



CARE USA 2003 Annual Report



A Message to Our Supporters



OVER THE PAST YEAR, our vision of a world of hope, tolerance and social justice – a world in which poverty has been overcome and everyone lives in dignity and security – was tested. We faced the threat of terrorism, the human toll of war, the HIV/AIDS pandemic and multiple food crises in Africa. We are under no illusion. Winning the fight against global poverty will take more than good intentions.

It will take unwavering dedication, acute awareness of what works and an unshakable belief in the power of our common humanity. It will also take collaboration with many thousands of dedicated partners. Our vision of a better world will continue to be tested. But together, we can succeed – one step at a time.

Every day, despite hardship and adversity, people around the world demonstrate that it can be done. Ugandans, for example, have made HIV prevention a national priority and reduced their HIV/AIDS infection rate by two-thirds over the last decade. Kenyans, led by their first-ever elected president from an opposition party, have made primary education free and compulsory, raising enrollment by more than 20 percent in less than one year. And the people of Sierra Leone, Sri Lanka and Sudan have expressed their desire for peace, helping move their leaders toward the settlement of long-standing civil wars.

At CARE, we are privileged to work with individuals and families in the world's poorest communities, sharing their hopes, dreams and accomplishments. CARE helps communities torn by conflict work through differences, collaborate on mutually beneficial projects, and advance toward just and lasting peace. We help prevent the spread of HIV/AIDS and provide men and women infected by the virus with care and support, as well as opportunities to generate income, educate their peers, and safeguard their dignity and self-worth. We also build the capacity of governments and communities to fight for the right of every child to a quality basic education.

As we take stock of our struggles and triumphs of the past year, we celebrate the resilience of the human spirit. We reaffirm our pledge to help build a world in which every man, woman and child realizes his or her full potential. And we remain steadfast in our commitment to the most important cause of our time: ending global poverty.

Peter D. Bell, *President*

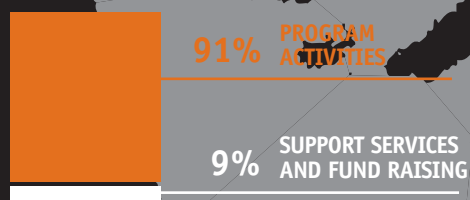
Lincoln C. Chen, *Chair*

CARE 2003 Overview

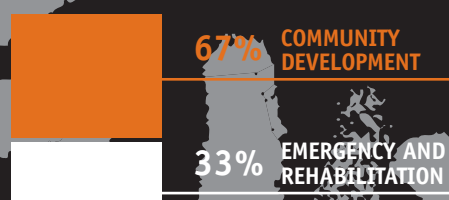
THE SCALE OF CARE'S WORK grew in fiscal year 2003 (FY03). We spent more than \$447 million in support of a record 771 poverty-fighting projects around the world. These projects directly improved the lives of 45 million people in Africa, Asia, Europe, Latin America and the Caribbean, and the Middle East. Tens of millions more benefited indirectly from our work. Together, with communities and the support of our generous and committed donors, we accomplished the following in FY03:

- More than 12 million farmers in 45 countries were trained in agriculture and natural resource management, **providing long-term solutions to hunger.**
- More than 313,000 students in 28 countries received basic education, **gaining skills to build a better future.**
- Nearly 3 million people in 29 countries gained access to clean water, sanitation and hygiene education, **improving health and quality of life.**
- More than 9.5 million children in 31 countries benefited from child health projects, **reducing their vulnerability to disease.**
- Emergency assistance, including food, shelter, water and health care, reached more than 970,000 survivors of war and natural disasters, **meeting urgent needs in times of crisis.**
- More than 3 million people in 31 countries received business training and gained access to financial services through savings, credit and marketing projects, **helping them realize economic self-sufficiency.**
- More than 5.5 million people in 30 countries received information about how to stop the spread of HIV/AIDS and resources to mitigate its impact, **reducing suffering caused by one of the greatest humanitarian crises of our time.**

How CARE's Expenses are Allocated



CARE's Programs by Activity





Poverty is

IN WHAT WAS A TRYING YEAR, it is easy to focus on what divides people, what makes us different. But CARE has always believed that, regardless of the circumstances of our birth, our similarities outweigh our differences. We are born with inherent dignity. We yearn for freedom. We instinctively seek safety and security.

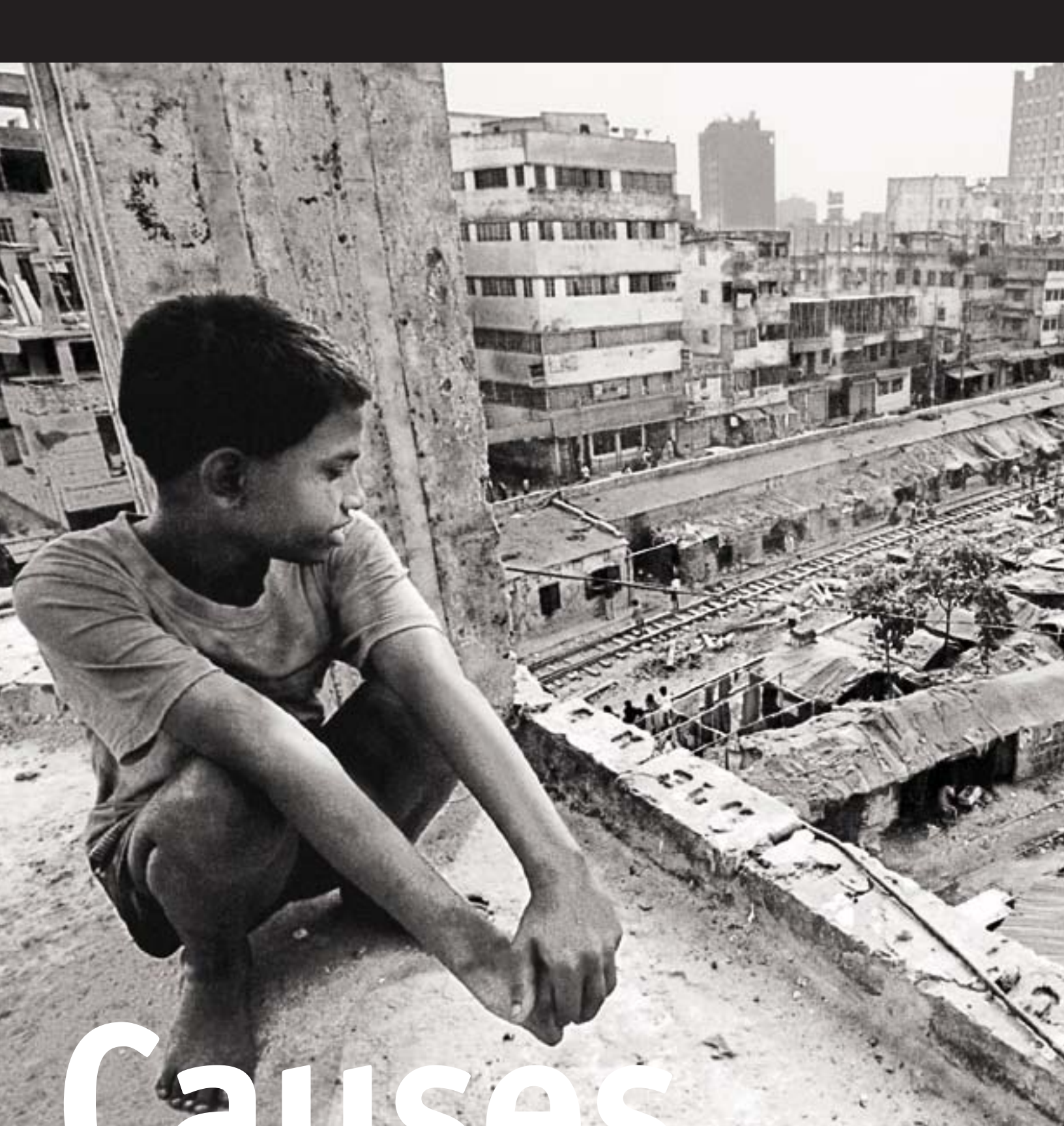
a common threat to all of us.

