



USAID
FROM THE AMERICAN PEOPLE

Investing In Our Shared Future

**How a Confident and Capable USAID is Building on a Proud
Legacy of U.S. Development Leadership**

Administrator Gayle E. Smith

Cabinet Exit Memo | January 5, 2017

Introduction

For 55 years, the United States Agency for International Development (USAID) has led our nation's efforts to advance dignity and prosperity around the world, not only as an expression of core American values but also in pursuit of U.S. national security and economic interests. In more than 100 countries, we work to foster inclusive economic growth, save lives, strengthen democratic governance, and promote long-term stability. From ending extreme poverty to meeting urgent humanitarian needs whenever and wherever a disaster strikes, we are on the front lines of many of today's greatest global challenges.

Today, USAID is better positioned than ever before to meet these challenges and deliver transformative impact around the world. Over the last eight years, President Obama's signature development initiatives have reduced poverty, malnutrition, and mortality, all while spurring entrepreneurship and innovation, empowering women and girls, and helping to build more stable, accountable, and inclusive partners for the United States. Whether we are combating hunger, preventing the spread of deadly diseases, or increasing access to education and clean energy, we are achieving real results that change people's lives for the better – despite the often harsh realities of the sharp-edged world we live in.

But we can't do this alone. That's why we partner across the U.S. Government with agencies ranging from the Department of Agriculture to the Overseas Private Investment Corporation to NASA. That's why we have revitalized relationships with great institutions of higher learning, here in the U.S. and abroad. We have strengthened relationships with communities of faith, and engagement with the private sector is now fully embedded in the way we do business. We have collaborated meaningfully with developing country governments and civil society to sustain progress. And, we have worked to deepen the bipartisan consensus on development rooted in the Kerry-Frist Global AIDS bill of 2002 and President Bush's launch of the President's Emergency Plan for AIDS Relief (PEPFAR) in 2003.

Working hand-in-hand with all of these diverse partners, there is no challenge too great. But the road ahead won't be easy: for all of the impressive gains the global community has achieved, there are far too many people dying of diseases we can prevent. Too many kids go to bed hungry each night. And too many people are denied the most basic of human rights. And we know too well how lack of opportunity and human dignity can fuel the conflict and instability that puts all of us at risk. So, as President Obama has said, "development isn't charity. It's one of the smartest investments we can make in our shared future – in our security and our prosperity."

That's why President Obama elevated development as a core pillar of American foreign policy, on par with defense and diplomacy. It's why he called on USAID to lead, and for all of us working in development to step up our game: to invest in research and innovation, to follow where the evidence leads, and to reduce dependence on foreign aid over the long run.

I am so proud of how USAID and our community of partners have worked to realize the President's vision. By pursuing tough reforms, we have become more transparent, accountable, and agile. By strengthening our policy and analytic capabilities, we have harnessed an incredible wealth of knowledge and experience to benefit our national security. By focusing our efforts where we can have the greatest impact and investing in force multipliers such as science, innovation, technology, and partnership, we have accelerated our impact and made taxpayer dollars go further than ever before.

In short, USAID is becoming the development agency the world deserves. And we have continued a powerful and lasting American legacy of global leadership. It has been an honor to serve President Obama and lead the extraordinary team at USAID, and I am pleased to share a brief look at what we have accomplished – both in achieving transformative impact around the world and strengthening the Agency – and how our country can build on this progress into the future.

The Global Development Challenge

Since 1990, extreme poverty has been cut by more than half. Thirty-three countries considered low income in 2000 have now achieved middle-income status. Development gains, particularly in global health, have in many cases been breathtaking: since 1990, the world has cut the rate and number of child deaths by more than half, and today, 630 fewer women will die during childbirth each day than in 1990. But development gains have also been uneven, between and within countries; fragile states continue to descend into violence or economic catastrophe; progress in post-crisis transitions is slow in coming; and extreme poverty, though reduced from 1.8 billion in 1990, still defines the lives of some 700 million people.

In 2015, 193 countries signed on to the Sustainable Development Goals, which chart a path to expand progress but also importantly reflect the growing recognition that aid alone is grossly insufficient to meet the world's development challenges, and that sound policies and other streams of capital – including private sector investment and domestic resources – are at least as, if not more, critical. An international consensus captured in the July 2015 Addis Ababa Action Agenda of the Third International Conference on Financing for Development reflects the new and important fact that traditional aid today represents only 9 percent of financial flows to developing countries, with private flows and domestic resources now making up the vast majority of total development finance for many countries. International humanitarian response, however, remains financed almost entirely by traditional donors, with the international community providing on average \$18.3 billion per year over the last five years.

