extremism, and irresponsible governments in many countries present the United States with emerging challenges to its development assistance efforts and overall national security interests. An effective response must be comprehensive and sustained over an extended period of time. Consequently, USAID is developing a strategy that better links and sequences programs for security, rule of law, democracy, economic growth, and humanitarian relief. Under its Conflict Management Initiative, USAID will integrate its tools and programs among each of its regional and functional bureaus. This initiative will better direct U.S. foreign assistance to problem countries so that their capacity for self-governance and peaceful resolution of their conflicts will be strengthened.

The Conflict Management Initiative centers around five essential priorities:

- Supporting the development of more integrated, focused USAID and U.S. Government strategies. These strategies will result from conflict-

vulnerability analyses and will address prevention, management, and reignition (during post-conflict transition) of violent conflict.

- Expanding democratic governance programs that create institutions at all levels of society as mechanisms to prevent, mitigate, and resolve conflict before it escalates, or to reconcile fractured societies in its aftermath.
- Learning from the successes and relying more on the initiatives of the United States and in-country civil society groups, including those that are faith-based or based at the local grassroots level, to develop local capacities for maintaining peace.
- Providing the parties to the conflict with more opportunities, methods, and tools to acknowledge and act effectively on their responsibilities to resolve root-cause issues peacefully.
- Developing a Global Development Cooperation Partnership to address the future threats to U.S. interests and security and attendant globalization challenges.

Creating the capability to achieve a sustainable peace in fragile states will not be easy. It will require international resolve, a multidisciplinary approach, and a long-term commitment and integrated planning within the U.S. Government and the donor community.

## **Developing and Consolidating Democracy and Governance "**

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USAID implements democracy and governance activities in nearly 80 country and regional programs that help nations develop and consolidate effective, authoritative, and legitimate democratic governance. The highest funding allocations have recently been directed to Serbia, Indonesia, Egypt, Gaza and the West Bank, Ukraine, Russia, Haiti, Nigeria, and Armenia. The work involves undertaking a variety of often-difficult political and institutional reforms and capacity building in the areas of:

- Promoting the rule of law and respect for human rights
- Encouraging credible and competitive political processes
- Helping develop politically active civil societies
- Promoting more transparent and accountable governmental institutions, including local government support and anticorruption efforts

Despite real progress over the past decade, three general governance problems continue to contribute to the fragile state of democracy in an increasing numbers of countries. First, economic reforms, where they have even been implemented, have at times failed to substantially mitigate widespread poverty and inequality. Second, the rule of law is pervasively weak, as evidenced by growing levels of corruption, increases in

domestic and international crime, impunity before the law, and abuse of human rights. Finally, the inability to manage ethnic, political, and religious differences peacefully and inclusively remains a challenge. These three problem areas create political instability and form the basis for grievances that can breed alienation, hatred, and despair, which in turn fuels violent conflict and support for terrorism.

USAID believes the critical need is to improve the quality of political and economic governance in the increasing number of semi-democratic states and to sharply reduce the corruption that undermines development prospects across all sectors.

### **Using Transition Initiatives to Advance Peace and Stability "**

USAID's Office of Transition Initiatives advances peace and stability by conducting fast and flexible interventions in priority, conflict-prone countries. The Transition Initiative programs were created originally to address those situations where the nature of governance shifted from authoritarian rule to more open societies. In recent years, "transition" has become a broader concept, referring to countries moving from war to peace, those making the turn from civil conflict to national reconciliation, or those where political strife has not yet erupted into violence and it may be possible to prevent or mitigate the conflict and broaden democratic participation.

Transition Initiative programs work on the ground with local partners to provide short-term assistance targeted at key transition needs. Working closely with local, national, international, and nongovernmental partners, USAID carries out high-impact projects that increase momentum for peace, reconciliation, and reconstruction. Strategies are tailored to meet the unique needs of each transition country. Because Transition Initiative programs have special programming flexibility, the Agency can put staff on the ground swiftly to identify and act on what are often fleeting opportunities for systemic change.

There are now active or planned programs in Afghanistan, East Timor, Indonesia, Kosovo, Macedonia, Nigeria, Peru, Serbia and Montenegro, Sierra Leone, and Zimbabwe. These programs will become a key mechanism under the Conflict Management Initiative, because they provide immediate, flexible solutions in conflict-prone situations. In providing this assistance Transition Initiative programs support longer term interventions aimed at building capable states and addressing root causes of conflict.