Poverty is insidious and pervasive – able to cross boundaries and impact entire communities at once. When one member of a family is affected, all are affected. Too often, the family is stigmatized or discriminated against because of it.

Poverty attacks both the body and the spirit. It can spread and it can kill, but it can also be stopped. And as long as one person remains vulnerable, all of humanity suffers.

But there is good reason to be hopeful. CARE understands that poverty has distinct causes. It has remedies. Through teamwork, it can even be prevented. While there is no panacea, CARE has worked with poor communities, partner organizations and governments to develop systematic approaches that target poverty at its roots.

Together, we have made important breakthroughs, but there is still much to learn. **Every day, CARE works to combine the power of local ingenuity, expert technical skills and resources from generous donors to create effective, lasting solutions.** This Annual Report illustrates some of the causes of poverty, and how they can be remedied today and prevented tomorrow. For an expanded version of this photo essay, visit www.careusa.org/AR.



Causes



A HUNGRY CHILD is not a cause of poverty, any more than a cough is a cause of pneumonia. These are symptoms, and treating them alone won't result in a cure. CARE not only relieves human suffering, but seeks to solve problems at their source. Of course, there are many causes of poverty – natural disasters like drought or floods, lack of access to education or clean water, armed conflict or discrimination, to name a few. CARE works alongside poor communities to identify the causes of their poverty and the remedies that will eliminate it.

Causes



NEPAL ◀ Discrimination causes poverty by creating barriers to improving one's life through education, employment and health care. In Nepal, members of the Dalit - the lowest or "untouchable" - caste are considered unworthy and unclean. Higher caste members often refuse to associate with them. Though illegal, this social segregation can prohibit Dalits from owning land, using community water taps, even visiting a religious site or teashop. CARE's advocacy training helps Nepal's Dalits understand and assert their human rights so current and future generations have equal access to resources and opportunities.

HAITI ► Haiti faces a vicious circle of poverty, rapid population growth and environmental degradation. Poor people seek to supplement meager incomes by making charcoal, which meets approximately 80 percent of Haiti's fuel needs. This dependence on charcoal has been disastrous; only 2 percent of Haiti's forests remain, and 15,000 acres of topsoil are washed away each year. As depleted soil yields less each year, more farmers are forced to find an alternative source of income – usually making charcoal. CARE helps communities control erosion, access family planning and fight the poverty that drives people to meet basic needs at the environment's expense.

To learn more about these photos, visit www.careusa.org/AR.





Remedies



POVERTY CAN BE ATTACKED in many ways – the key is matching the specific causes of poverty to appropriate remedies. CARE is guided by the insight, skills and goals of poor communities. Working closely with individuals, families and local groups, we offer the tools and information for people to create remedies that will lead to a full recovery from poverty. In addition to helping build schools, for example, we train local teachers and help communities start PTAs. More than just distributing food, ►

Remedies



we help farmers increase harvests and find markets to sell their surplus. Beyond talk of equality, CARE promotes policies that protect vulnerable groups and create opportunities for all.

HONDURAS ◀ In this country where only 63 percent of the rural population has access to clean drinking water, securing safe water is one of the most important advancements a community can make. CARE fights poverty by improving access to water, sanitation and hygiene education. These projects mean less time spent gathering water, fewer health problems, better school attendance and increased farm production.

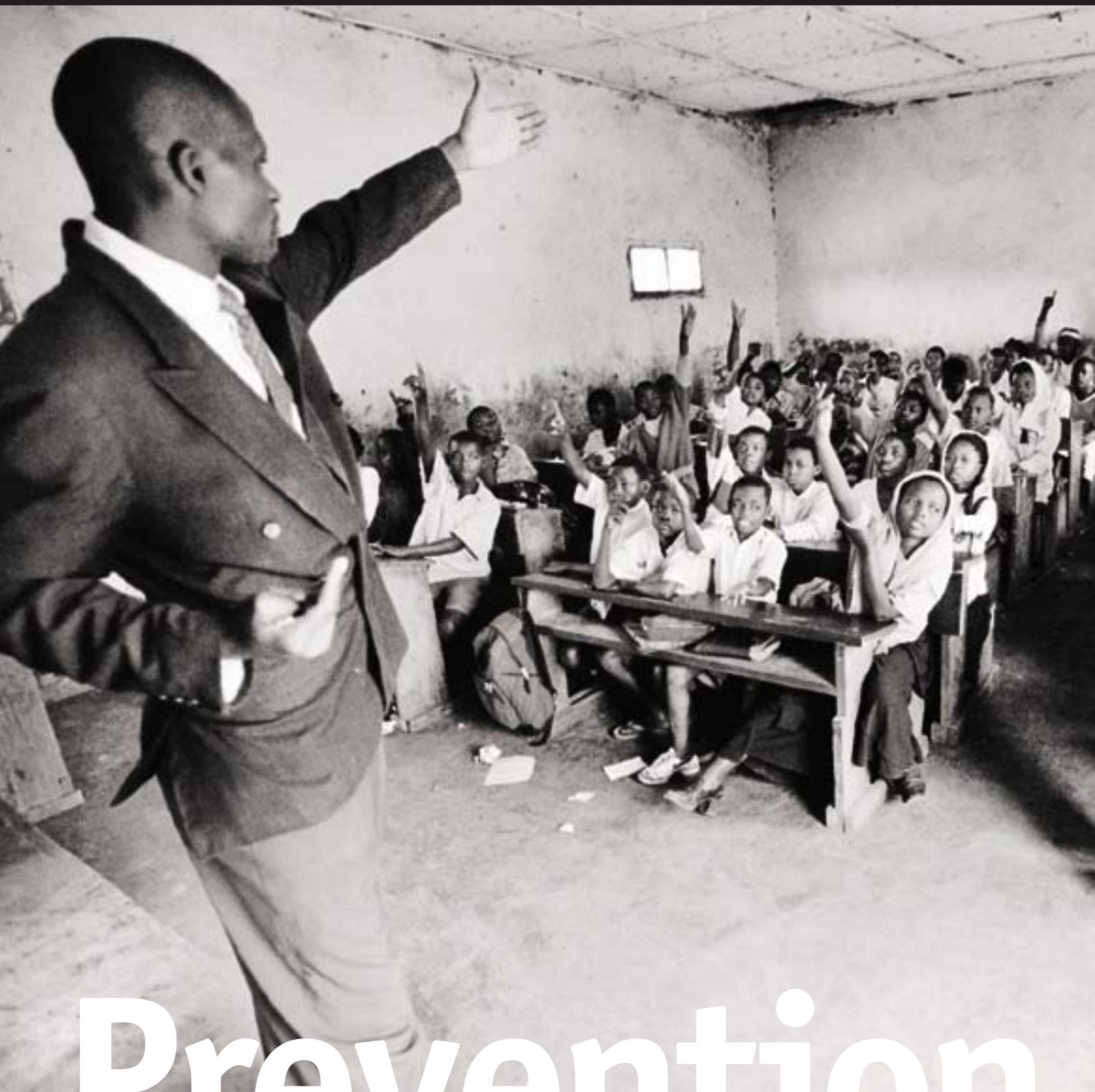




MALAWI ► Overcoming poverty starts with healthy families. Yet reproductive health care and family planning services are out of reach for millions of poor people. For example, the average woman in Malawi starts having children in her teens and bears more than six in her lifetime. Simply helping women space births and avoid pregnancy during adolescence or later in life can reduce deadly complications. CARE educates men and women about their options, and improves access to these services by training local health workers and community volunteers. With quality care, parents are able to determine the size and timing of their families.

To learn more about these photos, visit www.careusa.org/AR.





Prevention



FEW, IF ANY, PREVENTIONS are a sure thing. With 58 years' experience, CARE knows there isn't one simple thing that can prevent poverty's devastating effects. But there are activities proven to have a profound influence on a community's vulnerability to poverty. Every year of education for girls means increased income, fewer pregnancies and better health. Microcredit programs and other financial services create opportunities for people to start businesses that provide income and employ others. ►

Prevention



Frank discussions about HIV/AIDS can change behaviors, save lives and reduce the stigma of a dreaded illness. These are just some of the actions taken by poor families and communities each day, around the world. CARE is a catalyst, enabling people to take steps that can prevent poverty's assault on the next generation.