Support for USAID's development and humanitarian missions has increased dramatically. Built on longstanding support from NGOs and the faith community, who together channel billions of dollars per year in donations from American citizens, development contributors now also include the private sector – which recognizes that sustainable development is good for business – and national security experts and practitioners who understand that investing in sustainable and inclusive development is critical in promoting peace and stability and in most cases a more cost-effective alternative to military interventions.

USAID's Role and Impact

USAID has been successful in delivering sustained and inclusive economic growth and promoting self-sufficiency over the long run, including by focusing on transforming sectors that have broad impact on a country's economy and citizens.

Food Security: Built on a commitment by President Obama in 2009 to work alongside the people of poor nations to reduce hunger, Feed the Future and other U.S. Government contributions have mobilized billions of dollars in direct assistance and private resources to unlock the potential in agriculture to transform lives as a means to reduce poverty, hunger, and undernutrition. Led by USAID in response to food price volatility and a decades-long global decline in agricultural investment, Feed the Future now supports comprehensive food security and nutrition strategies and transformative agricultural development in 19 countries. Extreme poverty has dropped between 7 and 36 percent in many of the areas where Feed the Future works, child stunting has dropped between 6 and 40 percent, and more than 10 million smallholder farmers are now able to apply new technologies and management practices. Feed the Future has advanced women's leadership in agriculture, fostered policy change to increase women's land ownership, and strengthened their access to financial services, better enabling women agricultural producers to reach their full economic potential — gains that are reinvested back into their families and communities. Importantly, Feed the Future is built on the premise that governments must make their own investments, through policy reforms and national budgets. In sub-Saharan Africa, Feed the Future countries dramatically increased their own domestic expenditures on agriculture by 85 percent on average from 2009 to 2014.

U.S. Government efforts to advance global food security, driven by Feed the Future, have leveraged those investments, using dedicated financing from the United States to mobilize over \$20 billion from other donors and over \$10 billion in investment commitments from the private sector. U.S. leadership on food security has also placed agriculture – the main source of income and employment for the 70 percent of the world’s poor living in rural areas – back on the global agenda, including in the G20 and G7, at the UN, and through the World Bank and regional development banks. In 2016 and with strong bipartisan support, Congress passed and the President signed the Global Food Security Act (GFSA), solidifying the U.S. commitment to ending hunger and putting Feed the Future into law.

Resilience. Global trend lines and projections show continued growth in humanitarian need in certain regions, with the frequency and severity of extreme weather events threatening to undercut important development gains. To counter these trends, USAID is helping strengthen the ability of vulnerable communities to manage through and mitigate risks, and recover quickly from shocks. We do this by integrating humanitarian and development projects and supporting country-led efforts that reduce chronic vulnerability and promote more inclusive growth in crisis-prone areas. The Global Food Security Act and corresponding U.S. Government strategy will help to further promote resilience through U.S. food security programs.

This approach is paying off. In Ethiopia, for example, investments in community resilience and early response during the 2015-2016 El Niño drought helped ensure that millions of people who otherwise would have needed life-saving assistance were able to cope. And in Kenya, USAID’s efforts to build resilience in recent years have helped reduce the depth of poverty; increased women’s dietary diversity; and supported positive trends in household hunger, access to water, and local perceptions of drought management capacity.

Access to Electricity. Launched by the President in 2013, Power Africa’s goal is to add 30,000 megawatts (MW) and 60 million connections in sub-Saharan Africa by 2030. Two out of three people in that region lack access to the power that can turn the lights on at home, keep schools and clinics running, and provide the infrastructural support needed by entrepreneurs and businesses. Drawing on the expertise of 12 federal agencies, Power Africa is steadily breaking the continent’s energy infrastructure logjam and opening the door to electricity for millions of homes and businesses for the first time by employing a transaction-based model that focuses on attracting private sector capital. This work is removing barriers and building an investment-friendly environment.

To date, Power Africa and its partners have helped facilitate the financial close of power sector transactions that will generate over 5,000 MW of electricity. Power Africa has also supported projects with the potential to add 2.8 million new connections, providing electricity access to about 14 million people. The U.S. Government’s leadership has blazed a path forward that has resulted in a groundswell of new international momentum to support Africa’s energy sector development, resulting in billions of dollars in additional support and investment. The United States’ initial \$7 billion commitment has mobilized more than \$54 billion in commitments from the public and private sectors, including more than \$40 billion in commitments from private sector partners. In 2016, thanks to longstanding support from the U.S. Congress, the Electrify Africa Act passed unanimously in both the House and Senate. On Feb. 8, 2016, President Obama signed the bill into law, institutionalizing Power Africa and signaling to the global community that expanding electricity access in sub-Saharan Africa is a long-term priority of the U.S. Government.