### **Using Humanitarian Assistance to Respond to Disasters and Emergencies "**

International Disaster Assistance (IDA) funds humanitarian programs that provide relief, rehabilitation, and reconstruction assistance to victims of natural and man-made disasters.

IDA program objectives are to: (1) meet the critical needs of targeted vulnerable groups in emergency situations; (2) increase adoption of disaster prevention and mitigation

measures in countries at risk of natural disasters; and (3) enhance follow-on development prospects in priority, post-conflict countries.

To accomplish these objectives, USAID has a well-established management structure and is staffed with disaster relief experts who draw on public and private sector resources to respond within hours following a disaster declaration. USAID deploys assessment teams to identify needs and disaster assistance response teams to coordinate emergency responses and facilitate information flows. USAID also provides search and rescue teams, ground operations teams, medical assistance, shelter, potable water, sanitation assistance, and emergency and therapeutic feeding.

Effective humanitarian assistance requires that relief, mitigation, transition, and development programs within USAID support each other. USAID collaborates with other assistance providers in the international community to coordinate programs and share the burden of relief costs. U.S. private voluntary organizations (PVOs) and non-governmental organizations (NGOs) are critically important partners in these efforts and play an essential role in raising resources, providing assistance, and implementing programs in the field.

Pursuant to Section 493 of the Foreign Assistance Act of 1961, as amended, the President has designated the USAID Administrator as Special Coordinator for International Disaster Assistance. USAID works closely with the Departments of State and Defense to coordinate American relief efforts. In many disaster situations, 24-hour, daily coverage is provided to ensure a speedy and appropriate response and the transmission of accurate information between the disaster site and participating USG agencies. Satellite communication equipment augments USAID's ability to target emergency assistance accurately and to coordinate with PVOs, NGOs, other USG agencies, and other donors.

Demands on resources have increased steadily for a number of years. In FY 2002, USAID responded to 75 disasters in 60 countries, 50 natural disasters, 17 complex emergencies and 8 human caused emergencies. Civilians continue to suffer the horrifying consequences of conflict and natural disasters and look to the international community for life-saving and life-sustaining support.

Complex emergencies, involving civil conflict often complicated by natural disasters, account for an increasing share of the IDA budget. Although these conflicts fluctuate in intensity, their resolution is very difficult and relief assistance may be necessary for long periods. Increasing emphasis is being placed on applying preparedness and mitigation lessons learned to deal with these emergencies.

USAID's disaster assistance funds the following types of activities:

- Search and rescue for victims of floods and earthquakes
- Emergency health and nutrition
- Water and sanitation
- Shelter and survival kits

- Food security and agricultural production
- Emergency infrastructure rehabilitation
- Resettlement and reintegration of internally displaced persons
- Disaster preparedness and mitigation
- General relief, administration, and logistics
- Restocking of health clinics and hospitals with essential drugs and equipment
- Training for local health care workers in primary health care
- Support for nutritional and epidemiological surveillance to increase early warning of epidemics or other deterioration in health status
- Training of traditional birth attendants (instrumental in reducing infant and maternal mortality)
- Emergency immunization campaigns to vaccinate children against preventable diseases such as measles

### **Combating Food Insecurity through Food for Peace**

Almost a billion people worldwide are chronically undernourished. Reducing these numbers worldwide is not only a humanitarian concern of the U.S. Government, but a strategic concern as well, as food insecurity fuels political instability.

P.L. 480 Title II food aid is the primary resource of the United States for responding expeditiously to the critical food needs of populations in emergency situations. Through its Office of Food for Peace, USAID seeks to ensure that food aid is provided to the right people, in the right places, at the right times, and in the right ways. Vulnerable groups receiving food aid are those who, because of natural or man-made disasters, including prolonged civil strife, require food assistance to survive and begin recovering from the emergency. Beneficiaries include internally displaced people, refugees, resettled or new returnees, and vulnerable resident populations. USAID frequently targets assistance toward especially vulnerable groups such as children, pregnant and lactating women, malnourished people, and the elderly. Title II food aid programs are implemented primarily by U.S. private voluntary organizations and through the UN's World Food Program.

In order to improve effectiveness, the Administration is proposing to adjust the delivery of international food programs. USAID's budget request incorporates these adjustments, including the reduction of food monetization and the support of such programs through USAID's new Agriculture and Food Security Initiative and environmental programs. The Agency will continue to channel resources through its partner implementers.