GAZA STRIP ▼ CARE is well aware that there are no simple answers in the region that is this child's home. Yet we also know that there is no surer investment in the fight against poverty than education. The very future of a nation depends on its ability to educate children and prepare the next generation. CARE trains teachers to offer quality instruction and break down barriers that keep children – especially girls – from attending school. We work with local and national leaders to ensure universal access to basic education, and emphasize the value of allocating resources to this essential endeavor.





RWANDA ◀ Developed in Africa, CARE's model for women's savings and loan groups holds real potential for preventing poverty. Through the member-managed groups, women take loans to start or expand small businesses. The income helps the women meet the nutritional, educational and health needs of their families. A child who grows up with these needs met is well on the way to a future free from poverty.

To learn more about these photos, visit www.careusa.org/AR.



We can

BY PINPOINTING THE CAUSES OF POVERTY, demonstrating that it can be remedied and showing how prevention is possible,

stop the threat of poverty.

The stories in the regional reports that follow illustrate how we put the pieces together; how our staff and partner organizations work with communities to **identify causes, implement remedies** and **sustain progress** to prevent poverty in the future.

The topics of the reports are as diverse as CARE's work: education, natural resource management, fulfillment of rights. Yet even with the variety of subjects, a common theme resonates in each story: **Communities united are capable of remarkable achievements.**

East and Central Africa

CARE USA spent \$80.9 million supporting projects in the following East and Central African countries:

Burundi, Democratic Republic of Congo, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania, Uganda



Ethiopia

FOR MANY PEOPLE, Ethiopia has come to epitomize the challenges of fighting poverty in Africa. Just as hard work is beginning to pay off, nature deals a blow and the land is scorched by drought. People striving to recover from a previous crisis now struggle to keep their families fed and healthy through another day. It happened again in 2002, and the impact continues to reverberate through poor communities. But the causes of poverty in Ethiopia go beyond the failure of rains, and CARE is working on longer-term, preventive solutions.

While providing lifesaving food continues to be a central part of CARE's emergency response, we recognize that communities require assistance that will help them become more resistant to the environmental, social and political forces that cause crises, such as famine.

One example of this is the Kurfachele water project in East Hararghe – a severely affected region, with some areas suffering 95 percent crop loss in 2002. This project involves the enclosure of three major springs and construction of a gravity-fed pipeline and storage facilities in 19 villages. It will meet emergency needs and solve chronic water quantity and quality problems in Kurfachele, where most people currently get water from

stagnant ponds. The communities participating in this project have been extremely active, negotiating water rights for the highland springs and contributing labor and cash. That participation ensures that the communities see the water system as their own, which is critical to the long-term success of the project.

In another example, CARE implemented an innovative voucher-based seed project that made it possible for farmers to choose both their preferred crop and their preferred time for planting. Some 86,000 families received vouchers to be redeemed from local commercial seed traders. Working through these traders helps protect the market, which can be glutted when donated seed is distributed free of charge. In addition to addressing the current need for seeds and restoring choice to farmers, the project aims to reintroduce greater diversity of crops, reducing vulnerability to drought that is exacerbated by reliance on one crop.

These are just two of the ways in which CARE has been implementing emergency projects in Ethiopia that both address the immediate needs of affected families and build their resiliency, helping them become less vulnerable to such shocks in the future.

CARE's poverty-fighting projects in East and Central Africa directly benefited 9.9 million people.

Population of the East and Central African countries where CARE works: 281.1 million.

Percentage of population living on less than \$2 a day: 82.2%.

Percentage of population that is undernourished: 45.7%.



Uganda

THE WELL-BEING OF MANY poor communities is directly tied to the health and vitality of surrounding natural resources, such as a plot of land or body of water. Unfortunately, poor communities often find access to and productivity of resources are beyond their control. This was the case for communities on Uganda's Lake George and Lake Kyoga.

Lake resources provide employment for up to 1 million Ugandans, but a decline in the fish population was putting all of those livelihoods at risk. The diminishing number of fish and lack of alternative job opportunities led to high unemployment, low wages and migration from rural to urban areas. Seeing an opportunity to help communities and local authorities make badly needed changes, CARE initiated a project aimed at protecting and improving lake resources, and identifying and promoting other means of earning a living.

A key part of CARE's strategy was to help communities get organized so they could work with local governments toward a solution. CARE was only able to consider this approach because of Uganda's bold commitment to empowering local authorities to implement change in their areas. That includes local governments taking

responsibility for natural resource management.

Fishing communities, CARE and local governments worked together to develop conservation plans that meet everyone's needs. The number of fishermen taking hauls from Uganda's lakes is controlled through licenses and user fees. The fish population has been protected by rules that dictate a minimum size for each fish taken and a maximum size for total catch. Local government revenue has grown through appropriate taxation of the industry, which serves as further incentive to enforce rules and protect the resource.

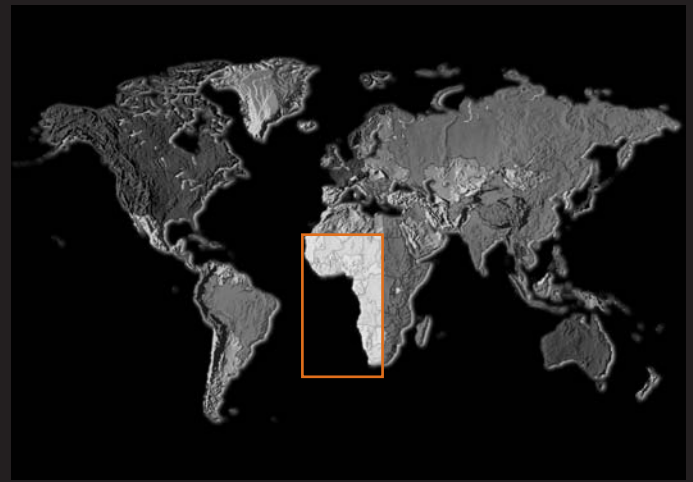
A recent evaluation indicates the project has contributed to a 10 percent increase in fishing communities' incomes. The increase has meant more money for school fees and supplies, medicine and household items, and a better quality of life, not just today, but for the future.

This project exemplifies how CARE can serve as the catalyst for positive, lasting change. We brought people together, offered guidance with planning and decision making, and taught skills to implement those plans. Then we monitored progress as each group fulfilled its role in the process of improving and protecting a resource they rely on.

Southern and West Africa

CARE USA spent \$80.5 million supporting projects in the following Southern and West African countries:

Angola, Benin, Cameroon, Ghana, Ivory Coast, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Sierra Leone, South Africa, Togo, Zambia, Zimbabwe



Angola

ANGOLA'S CIVIL WAR ENDED in 2002 with a ceasefire following the death of the rebel leader Jonas Savimbi. However, nearly three decades of war left thousands of armed combatants who know no other way of life but fighting. Today, the country is faced with the dual challenge of returning displaced civilians to their homes and livelihoods, and disarming and reintegrating hundreds of thousands of former soldiers into productive society. Angolans need support as they strive to rebuild their lives and their nation.

CARE is committed to helping the people of Angola live in dignity and security. We remained on the job through the nightmare of the war, managing food relief, de-mining, health care and agriculture projects. Before the ceasefire, this was done in garrison towns and areas that were surrounded by rebel forces; CARE staff and supplies had to be flown in.

Since the ceasefire, CARE has worked with United Nations agencies in Bie province to build upon those important, but limited, efforts in agriculture, health and food relief. The task has turned out to be larger than first imagined. Efforts to restore crops and refurbish health centers must be matched with building homes, and water and sanitation systems – all

of this amid a population that is severely traumatized and frequently ill because of poor nutrition.

The first step has been support for agriculture, for two reasons. First is the practical need for food. Good soil and water are available, but farming supplies are lacking. Former soldiers have no tools and people who weren't fighting were forced to abandon theirs, so CARE provides quality seeds and tools to restart food production. Second is the immense social and psychological value in helping people return to routine, community structure and productivity. Lasting peace will require that everyone, especially former soldiers, plays a role in the new Angola.