Global Health. USAID has also led major gains in global health. Picking up where President Bush’s Administration left off, USAID has worked closely with the State Department’s Office of the Global AIDS Coordinator, the Centers for Disease Control and Prevention (CDC), and many other agency partners to achieve an AIDS-free generation by 2030, expanding prevention programs and increasing the number of people receiving life-saving treatment worldwide from 2.1 million to 9.5 million. And, 10 years into USAID’s leadership of the President’s Malaria Initiative, 6 million lives have been saved and the elimination of malaria is now a realistic goal. Also in the last decade, USAID supported the delivery of

more than 1.6 billion treatments to prevent and treat neglected infections plaguing more than 743 million people.

As a key player in the U.S. response to threats from Ebola and Zika, USAID was instrumental in containing and preventing further spread of these diseases. The Ebola outbreak is a case study in why the Global Health Security Agenda is so important. We must be ready to rapidly detect and contain new spillover events. And it is critical that we continue developing country health systems and capabilities, which are vital to sustaining development gains and managing threats to global health.

In addition, by investing resources in proven interventions and country-led plans, our work to end preventable child and maternal deaths has saved the lives of 4.6 million children and 200,000 women in the last eight years. Our efforts have greatly increased domestic resources for health, strengthened medical supply chains, and spearheaded a global program to rebuild countries' health workforces. Our ongoing work to expand access to water and sanitation is absolutely vital. Women and girls without adequate sanitation services are liable to miss school or work during menstruation, and may face an increased risk of sexual assault.

Education. In the wake of a wave of assessments that showed strikingly low global learning outcomes – even when kids were in school – USAID launched its education strategy in 2011. Since then, the strategy has benefited almost 52 million children and youth in 45 countries over five years. We have helped train almost half a million teachers and educators annually. We have provided nearly 150 million textbooks or other learning materials, and we have helped build or repair 11,000 classrooms. That's real impact. With our support, millions more children are able to read, millions more children affected by conflict and crisis can go to school, and hundreds of thousands more youth have the skills they need to build a prosperous future for themselves and their countries. And USAID's 2016 evaluation of the education strategy will guide our efforts going forward.

Ensuring that all children have access to education unlocks human potential on a transformational scale, advancing progress in every area. The President and First Lady launched Let Girls Learn in March 2015 to place more emphasis on ensuring that adolescent girls, who often have fewer opportunities to get an education, are able to go to school. Let Girls Learn brings together the expertise of USAID, the Department of State, the Peace Corps, Millennium Challenge Corporation (MCC), the Department of Labor, and the Department of Agriculture to address the range of challenges preventing adolescent girls from attaining a quality education. This holistic, whole-of-government approach builds on decades of USAID efforts to empower girls through education, global health and economic growth programs. Since its launch, through both new and attributed funds, USAID has invested over \$600 million on Let Girls Learn programs in 13 countries across Africa, the Middle East, Asia, and Latin America.

Governance. An essential player in the U.S. Government's work to promote open and effective governance around the world, USAID has maintained its critical role supporting peaceful and credible elections and democratic transitions. USAID was the lead donor in support to Burma's November 2015 national elections, which resulted in the first civilian-led government since 1962. We have also led efforts to promote a human rights agenda for vulnerable populations and to protect and promote universally recognized human rights, ensuring that all people have equal opportunities to participate in the civic and political life of their countries. Although the impact of our work in democracy, human rights, and governance is considerably more difficult to measure than in other sectors, such as health, we have begun building a more robust evidence base for this work.

USAID has long worked to foster greater transparency and accountability in governing institutions and leaders. On his first day in office, President Obama signed a memorandum describing what good governance is, both in the United States and abroad. A government should be transparent and accountable, participatory and accessible to its citizens, and collaborative with all sectors to create real progress and tangible outcomes. Since then, we have supported efforts including the Information and Safety Capacity Project, which works directly with civil society, media, and democracy and human rights

activists vulnerable to online attacks, data seizures, and monitoring. Launched in 2011, this five-year initiative has mentored and provided technical assistance to 239 organizations in 10 countries. Partnering with other U.S. Government agencies, we also contribute to the anti-corruption agenda by helping country partners meet high standards for transparency and accountability through the Extractive Industries Transparency Initiative and the Open Government Partnership (OGP). Launched by President Obama and seven other leaders in 2011, OGP has grown to include 70 member countries that have collectively made nearly 3,000 commitments through National Action Plans designed to promote transparency, efficient and effective governance, and collaboration with civil society. USAID directly supports a number of these countries in achieving their commitments.