The FY 2004 request will help the Agency meet the continued critical needs of people in emergency situations. It calls for maintaining the FY 2003 funding level, which included an increase of approximately \$300 million to help offset the loss of the Section 416(b) surplus commodities program of the U.S. Department of Agriculture (USDA). From 1999 through 2001, USAID and USDA had a strategic alliance to send available Section



416(b) surplus commodities to meet food aid needs around the world. As a result, the United States contributed 65% of the emergency food resources received by the UN's World Food Program in 2001—with an estimated value of over \$1 billion. During FY 2002, overall USG food aid resources were reduced. Supplemental funds facilitated increased deliveries to Afghanistan. Also, emergency food aid requirements developed beyond the available Title II resources, prompting the Administration to draw on resources from the Emerson Trust.

The P.L. 480 Title II nonemergency food aid program constitutes the single largest source of USAID funding focused on food security. The objective of these funds is to increase the effectiveness of USAID partners carrying out Title II development activities. These activities support measurable increases in food security, with the primary emphasis on household nutrition and agricultural productivity. In addition, a portion of the Title II biennial pledge to the UN World Food Program is directed to multi-year development projects.

Title II development food aid programs make significant contributions in several areas: health and nutrition, water and sanitation, agricultural production, food security, increased income, agroforestry, natural resource management, and basic education. For example, Title II programs improved the nutritional status of children in Benin, Guinea, Haiti, Bolivia, Peru, Guatemala, and India. As just one illustration, a food security program initiated by a private voluntary organization in 1997 in an area of Guinea with extreme food insecurity has significantly improved the nutritional status of children. After three years of project activities, the percentage of underweight children decreased from 31% to 22%, while the percentage of acutely malnourished children decreased from 13% to 7%. These improvements were accompanied by improvements in critical health and nutrition behaviors. For example, exclusive breastfeeding of infants under five months increased from 1% to 51% and measles immunization rates increased from 25% to 63%.

Since the mid-1990s, USAID and its partners have learned much about improving food security using Title II non-emergency resources, and non-emergency food aid programs have grown from 53 countries in 1997 to 84 in 2001. Much of this growth was in small activities in food-insecure **sub-Saharan Africa**. The Agency's FY 2004 request will maintain this level of nonemergency Title II activities and continue to reinforce results-oriented improvements (such as those in Guinea). A change in authorizing legislation also raises the Section 202(e) level to 5-10% of the total Title II annual appropriation, (\$34 million for FY 2003). It also authorizes use of Internal Transport, Shipping and Handling (ITSH) funds for non-emergency development programs in least developed countries, which may reduce the impact of decreased monetization.

## The Global Development Alliance Pillar

Pillar/Sector	DA	ESF	AEEB	FSA	IDA	TI	PL 480	TOTALS
Global Development Alliance	[15.0]							[15.0]

The GDA reflects USAID's commitment to improve implementation of its foreign assistance mandate. Today, governments, international organizations, and multilateral development banks are not the only organizations providing development assistance. These organizations have been joined by a plethora of nongovernmental organizations, private voluntary organizations, cooperatives, foundations, corporations, universities, and even individuals. In the past, official development assistance comprised 70% of all U.S. financial flows to developing countries, while today it is only 20%. USAID recognizes that its niche is as a catalyst for change, and that it must collaborate with other public and private entities that provide technical assistance and humanitarian resources to the developing world.

To accelerate its leadership in this process, it created the GDA and appointed a secretariat to get it started. The Alliance signals a new era of cooperation in which USAID joins its resources with those of its partners to execute projects on a much larger scale than was possible with its own resources. USAID has developed strategic partnerships in the past, and the formation of the GDA expresses its commitment to developing alliances that mobilize significant resources, expertise, creative approaches, and new technologies to address international development issues.

In the past, USAID has brokered alliances that pooled resources with matching grants. For example, the Children International program collaborated with Smith-Klein Beecham in nine Latin American and Asian countries in integrated health and nutrition programs. An alliance now under consideration would engage U.S. coffee buyers in stabilizing local economies, while supporting improvements in the quality of the product. Other new alliances, with funding from other program pillars, are being planned under the leadership of the GDA.

FY 2004 represents the third year of existence for GDA, and its principles have become integrated into Agency strategies and practices. As a result, GDA is no longer a separate budget line item and the \$15 million requested will be programmed under the EGAT pillar.