In addition to reaching more people, the projects now also have longer-term goals for resettlement and restarting the rural economy. After so many years of fear and sorrow, Angolans need time to restore their confidence, physical strength and will to improve their lives. The crisis doesn't end when the guns fall silent. That's why CARE doesn't leave when world attention turns to the next "hot spot." We stay, adapting our programs to help people meet their changing needs.

CARE's poverty-fighting projects in Southern and West Africa directly benefited 7.3 million people.

Population of the Southern and West African countries where CARE works: 237.1 million.

Percentage of population living on less than \$2 a day: 61.5%.

Number of women living with HIV/AIDS: More than 7.4 million.



Niger

CARE'S MATA MASU DUBARA (Women on the Move) project was conceived in 1990 as a community-based savings and loan program for rural women in Niger.

As is the case in many developing nations, women in Niger suffered from prohibitive policies and traditions, and development programs in place at the time largely ignored them. This despite the fact that rural women are responsible for many important and difficult tasks that are central to the survival of their families. Working in the fields, caring for the children, managing their households and running small businesses are among the daily duties women undertake.

However, women in Niger were without a means of saving money that could be used to support these activities. Formal banking institutions had broken down, leaving most people without reliable financial services. Access to credit was also beyond reach, with money-lenders charging a minimum of 50 percent interest on loans. CARE realized we could work with women to adapt traditional savings and loan structures to make them more sustainable and better managed.

CARE doesn't provide direct financial assistance,

but depends on the women to make weekly contributions to support their associations. CARE's role is truly that of a mentor, offering training on the basic structure of the program. In time, however, the trainer becomes more of an observer and eventually completely withdraws from the association. The women manage their group by themselves from the start.

As membership grows, so does the size of the weekly contribution. In some communities, turnout has been so great that women have had to start additional groups to accommodate all the participants. With savings or low-interest loans, the women are able to start activities such as peanut oil production, food preparation and grain storage. They also pay school fees and purchase household items. All these activities contribute to the security and well-being of their families.

This project has grown to include some 6,000 groups throughout Niger and is a model for savings and loan projects around the world. It also serves as a powerful example of how sharing knowledge and encouraging participation helped create community-owned, sustainable projects that will bring true and lasting change.

Asia

CARE USA spent \$140.3 million supporting projects in the following Asian countries:

Afghanistan, Bangladesh, Cambodia, China, East Timor, India, Indonesia, Laos, Myanmar, Nepal, Philippines, Sri Lanka, Tajikistan, Thailand, Vietnam



Afghanistan

JUST 20 KILOMETERS from Afghanistan's capital, Kabul, there is a beautiful area called Kohdaman. It is home to mountains covered by snow, clear flat streams and gurgling springs shining under the golden sun. This is where Laila lived with her husband and six children.

But natural beauty meant little in the chaos and turmoil of Afghanistan's recent past. Laila told CARE staff how the Taliban took over in Kohdaman, forcing her husband and eldest son to flee or face imprisonment. The women and small children were rounded up and taken to Kabul. Their homes were destroyed.

This is how Laila came to live in Kabul, occupying an abandoned house without windows or doors. In time, she learned that her husband and son were dead. With women forbidden to work under Taliban rule, widows like Laila found themselves struggling to survive each day. The toil and stress left little time to think about how to improve their situation for the future.

CARE understood that circumstances this dire required special assistance. We provided emergency food aid to some 10,000 widows and their children. We also helped plant the seed for long-term change through health education and income-generating activities, such as sewing.

CARE will build on these economic activities with a new microfinance project to offer small-business training and help women establish savings and loan groups. This model has proven successful in several countries, creating opportunities for women to improve their whole family's standard of living.

In Afghanistan, the fall of the Taliban meant that people from Laila's district sought to return home – at least to their region, even if they no longer had a house. CARE worked with Laila and others to undertake this stage of recovery, helping 7,000 families rebuild their homes. Project participants earned wages by repairing wells and irrigation canals. Gardens were planted, schools were built and life is slowly returning to normal.

With an eye toward the future, CARE has been a leader of international efforts to promote policies that would make Afghanistan safer and more prosperous for families like Laila's.

Laila says she will never forget her husband and son, nor will she forget the terror and grief caused by the Taliban. But she is left with another enduring memory, too – that of CARE coming to her family's aid when there was no place to turn, and standing by them until they could stand on their own.

CARE's poverty-fighting projects in Asia directly benefited 26 million people.

Population of the Asian countries where CARE works: 3.1 billion.

Percentage of population living on less than \$2 a day: 61.6%.

Percentage of population with access to adequate sanitation: 40.1%.



Sri Lanka

DILUKSH IS A 27-YEAR-OLD mother of three living in a remote village in Sri Lanka. The nation has been engulfed in conflict for most of Dilruksh's life, but she would have faced difficulties even without the added hardship of war. That's because until recently, she had no birth certificate.

No birth certificate means no National Identity Card (NIC). No NIC means no access to the services that provide for community well-being: education, health, employment. Freedom of movement is also limited, as a NIC is necessary for travel throughout the country.

When Dilruksh went to school for the first time, she was chased out by the teacher because she did not have a birth certificate. Her marriage could not be legally registered without it. In order to obtain the document, she once attempted to bribe officials with proceeds from the sale of the family's one cow, but she still was unsuccessful in obtaining the certificate.

Dilruksh encountered CARE through the Vulnerable Groups Organized in Conflict Areas (VOICE) project, which aimed to help rebuild a society torn apart by war. The idea was to develop leadership and empower communities to identify the causes of their poverty, and remedy them.

Through VOICE, Dilruksh realized she was one of thousands who lacked a birth certificate – some people never received them; for others, birth certificates were left behind, lost or destroyed as a result of the conflict.

What was once seen as an individual's problem began to take on new dimensions; CARE helped make it clear that having a birth certificate is a right, and the denial of that right is a common cause of poverty.

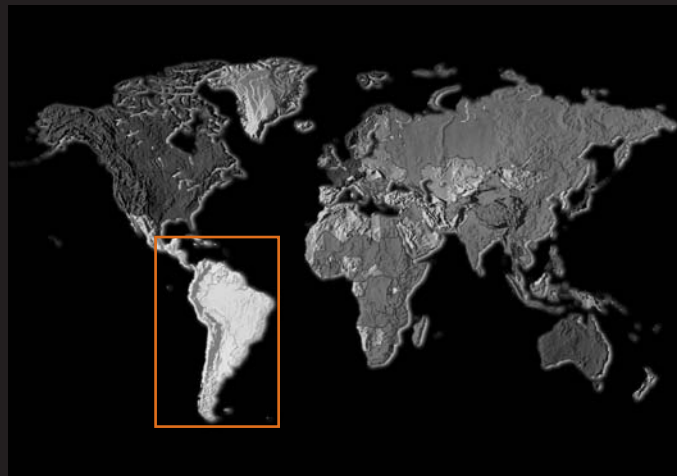
Dilruksh joined a movement in her community working to raise consciousness about the issue. Her group worked with the government to set up a mobile service that would help people get or replace birth certificates. She and her children were among some 650 community members who obtained their documents through the service. Dilruksh can now travel more freely to buy and sell goods for her family business. While she cannot make up for her lost education, she has ensured that her children do not meet the same fate.

CARE assisted in raising awareness through community dialogue, but the people identified the solution and brought it to fruition. In the end, they discovered that by seeking fulfillment of their rights, they are better able to fulfill their own needs.

Latin America and the Caribbean

CARE USA spent \$90.7 million supporting projects in the following Latin American and Caribbean countries:

Bolivia, Brazil, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Peru



El Salvador

EL SALVADOR'S COUNTRYSIDE is dotted with poor, rural communities. Of the nearly 3 million people who live in these communities, only half have adequate sanitation services and about 25 percent have access to safe drinking water. Lack of access to these vital resources slows and sometimes halts progress. People suffer from chronic health problems and the environment is harmed by haphazard waste disposal.

Knowing that safe water and proper sanitation are essential to overcoming poverty, CARE began working with Salvadoran communities on water projects in 1993. At that time, CARE focused on helping poor people build and manage the physical infrastructure that would improve sanitation and access to safe water: wells, storage tanks, pipes and latrines.