Stabilization and Fragile States: Over the past 15 years, USAID has often been called upon to lead U.S. efforts in stabilizing countries in or emerging from conflict, and is now engaged in the design and implementation of stabilization programs in seven countries. USAID has made considerable strides in analyzing the conditions of fragile states and developing tools that better enable the U.S. Government to address the underlying drivers and consequences of conflict and instability, move countries out of fragility, and – where possible – prevent conflict. Another important resource in USAID’s stabilization work is our Office of Transition Initiatives (OTI), which is working in countries like Colombia, Burma, Syria, and Nigeria to both help these countries transition and avert potential crises that threaten internal, regional, or international peace and stability. Among the lessons we have learned is that stabilization is a long-term proposition that takes a decade or more to gain traction and demands a range of professional disciplines across the Agency, from conflict management and mitigation to democracy and governance to small business development, education, and service delivery.

As one example, although challenges remain, development is finally taking root in Afghanistan. Afghanistan’s electrical utility, established just six years ago with support from USAID, no longer receives a subsidy from the Afghan Government and has posted a profit each year since 2011. Progress has been accelerated in part by USAID’s management of the 2015 New Development Partnership for Afghanistan, which links the release of U.S. assistance to the completion of policy reforms needed to spur and sustain development. Another example is in Mali, where USAID supported a volunteer youth group, SOS Démocratie, to create an elections-related hotline and mapping platform, allowing Malians to obtain information about the electoral process and report incidents of fraud, violence, or intimidation during the presidential campaign and on Election Day in 2014. The hotline received over 8,000 calls from citizens reporting incidents that were then documented and plotted on an open-source map for real-time elections monitoring.

Emergency Response: In the face of multiple chronic and severe crises, USAID has continued to respond to an average of 60 humanitarian crises each year with urgency, creativity, and professionalism. Over the last eight years, USAID’s Office of U.S. Foreign Disaster Assistance (OFDA) has deployed 24 Disaster Assistance Response Teams (DARTs) – widely considered the best in the world – to coordinate and manage the U.S. Government’s humanitarian response in coordination with local officials, the international community, and NGO partners. This includes large-scale conflicts in Syria, South Sudan, and Iraq; the Ebola outbreak in West Africa; earthquakes in Haiti and Nepal and other natural disasters; and severe food shortages in Ethiopia and Nigeria. In the last two years, we have often had to operate as many as five DARTs simultaneously – with a record of six deployed during a brief portion of 2016. In addition to saving lives and meeting urgent needs, the Agency has built new capabilities in each of these responses, ranging from the use of new technologies to the adoption of the technical skills needed to manage lethal epidemics.

Strengthening USAID’s Capabilities

Given the complexities of the challenges and opportunities the world faces, significant effort has gone into strengthening our capabilities, the things that make progress possible:

Policy and Evaluation: Recognizing development as a discipline and not just an aspiration, USAID has dramatically improved its analytic capabilities. These include analyses of the drivers of fragility and violent extremism, as well as analyses for policy deliberations ranging from protecting health care workers from Ebola to supporting stabilization efforts in Iraq. In 2010, USAID established the Bureau for Policy, Planning, and Learning to make sure what we know is built into what we do. A challenge going forward is to more fully integrate these capabilities into decision-making, both within USAID and throughout the U.S. Government.

Since adopting a new evaluation policy in 2011, USAID has built a strong culture of evaluation, conducting on average 230 external evaluations each year. And our data show that more than 90 percent of these evaluations are being used to shape our policies, modify or course-correct existing projects, and inform future project design. The focus on evaluation has also instilled the Agency with confidence to frankly assess rather than defend programs, and to seek solutions where and when shortfalls are identified. USAID's progress on this front has been highlighted by Results for America's "Invest in What Works Federal Index" for the last three years, and the Foreign Aid Transparency and Accountability Act, signed into law in 2016, reinforces this culture and practice.

The Agency has also developed new tools to assess the capabilities of partner governments and other recipients to properly administer funds, including the Public Financial Management Risk Assessment Framework, which has led the Agency to opt against providing direct assistance to partners based on the absence of sufficient financial controls. Our bureaus and missions also rely increasingly on the Office of the Inspector General, both to request investigations where irregularities are suspected and for advice on the implementation of additional measures that can ensure effective financial and program management.

Leveraging Private and Domestic Capital Flows: Mobilizing the private and domestic capital upon which successful economies depend is now a regular feature of USAID's work. In 2015, USAID managed over 360 active public-private partnerships that yield or are expected to yield over \$3 for every \$1 provided by USAID. Initiatives led by USAID – including Feed the Future and Power Africa among others – have mobilized over \$100 billion in private sector commitments. USAID's capacity to mobilize private capital is sustained by a number of offices, including the Development Credit Authority (DCA) and Office of Private Capital and Microenterprise (PCM). DCA marked its fifth consecutive year of portfolio growth in 2016, contributing substantially to the \$4.8 billion in private sector funds it has mobilized since 1999. In addition to its strong growth, the DCA continues to experience a low default rate of 2.4 percent, and a high leverage ratio of 1:23. PCM was established in early 2015 to increase USAID's capacity to mobilize private capital and expertise in support of development priorities, helping the agency address development needs sustainably and at much greater scale. Most recently, PCM launched a partnership with U.S. institutional investors who manage trillions of dollars in assets – with the aim to bring new pools of capital towards investment in key sectors such as infrastructure in Africa. USAID also plays a key role, along with the Treasury and State Departments, in providing U.S. sovereign bond guarantees, helping countries raise money from international capital markets to implement specific economic reforms that promote economic stability, growth, and prosperity in these countries. The use of sovereign bond guarantees has expanded over the past four years, with nine being issued.

Demand for the technical assistance that can enable developing country governments to manage effective tax administrations and national budgets is also on the rise and is expected to increase. Through the Sustainable Finance Initiative (SFI), USAID is working with the Office of the Global AIDS Coordinator and the Treasury Department on a pilot to develop and implement strategies for domestic resource mobilization and sustainable financing for health, particularly HIV/AIDS. SFI has already helped unlock \$30 to \$40 million annually in new domestic spending for HIV response in Kenya, and USAID anticipates similar outcomes in other countries. In addition, USAID is piloting a five-year trial whereby domestic resources will be mobilized in up to six additional countries by using up to 2.5 percent of assistance resources made available for these countries under most initiatives and directives.

Science, Technology, Innovation, and Partnership: USAID has made notable progress in leveraging science, technology, innovation, and partnership to test and pilot new tools and approaches, engage new actors and develop breakthrough solutions to promote inclusive growth. Bureaus and offices across the Agency have prioritized innovation, and in 2014 we established the Global Development Lab (the Lab) to serve as a hub to help USAID take smart risks and engage new partners in the development process. We have invested in 900 innovations in more than 60 countries, which are helping our partners reach the massive scale needed to promote growth and reduce global poverty. For example, the Lab’s investment of \$6.1 million in a pay-as-you-go home solar system business in Tanzania allowed the company to raise \$95 million in private equity and debt. The company now provides off-grid electricity to more than 100,000 homes, with a goal to reach 1 million households by 2020.

By prioritizing partnerships and policy changes that promote the use of digital and data-driven approaches, the Lab has increased the speed, accuracy and efficiency of development work. For example, USAID co-founded the Better Than Cash Alliance (BTCA) to digitize institutional payments. BTCA now has 50 members, including governments, multilateral organizations, and private companies like Visa, Mastercard and Chase, and its efforts have helped drive adoption of digital financial services while reducing poverty and corruption.

The Lab is also testing new ways to catalyze investment in entrepreneurs in developing countries by working with 40 incubators, accelerators, and seed-stage impact investors on a program that is expected to leverage more than \$100 million in private resources. One research program has built on over \$400 million in federal science grants to fund hundreds of local scientists across the world, pairing them with American scientists in research partnerships, and the Higher Education Solutions Network partnered USAID with seven world-class universities, including MIT and the University of California at Berkeley, to create eight Development Labs that focus on critical issues related to extreme poverty.

Additionally, in 2012 USAID led two projects with Presidential Innovation Fellows, who served as short-term entrepreneurs-in-residence, to build innovative solutions for food security and agriculture. The Lab has also worked with countries, development banks, civil society and nonprofits to catalyze digital infrastructure, development, and inclusion projects, including recently hiring a Senior Advisor for Connectivity and working with the State Department on the Global Connect Initiative to connect an additional 1.5 billion people by 2020. Also, Agency demand for Lab services continues to rise, with 50 missions and bureaus using Lab-supported tools, approaches, and advisory services during the first half of 2016 – more than all of 2014.

Congressional support for the Lab was demonstrated by introduction of bicameral, bipartisan legislation and the House’s passage in September 2016 of the Global Development Lab Act, bipartisan legislation to provide the Lab with key authorities to make it even more effective.

Internal Management: A priority for USAID under the Obama Administration has been to make systemic, long-term improvements to USAID’s operating and management systems to make it more capable of serving future administrations. As part of this effort, USAID has launched a Human Resource (HR) Transformation process, which aims to ensure that the Agency is supporting and empowering its staff around the world and thus retaining quality personnel, and also rationalizing hiring systems and authorities so that the Agency has the staff it needs. This much-needed reform will require a commitment beyond the tenure of any one administration. Ultimately, strengthening USAID’s internal management must be a long-term goal, and we are grateful that Congress and President Obama’s Administration have recognized this as a bipartisan necessity and opportunity.

Budget: Over the past eight years, USAID has improved its capacity to be more responsive and accountable in the use of its budgetary resources, and to live up to our role as the lead U.S. development agency. By being more rigorous, deliberate and transparent in measuring results, the Agency hopes to gain the flexibility across its budget to ultimately create a more agile USAID that is more effective, efficient and accountable in carrying out its mandate.