CARE has helped more than 110 Salvadoran communities improve their health and environment through better use of water. El Cerrito is one such community. For more than 40 years, this group of 400 families petitioned for assistance with a drinking water project. Their requests went unanswered until CARE became aware of their predicament. We discovered that, in spite of their progress over the years in agriculture and small-business development, lack of access to safe water

kept the community impoverished. The people were eager to contribute to the project; they just needed materials and technical expertise.

El Cerrito is now a model for community-managed water projects. The local water association collects fees to cover the operation and maintenance of the system, and conservation efforts that protect the watershed. Community members themselves have become technical experts in sustainable water systems and sanitation. And their experience solving one of the gravest problems facing them has strengthened the community as a whole. This model is so effective, it is the standard for rural development with El Salvador's National Administration of Aqueducts and Sewers.

The next challenges and opportunities lie in national water policy. CARE leads a network of private groups, community associations and government agencies that shares knowledge, standardizes water system construction and monitors access to drinking water across the country. Our reputation was built by helping communities solve their most threatening problems, but we can make even greater progress by helping the government and community groups implement strategies that benefit the nation for the long term.

CARE's poverty-fighting projects in Latin America and the Caribbean directly benefited 1.6 million people.

Population of the Latin American and Caribbean countries where CARE works: 325.2 million.

Percentage of population living on less than \$2 a day: 28.8%.

Annual number of child (under age 5) deaths: 277,000.



Peru

THE PEOPLE OF NORTHERN Peru's Asunción district always depended on agriculture for their livelihoods. However, small landholdings were usually incapable of yielding enough to support a family, and traditional farming practices kept them from getting the most out of their land.

The people of Asunción were further impoverished by the lack of water, sanitation and education in their rural communities. Decades of ineffective governments had ignored and excluded these communities, leaving them disorganized and disconnected from the decisions that impacted their lives.

CARE knows that with organization comes power. Our goal in Asunción was to strengthen local groups that could lead projects to increase income, improve health and gain access to clean water. We started with the fruit producers' association.

Traditionally, these farmers sold their produce at the small, local markets. The fruits and vegetables were generally of low quality because of poor farming techniques. Farmers yearned to expand to bigger, better markets, but their crops didn't meet quality standards.

To help the association establish new market opportunities, CARE acted as liaison between the

producers and a fruit wholesaler. At the initial meeting, most of the fruit was rejected because of fruit fly damage. Still, the farmers were pleased to make a connection that could lead to better markets. They felt encouraged to take action – something they hadn't felt before.

They approached CARE and the local government with a plan to get rid of the fruit flies. They had collected the money for pesticides, but needed the government's equipment and advice from CARE's agriculture experts. The fumigation project was a success. Now, instead of selling low-quality fruit at the local market, they sell high-quality produce to the wholesaler and earn 10 times as much.

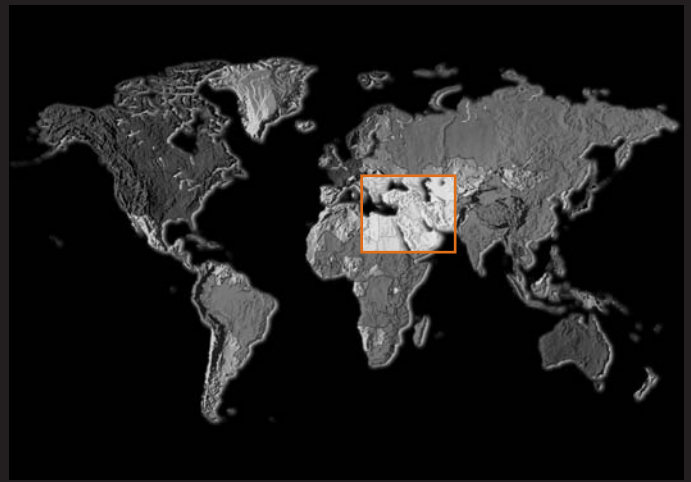
With more income, the families of Asunción can pay school fees, cover health care costs and purchase necessary household items. Just as significantly, the community is organized and active. With this one success, the people have found a voice. They have worked with the Ministry of Health to train community volunteers who teach basic health practices, and formed a water board that maintains a new water and sanitation system.

The transformation in Asunción is not unique. In so many poor communities, it takes just one victory for people to realize their potential.

Middle East and Eastern Europe

CARE USA spent \$36.6 million supporting projects in the following Middle Eastern and Eastern European countries:

Albania, Armenia, Azerbaijan, Bosnia/Herzegovina, Croatia, Egypt, Georgia, Iraq, Kosovo, Macedonia, West Bank/Gaza



Georgia

SVANETI IS AN ISOLATED PROVINCE in the Republic of Georgia, beset on all sides by the Caucasus Mountains. The landscape has left its mark on the Svans, a mountain people with a culture and language all their own. Their leathery faces tell tales of blistering snowstorms, and their calloused hands bear witness to the ethic of hard work needed to survive.

But today their culture is perched on the edge of oblivion. For Svans, education is the key to a better future, but following the collapse of the Soviet Union, government funds are no longer available to maintain schools. The pride of the mountain village of Ipari is a large school built 70 years ago. However, during the winter, teachers and children were shivering in classrooms with broken windows while the temperature outside was minus 10 Celsius (14 F).

Local farmer Giorgi Gulbani recalled that his children were getting sick at school, and he could not afford medical treatment. As conditions worsened, villagers packed up and left. Year after year, the ancient stone watchtowers that used to guard against invaders cast their shadows on more abandoned houses.

Without outside help, the inhabitants of Ipari could not turn the tide. People were willing to work hard to repair their school, but they could not afford the materials. CARE recognized an opportunity to help stop the exodus that threatened to wipe out a millenia-old culture.

The school became a hive of activity as villagers hammered frames for the new windows supplied by CARE. Everyone got involved because, as Giorgi pointed out, "Nobody will stay here if there is no school."

CARE staff asked the community members what would happen if one of the new windows breaks – what is to prevent children and teachers from freezing in drafty classrooms all over again? And the people came up with a solution. All parents agreed to contribute to a fund that will be used to pay for necessary materials.

Going above and beyond the original plan, parents of Ipari began making new doors and installing a washroom in the school. Thanks to the hard work of the villagers and a helping hand from CARE, there is now hope in Ipari that Svans will have a strong community well into the future.

CARE's poverty-fighting projects in the Middle East and Eastern Europe directly benefited 691,000 people.

Population of the Middle Eastern and Eastern European countries where CARE works: 340.5 million.

Percentage of population living on less than \$2 a day: 29.4%.

Number of internally displaced people: More than 3.2 million.



Egypt

OM HAMDY IS LIKE MANY WOMEN in her village in rural Egypt: She is a mother, has no formal education and did not send her daughter to school because she couldn't afford it, and because her daughter's help was needed in the field and around the house.

Staff from CARE's New School Program (NSP) visited Om Hamdy to discuss the importance of educating her daughter. They explained that every year of education for a girl means she will earn more and have a smaller and healthier family as an adult. Om Hamdy was convinced to let her daughter try school.

She immediately sensed the positive impact of school on her daughter's life – in the way she behaved and took care of herself, even in the way she interacted with others in the community. Nevertheless, Om Hamdy began to experience financial trouble, as her daughter's labor no longer provided any income.

Om Hamdy's situation was not unusual. CARE knew that the mothers would be forced to pull their daughters out of school if there was no other way to make ends meet. NSP partnered with another organization on an existing project that taught village women how to produce soap using olive oil.

At first, each woman produced about 2 kilograms of soap a week, but over the course of six months, their weekly production increased to 10 kilograms. Om Hamdy was able to more than make up for the loss of income that resulted from her daughter's schooling.

"It takes about three hours of stirring to make 2 kilos of soap," says Om Hamdy. "It is a lot of work, but I feel good that I can make some money while my girl is in school."

The women feel empowered by their involvement in the project, as evidenced by increased interest and participation in their daughters' education. Om Hamdy was elected to the parents' association, which supports girls' education in community schools. Then this woman who was once skeptical about the value of education for girls was elected president of the association.