Finally, in national security contexts, USAID is often confronted with the trade-off between investing in long-term development transformations that yield sustainable security, and providing assistance where national security imperatives require. USAID’s mission should and will continue to include both long and short term goals. Ideally, the Agency’s capacity to provide rigorous analysis of the trade-offs will be increasingly drawn upon in order to strike the right balance between meeting urgent requirements and delivering long-term solutions.

Building on a Legacy of U.S. Development Leadership

Our progress across the board – including yielding long-term transformation, leveraging resources from multiple sources, saving lives in humanitarian crises, collaborating effectively and efficiently with other agencies and partners, and strengthening USAID as an enterprise – has positioned USAID to deliver on a powerful vision for the future. We can build a world where economies deliver for all citizens, and private capital can flow freely and responsibly; where governments are open, effective, and responsive to all citizens; and where countries and communities collaborate across borders to tackle transnational threats and benefit from high standards, trade and investment, and the exchange of ideas. And we can continue building the USAID the world needs, one that is transparent and accountable, agile enough to manage a future of rapid and tumultuous change, and wise enough to invest now in long-term change.

Here’s what we, as a nation, need to do to get there:

First, build on and expand the network of core constituencies that has been a major driver of success.

That includes the private sector, NGOs, the faith community, academia, and young people. As part of this effort, USAID must also expand its outreach to the American public to better communicate its results, its contribution to American prosperity and security, and the impact of taxpayer investments and success in leveraging non-governmental resources. It must also counter the popular perception that spending on foreign aid makes up as much as a quarter of the federal budget, despite the real figure being less than 1 percent.

Second, nurture and sustain bipartisan support for international development. Congressional passage of bipartisan legislation including the Electrify Africa Act, the Global Food Security Act, and the Foreign Aid Transparency and Accountability Act has provided a strong foundation on which to build. Working with Congress as partners, USAID can continue to provide greater efficiencies and effectiveness, and transparency and accountability, even as it seeks the increased flexibility it needs to be agile in a rapidly-changing world.

Third, retain the capacity to respond effectively to multiple complex crises at the same time, without allowing the urgent to crowd out the important. To do this, USAID will have to address staffing and operating constraints on our Bureau for Democracy, Conflict, and Humanitarian Assistance, while sustaining support for long-term investments in prevention, such as programming aimed at building resilience to shocks and stresses, countering violent extremism, disaster risk reduction, and the Global Health Security Agenda. But it will also take an understanding on the part of USAID, across the executive and legislative branches and among the public, that development takes time and that quick fixes rarely lead to lasting gains.

Fourth, focus on the sustained and inclusive growth that is necessary to achieve the stability, cooperation and dignity in countries where we work. New ideas and initiatives will add to the rich mix of U.S. achievements, but a sustained focus on a singular goal can prevent the “stop and start” phenomenon that has plagued American development investments over time. Along with our colleagues across the government, we gladly inherited the President’s Emergency Plan for AIDS Relief (PEPFAR) from President Bush, and we have been proud to build and expand it. The clear evidence of impact and bipartisan legislation for food security and access to electricity in Africa should also translate into

sustained U.S. support. Small but targeted investments can also continue to tap the flows of private and domestic capital to finance development, while a reliance on science innovation and technology will yield new insights and interventions that can accelerate our progress. Sustaining economic growth, however, will also continue to require parallel attention to the fundamentals – good governance, open and democratic systems, the full expression of human and political rights. And it will involve inclusive growth that does not leave women, refugees, LGBTI and other vulnerable populations behind.

Fifth, build capacity – across sectors – of governments to govern fairly and well, and of citizens to hold their governments accountable and contribute to their countries' development. There will continue to be extremely poor, fragile or crisis-plagued countries that depend on foreign aid, in part because they cannot yet attract foreign direct investment or mobilize domestic resources. But the shift we are seeing worldwide is one of diversified development finance and, in many cases, increased political leadership at the community, regional or national levels. Investing in the capacity of these countries yields results that take time to materialize, but last longer.

Sixth, recognize that a strong and capable USAID can and will serve American interests and can contribute unique knowledge, decades of experience, and a growing body of tools and solutions to our major foreign policy and national security challenges. The outward-facing work of USAID is demanding and exciting, but USAID's impact and effectiveness depend in large measure on its internal capabilities and systems. Ongoing investments and attention are needed to deepen the Agency's commitment to evaluation, analysis, and the discipline of development, and bringing USAID's considerable knowledge and experience to bear in interagency deliberations. That means sustaining the implementation of the HR Transformation process and identifying and pursuing other systems fixes. And it means continuing to reduce inefficiencies and enhance prospects for meaningful interagency collaboration.

Conclusion

There is no question that we have hard work ahead of us. As a country and as a global community, we have to answer volatility with stability, injustice with human rights, despair with opportunity, and conflict with peace. We have to improve our national and economic security by building open and flourishing partners for the United States, enhancing global cooperation, and unlocking opportunities for American businesses in emerging markets. We need to maintain the strategic patience for transformation to take hold, and adapt our systems and institutions for today's ever-changing world. And even as we respond to the most pressing global challenges, we need to have the foresight to invest in our shared future.

None of this is easy, but the progress we have seen over the past eight years has been well worth the work. Development and humanitarian leadership is a great American legacy, and I am proud of what we have done to build on this legacy under President Obama. And I know that USAID can continue to deliver and lead on behalf of the American people.

BUILDING A FOOD-SECURE FUTURE



900 INNOVATIONS

Developed to tackle current and future food challenges.



30 PERCENT

More income generated annually by empowered producers.



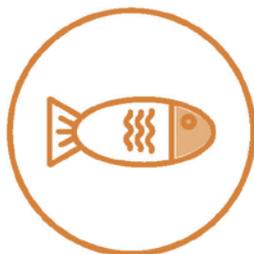
18 MILLION

Children reached last year with help to boost their nutrition.



5,000 PARTNERSHIPS

Created with private companies to spur investment and growth.



19 COUNTRIES

Partnering with us to transform economies and become self-sufficient.



70 U.S. UNIVERSITIES

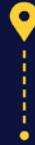
Bringing American ingenuity to bear to end global hunger with us.

CREATING A PATH TO PROSPERITY

Nearly 800 million people suffer from chronic hunger, much of which is rooted in poverty. Growth in agriculture is particularly effective at reducing poverty in developing countries. Feed the Future is contributing to impact, with poverty and child stunting – a measure of malnutrition – on the decline within many countries where it works. Charts to the right represent the range of reductions across target areas from 2008-2015. Years vary by country.