Om Hamdy and women like her are paving the way for girls' education in Upper Egypt. CARE plans to expand NSP with additional funding from the U.S. government. Om Hamdy and her small village stand as a shining example of how partnerships can make all the difference, and why CARE believes our integrated approach is the best way to help make lasting change.

Strategic Directions

Fiscal year 2003 (FY03) marked the second full year of CARE's five-year strategic plan. As introduced in last year's Annual Report, this plan includes three priority program areas in which we believe CARE can make significant global contributions. In addition, CARE identified water programming in FY03 as a critical area for expansion because of its significant impact on communities' health and well-being.



EDUCATION – CARE's education projects are designed to assure that children, especially girls, in the most disadvantaged communities achieve their right to basic education. In 28 countries, CARE supports projects that remove barriers to girls' education, improve the quality of education for all, increase community participation, and advocate for government investment and policy reform. In FY03, CARE significantly increased and diversified our donor base, and expanded programming to address some of the obstacles to education faced by poor children. These include child labor, HIV/AIDS and armed conflict.

EMERGENCY RESPONSE – Although many disasters cannot be fully prevented, CARE works to reduce their adverse effects by helping communities prepare in advance and recover afterward. In FY03, CARE managed timely responses to more than 30 emergencies in 21 countries. These responses were enhanced by strong partnerships, both among CARE International member countries and with other organizations. The CARE Emergency Response Team, which is staffed by experts from across CARE International, was deployed for the first time to Iraq. In Southern Africa, CARE worked with two other aid organizations to coordinate an efficient response to the food crisis, reducing overlap and ensuring that people in need received lifesaving assistance.

HIV/AIDS – The past year brought some exciting developments to CARE's battle against HIV/AIDS. CARE and several partners formed CORE (Communities Responding to the HIV/AIDS Epidemic), a five-year, \$50 million initiative. CARE also advanced our work with the Hope for African Children Initiative (HACI), of which CARE is the lead member in Uganda and Ethiopia. Through HACI, CARE helps African communities provide care and support to orphans and other children made vulnerable by HIV/AIDS. And we have strengthened our organizational expertise with a technical support team from different areas, such as microfinance and education, whose members are seeking ways to integrate HIV/AIDS into all of CARE's programming. Our field programming was complemented by policy advocacy related to funding for HIV/AIDS prevention and care projects.

These three priority areas represent one aspect of CARE's long-range plan. CARE remains committed to excellence in all of our work, in every region and every program area.

Advocacy: Shaping Our World

Some U.S. policymakers say they rarely hear from constituents regarding international humanitarian issues. In response, CARE launched the CARE Action Network (CAN) in fiscal year 2003. It is part of our effort to educate policymakers about how their decisions affect poor people around the world. Examples of our country-specific advocacy and CAN activities are highlighted below.



AFGHANISTAN – CARE is a leading voice in the call for sustained international engagement in Afghanistan. We produced two key policy papers: “A Little Less Talk, A Lot More Action,” about the need for increased reconstruction funding, and “A New Year’s Resolution to Keep: Secure a Lasting Peace in Afghanistan,” about insecurity beyond Kabul. These were distributed widely and quoted by policymakers and media both in Afghanistan and internationally. The papers are available online at www.careusa.org.

SUDAN – In July 2002, the government of Sudan and the major southern rebel movement signed the Machakos Protocol, an important step in the peace talks. In November, CARE USA President Peter Bell visited with leaders on both sides of the conflict to discuss improving humanitarian access to people in need, as well as efforts that could help, even if in a small way, advance the peace process.

WEST BANK AND GAZA – In the midst of an escalating cycle of violence, CARE conducted two studies, together with Johns Hopkins University and Al Quds University, to document the health and nutrition of Palestinian children under 5 and women of childbearing age. CARE’s goal is to act as an on-the-ground informant, showing how ordinary people are suffering, and provoking discussion of how the Palestinian Authority, Israeli government, U.S. government and humanitarian organizations might respond.

IRAQ – In the latter part of the fiscal year, CARE participated in the public debate about Iraq, giving dozens of interviews to major U.S. news media. We focused on the need for humanitarian organizations to maintain impartiality and independence from military control. CARE testified in several congressional hearings, highlighting the challenges faced by the Iraqi people and those attempting to assist them, and the need to restore essential public services.

CAN – Volunteer leaders are active in Seattle, Chicago and New York, and thousands of e-advocates are participating online at <http://can.care.org>. CAN supporters have met with federal legislators in their home districts and in Washington, D.C., requesting increased support for HIV/AIDS, education and maternal health programs, and to discuss humanitarian efforts in Iraq and Afghanistan. Thousands of letters, e-mails and phone calls have emphasized the importance of these issues.

CARE International

Fiscal year 2003 was a year of challenges and growth for CARE International. Under the leadership of new Secretary General Denis Caillaux, CARE International mounted its first coordinated, collective emergency response through CERT (CARE Emergency Response Team). The team was deployed to Iraq in April, bringing logistical, financial and media support that freed staff based in Iraq to focus on lifesaving projects.



THE FIRST CERT DEPLOYMENT was a tremendous learning experience for the organization and will serve to improve CARE International's future emergency responses. In addition to enhancing emergency response, CARE International welcomed a new member: CARE Thailand (Raks Thai Foundation). As the first member representing a developing nation, Raks Thai brings a unique perspective to the decision-making process. It also brings new approaches to analyzing the underlying causes of poverty, promising to enrich and improve CARE International's fulfillment of its vision and mission.

CARE International continued advancing its strategic plan and will focus during the next fiscal year on two priority program areas:

- Building recognition among the public and other organizations of CARE International as a partner of choice in a global movement to end poverty; enhancing awareness of CARE International's strengths and commitment to finding innovative solutions to poverty.
- Expanding the HIV/AIDS component of CARE International's poverty-fighting work; increasing the impact of ongoing community development projects through activities that will prevent the spread of HIV/AIDS and mitigate its impact.

CARE INTERNATIONAL LEADERSHIP

Chairperson
Lydia M. Marshall

Secretary General
Denis Caillaux

Member Nations and Directors:

Robert Glasser
Australia

Manuela Rossbach
Deutschland

Paul Meijs
Nederland

Promboon Panitchpakdi
Thailand

A. John Watson
Canada

Philippe Lévêque
France

Gunnar F. Andersen
Norge

Will Day
United Kingdom

Niels Tofte
Danmark

Chitose Noguchi
Japan

Ulrike Schelander
Österreich

Peter D. Bell
United States

Fund-raising Highlights

Supporters of CARE found many ways to contribute to the fight against global poverty in fiscal year 2003 (FY03). A first-time gift of \$830,000 from Tower Research Capital supported nine projects, including HIV/AIDS prevention, children's health, basic education and agriculture. One CARE Corps alumna and her fiancé asked their friends and family to send donations to CARE in lieu of wedding gifts. They raised more than \$26,000 for projects in Peru.



Below are additional examples of collective, corporate and individual action that contributed to private support of \$101 million for CARE's programs in FY03.

FOUNDATIONS AND ORGANIZATIONS – The Bill and Melinda Gates Foundation granted CARE a total of \$4.75 million to support humanitarian interventions in emergencies, such as the drought in Southern and East Africa. Also in response to the drought, the Oak Foundation made its first grant to CARE of \$500,000, enabling us to purchase vehicles to deliver critically needed food and seeds in Zimbabwe. The W.K. Kellogg Foundation continued its support of CARE's efforts in Latin America with a \$340,000 grant for education projects in Peru and a \$200,000 grant for increasing economic opportunity in Brazil.

ESTATE GIVING – With heavy hearts we bid farewell this year to many of our loyal donors. Yet we take solace in the fact that these friends, through generous estate gifts to CARE, will continue to have a positive impact on poor families and communities for many years to come. Estate giving to CARE in FY03 totaled \$38.1 million. Of this total, \$28.4 million was a single gift from Ms. Priscilla "Patsy" Collins.

DIRECT MARKETING AND ONLINE GIVING – In addition to our 280,000 friends who renewed their support in FY03, more than 43,000 new donors joined CARE in the fight against global poverty. As a result, direct marketing activities raised a record \$26.9 million. Thousands of individuals made donations through our secure Web site in FY03, for a total of \$745,848 in online giving.

CORPORATE GIVING AND ALLIANCES – CARE strengthened our marketing alliance with long-time supporter Delta Air Lines, now the Official Airline of CARE and premier corporate sponsor of CARE Corps. We also continued to advance our relationship with Starbucks Coffee Company, which has supported CARE for more than 10 years. The Bristol-Myers Squibb Foundation provided CARE with \$1.6 million in support of our RailLink Project to fight HIV/AIDS in West Africa. Rockport launched a two-year marketing alliance to raise awareness of CARE through creative promotions at their shoe stores, at Rockport retailers such as Nordstrom and Dillard's department stores, and on Rockport.com. Rockport also has committed to donating a minimum of \$100,000 per year for CARE's work.

Thank You to Our Donors



EACH YEAR, CARE UNITES PEOPLE from around the world in a common cause – the cause of fighting global poverty. Each gift to CARE is a demonstration of the belief that a better world is possible; a symbol of solidarity with poor people around the world; an expression of faith in CARE’s daily efforts to fulfill our mission. We are truly grateful.

In 2003, CARE lost a long-time champion in the fight against poverty, Priscilla “Patsy” Collins. Ms. Collins used her outstanding business skills to make philanthropic investments aimed at creating a better world for generations to come. As her legacy, Ms. Collins entrusted CARE with more than \$28 million to improve girls’ access to education, health, hygiene and nutrition over the next 20 years. Her generosity and deep commitment to girls’ education will change lives in ways we can only begin to imagine today.

On the following pages, CARE recognizes the corporations and foundations that contributed \$5,000 or more during fiscal year 2003, as well as those current supporters whose lifetime gifts total \$1 million or more.

Foundation and Corporate Gifts

Cumulative Lifetime Gifts and Grants of \$1 Million and Above

AES Corporation
Mrs. Nancy K. Anderson
Anonymous
Atlantic Philanthropies
The Church of Jesus Christ of Latter Day Saints
Ms. Patsy Collins
Delta Air Lines
The Ford Foundation
Bill and Melinda Gates Foundation
Bristol-Myers Squibb Foundation*
The Grover Hermann Foundation
William and Flora Hewlett Foundations
International Service Agencies
Mr. and Mrs. Loren A. Jahn
W.K. Kellogg Foundation
The Kresge Foundation
Dr. Elizabeth M. Lutas
The Andrew W. Mellon Foundation
The David and Lucile Packard Foundation
The Peierls Foundation
Penzance Foundation
Pew Charitable Trusts
Robert T. Rolfs Foundation
Adelia Russell Charitable Foundation
Ben and Luanne Russell and Bill and Dedie Hendrix
Harold Simmons Foundation
Sony Music Entertainment Inc.
Starbucks Coffee Company
The Starr Foundation
Tosa Foundation
Unocal Corporation
Michael and Geraldine Wiles
Ruth W. and Morris Williams Jr.
Thomas L. Williams Trust
The Robert W. Woodruff Foundation

Annual Corporate and Foundation Gifts and Grants of \$1 Million and Above

Bill and Melinda Gates Foundation
Bristol-Myers Squibb Foundation*

\$500,000 to \$999,999

Anonymous
The Peierls Foundation
Tower Research Capital
W.K. Kellogg Foundation

\$250,000 to \$499,999

The Fidelity Charitable Gift Fund
The Andrew W. Mellon Foundation
Oak Foundation
The Picower Foundation
The Starr Foundation
Tosa Foundation

\$100,000 to \$249,999

The Atlantic Philanthropies
The Burpee Foundation, Inc.
The Communities Foundation of Texas
Credit Suisse First Boston Foundation
William and Flora Hewlett Foundation
India Emergency Relief Fund
Charles Stewart Mott Foundation
Netaid Foundation
The David and Lucile Packard Foundation
Robert T. Rolfs Foundation
Starbucks Coffee Company

\$50,000 to \$99,999

Anonymous
The David R. & Patricia A. Atkinson Foundation
Community Foundation
Deutsche Post World Net USA
India Association of North Texas
JPMorgan Chase Bank
The Lebrun Foundation
The McKnight Foundation
The Marshall-Reynolds Foundation
Microsoft
Murphy Family Foundation
The Robert and Loek C. Neimeth Family Foundation, Inc.
Open Society Institute
The Panaphil Foundation
Quixote Foundation
The Rockport Company
The Timberland Company
Willow Springs Foundation

\$25,000 to \$49,999

Almeida Family Foundation
The Barstow Foundation
CIBC World Markets
Camelot Foundation
The Capital Group Companies Charitable Foundation
Community Foundation for Southeast Michigan

* part of a multi-year pledge

Foundation and Corporate Gifts

The Danellie Foundation
Dean Machinery
Digitas
ExxonMobil Corporation
ExxonMobil Foundation
Ben Hormel Trust
Kellcie Fund
Leibowitz and Greenway Family Foundation
Los Amigos de Padre Juan
McDougal Family Foundation
Chelsea Morrison Foundation
Quadra Productions Inc.
Rotary of Monticello
The San Francisco Foundation
The Schwab Fund for Charitable Giving
The Sure Foundation Inc.
United States Institute of Peace
Weyerhaeuser Company Foundation
The Wood Family Foundation
World Wings International

\$15,000 to \$24,999

Anie Publishing Corporation
Anonymous
Avenue Capital Management LLC
Boston Foundation
Bridgemill Foundation
Nancy & Herbert Burns Foundation Inc.
Cargill Incorporated
The Cedars Foundation Inc.
Community Foundation of New Jersey
The Cotswold Foundation
Coventry Health Care
The Bill and Helen Crowder Foundation
Endowment of U.S. Institute of Peace
Howard & Barbara Farkas Foundation Inc.
First Data Western Union Foundation
The Flora Family Foundation
The Ford Foundation
Higgins-Trapnell Family Foundation
Alan K. & Cledith M. Jennings Foundation
Lockheed Martin
The Morning Foundation
Gertrude B. Nielsen Charitable Trust
Richard & Ann Rohr Fund
Sycamore Tree Trust
The Uphill Foundation
Frederick O. Watson Foundation

West Foundation Inc.
Wisconsin Evangelical Lutheran Synod
Youth Friends Association

\$10,000 to \$14,999

The Moses and Minna G. Alpers Charitable Trust
American Express Foundation
Arnhold Foundation
Sandra A. Bass & Edythe Sol G. Atlas Fund
BAE SYSTEMS
Baldrige Family Foundation
Baltimore Community Foundation
Boeing Company
Adele Smith Brown & Philip Stoddard Brown Foundation
Central Gulf Lines Inc./Waterman Steamship Corporation
Cereal Food Processors Inc.
ChevronTexaco
The Clayton Fund Inc.
Clifford Chance U.S. LLP
Davee Foundation
The Dintersmith-Hazard Foundation
Equifax, Inc.
The Kenneth Douglass Foundation
Federated Garden Clubs of New York State
The Gillette Company
The Greater Cincinnati Foundation
The Louis H. Gross Foundation
Robert E. Hansen Family Foundation
Lois Hill
Johnson & Johnson
Journey Foundation
Los Angeles Ethiopian Community for
Famine Relief in Ethiopia
M.S.I. Foundation
Maersk Line Ltd.
The Maple Hill Foundation
Morgan Stanley Foundation
Nationwide
The William and May D. Norris Foundation
Quadel Consulting Corporation
The Rapoport Family Foundation
Raytheon
The Real Estate Buyer's Guide
The Rockefeller Foundation
Rotary Clubs of Apple Valley, Burnsville Breakfast
and Eagan, Minnesota
Saint Paul Foundation
Saw Mill River Nurseries Inc.