THE ROAD AHEAD

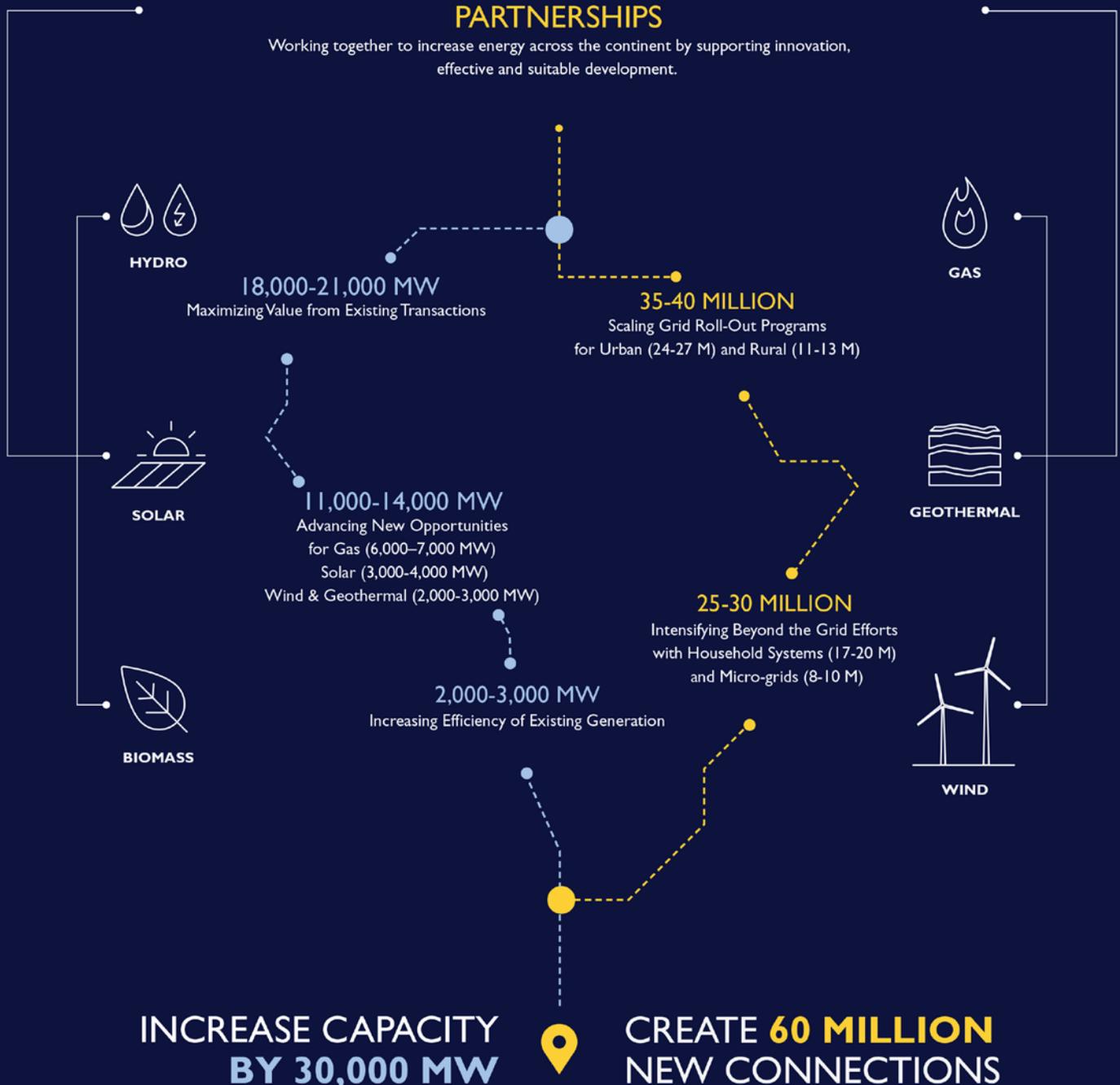


TOOLS & RESOURCES

Transaction Assistance • Finance • Policy / Regulatory Design & Reform • Capacity Building • Legal Assistance

PARTNERSHIPS

Working together to increase energy across the continent by supporting innovation, effective and suitable development.



ENHANCED APPROACH TO DEVELOPMENT: REAL LIVES, REAL PROGRESS



INCLUSIVE GROWTH

Through broad-based economic expansion and good governance, USAID helps emerging economies reform markets and expand financial access for all.



LIFE-SAVING INNOVATION

From helping newborns take their first breath to aiding frontline healthcare workers, USAID supports groundbreaking solutions to seemingly intractable challenges.



LOCAL SOLUTIONS

USAID builds self-reliance and resilience by working to strengthen the capacity of governments and local partners to respond to the needs of their communities.



ACHIEVING MORE BY DOING LESS

USAID strategically focuses on issues where we can have the most impact and save the most lives, such as by fighting hunger and child mortality in southeastern Asia and Africa.



OWNERSHIP AND RESPONSIBILITY

USAID holds all recipients of U.S. development assistance accountable for results by insisting on government investment, planning and capacity building.



LEVERAGING PARTNERS

Through smart partnerships with the public and private sectors, USAID makes budgets go farther and our work more effective.



MULTILATERAL CAPABILITIES

USAID has renewed and redoubled its engagement and support for multilateral agencies as partners and implementers.



DATA AND EVIDENCE

USAID uses high-quality, independent evaluations to rigorously assess the impact of every major project.



LEADING BY EXAMPLE

Through a commitment to inclusive growth, sustainable results, and smart action before, during and after crises, the U.S. now leads the development community.

DEVELOPMENT LEADERSHIP BY THE NUMBERS

6 **THE RECORD NUMBER OF DISASTER ASSISTANCE RESPONSE TEAMS (DARTS)** deployed simultaneously to lead on-the-ground operations in response to crises. 24 DARTS have been operationalized in the past eight years.

106 **THE NUMBER OF GLOBAL HEALTH INNOVATIONS** created through Saving Lives at Birth: A Grand Challenge for Development.

10 **THE NUMBER OF COUNTRIES** that have instituted substantial market-based reforms through the New Alliance for Food Security and Nutrition.

150 **THE NUMBER OF LOCAL LEADERS** participating in six regional innovation hubs, supported by USAID to strengthen civil society, combat repression and expand open spaces.

13 **THE NUMBER OF COUNTRIES** that have replicated and scaled USAID education models, reaching more than 10 million additional children and youth.

200 **THE NUMBER OF LOCAL AND INTERNATIONAL NON-PROFITS** supported by the President's Malaria Initiative to provide critical services in 22 focus countries.

25 **THE NUMBER OF COUNTRIES** where USAID has help achieve a 24% reduction in under-five mortality and an 18.5% reduction in neonatal deaths over the past eight years.

1,300 **THE NUMBER OF LOCAL ENTITIES** that 78 USAID missions worked with in 2015 – more than at any time in the Agency's history.

56 **THE NUMBER OF LOAN GUARANTEES** created with financial partners in FY2016, leveraging \$892 million of private capital.

1,425 **THE NUMBER OF EVALUATIONS** completed by USAID since 2011. Of those completed between 2011 and 2014, 71 percent were used to support and/or modify a project or activity.

70 **THE NUMBER OF U.S. COLLEGES AND UNIVERSITIES** that have partnered with Feed the Future to develop and scale cutting edge technologies to solve global food challenges.