Foundation and Corporate Gifts

Shimek Family Foundation
The Squirrel Fund
The Tinberg Foundation
Trio Foundation of St. Louis

\$5,000 to \$9,999

Aetna Foundation Inc.
Alion Science and Technology
Altria Group Inc.
Archer Daniels Midland
The Aspen Institute
The Ayco Charitable Foundation
Babajide Foundation
F.E. and A.R. Barstow Charitable Trust
Big Cat Foundation
Blue Bell Creameries, LP
The Alice Boerner Trust
BP Amoco Inc.
BP Matching Funds Program
The David Butler Family Foundation
The Cable Company
Carson Services, Inc.
Carter Avenue Frame Shop
Cenex Harvest States Foundation
Chatfield Electric Inc.
Chicago Merchantile Exchange Inc.
Chris Mead Inc.
Church World Service
Cornell University Foundation
Cutler Magner Co.
Edwin W. and Catherine M. Davis Foundation
DeAtley Family Foundation
Detroit Coil Company, Inc.
Eichleay Foundation
English Country Antiques
Fahey Family Foundation
The Flatley Foundation
Frankel Family Foundation
Freeport McMoRan Copper and Gold Inc.
The Frees Foundation
General Atlantic Partners
The Glenstone Foundation
Globalpak
The Goldthorpe Foundation
The Greater Kansas City Community Foundation
The Greenwald Family Foundation
The Hale Foundation
Harter, Secrest & Emery LLP

Hitachi Ltd.
Home Depot
The Houghton Foundation
Inmarsat Ventures
The JPMorgan Chase Foundation
The Joelson Foundation
K-Sea Transportation Corporation
Margaret H. and James E. Kelley Foundation
The Robert and Mary Litterman Foundation
Mark Spoering Roofing Company
Market Street Trust Company
Marsh U.S.
The Curtis W. McGraw Foundation
McGuire Family Foundation
Merck
Merril Lynch & Co Inc.
Muller Shipping Corporation
National Philanthropic Trust
New York Community Trust
Papercon, Inc.
Pfizer Foundation
PipeVine Inc.
Price Waterhouse Coopers
Professional Staffing Services Inc.
The Rainbow Foundation
Reichert Foundation
Rochester Area Community Foundation
Rocky Mountain ATV
Rotary Club of Minneapolis #9
Mendon F. Schutt Foundation
Sealift Holdings Inc.
Sikand Foundation
The St. Croix Foundation
Jack DeLoss Taylor Charitable Trust
The Tornquist Family Foundation
US Bank
Vivendi Universal
Walgreens
Joyce & Gary Wenglowksi Foundation

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Program*

Executive Team

Report from Management

CARE USA'S PROGRAM SPENDING OF \$447 MILLION IN FISCAL YEAR 2003 REPRESENTS A RECORD IN OUR 57-YEAR HISTORY. This spending includes \$352 million in cash and \$95 million in agricultural commodities and other in-kind contributions that CARE used to advance our mission and vision around the world.

Our program work in Africa continues to grow as a result of our deliberate emphasis on the continent over the past few years. We have increased program spending in sub-Saharan Africa to \$161 million, almost doubling the \$82 million spent in fiscal year 1997. The resources available for work in Africa continue to grow because our own spending of net assets over recent years has leveraged additional funds from government and institutional donors.

In contrast to the growth in Africa, there was a decline in resources used in Asia. This was the result of a significant change in CARE's role in India, as the Indian government chose to provide local food commodities to 10 states rather than accept food from the United States that might include genetically modified organisms. CARE is taking this opportunity to refine our strategic directions and to adopt new program focuses in India, particularly in areas of discrimination and human rights.

Our private fund-raising efforts provided a record \$101 million, including a gift of more than \$28 million distributed from a unitrust at the death of a long-time donor to CARE. Excluding this gift, private fund-raising efforts yielded \$73 million, also a record and slightly exceeding our plan. This accomplishment, despite continuing challenges in fund raising from a generally slow economy in the United States, indicates that we continue to demonstrate to our donors the value of our work around the world. U.S. government support increased from \$245 million last fiscal year to \$271 million, and support obtained through CARE International members increased from \$70 million last fiscal year to \$87 million.

CARE has advanced our poverty-fighting program spending by 14 percent over fiscal year 2002. This allowed us to spend more than 91 cents of every dollar on program activities, more than meeting our historic benchmark of 90 cents per dollar. We thank all of our donors who provide the resources that are essential to continuing efforts to reduce global poverty. We are especially appreciative of donors who provide flexible, unrestricted funding that allows us to develop and implement innovative programming approaches that address root causes of poverty. We treasure our record of good stewardship of the resources made available to us and will continue to use those resources to make a positive difference in the world.

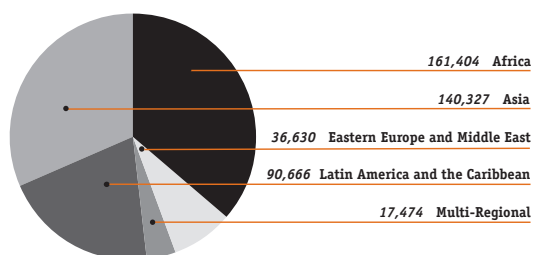


Ted Jastrzebski
Senior Vice President
Finance, IT and Administration

Selected Financial Information

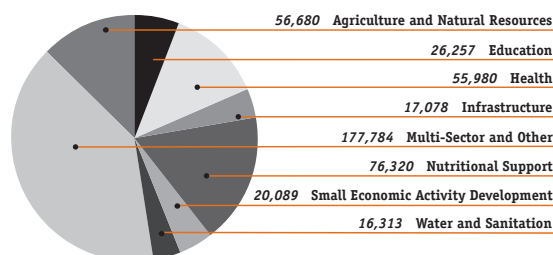
Program Expense by Geographic Region

Total Program Expense by Region for FY 2003
\$446,501 (In Thousands)



Program Expense by Sector

Total Program Expense by Sector for FY 2003
\$446,501 (In Thousands)



Sources of Support

CARE USA receives support for our programs from charitable contributions and grants, and contracts from government and non-government entities. The following describes CARE USA's sources of support and revenue. (In Thousands)

Donor	Agricultural			2003 Total	2002 Total
	Cash	Commodities See Note 9	Non-Food In Kind		
U.S. government	\$188,801	\$82,023	\$337	\$271,161	\$244,661
U.S. direct public support	100,877	-	266	101,143	64,126
CARE Australia	1,492	-	-	1,492	641
CARE Canada	10,834	501	-	11,335	10,266
CARE Danmark	6,210	-	-	6,210	6,149
CARE Deutschland	2,949	-	15	2,964	1,495
CARE France	3,411	-	116	3,527	1,434
CARE Japan	324	-	-	324	103
CARE Nederland	10,566	-	-	10,566	7,378
CARE Norge	6,810	-	-	6,810	4,623
CARE Österreich	2,633	65	-	2,698	1,677
CARE United Kingdom	39,079	1,972	-	41,051	36,257
Host governments	17,219	-	3,609	20,828	22,473
UNHCR	1,438	-	-	1,438	1,423
UNICEF	462	-	-	462	583
WFP	2,329	5,671	(172)	7,828	3,894
Other U.N. agencies	2,650	-	-	2,650	2,461
Luxemburg	780	-	21	801	168
Switzerland	1,281	-	-	1,281	2,883
World Bank	1,615	-	-	1,615	777
Others (grants, contracts)	23,941	-	64	24,005	7,354
Other revenue (interest, dividends, rents, etc.)	4,288	-	-	4,288	6,952
Support and Revenue 2003	\$429,989	\$90,232	\$4,256	\$524,477	
Support and Revenue 2002	\$335,392	\$87,486	\$4,900		\$427,778

The following pages contain a statement from our auditors indicating they have expressed an unqualified opinion on our financial statements. These financial statements include associated notes that are essential to understanding the information contained in the statements presented herein. We have elected not to include these notes in this report to reduce printing costs. However, the full set of statements and notes is available through CARE's Web site, www.careusa.org, and a printed copy may be obtained by contacting CARE.

Report from Independent Auditors

To the Board of Directors of CARE USA:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of CARE USA and its subsidiaries as of June 30, 2003 and 2002, and the related consolidated statements of activities, of functional expenses and of cash flows for the two years in the period ended June 30, 2003; and in our report dated September 25, 2003, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP

Atlanta, Georgia
September 25, 2003

CARE USA Condensed Consolidated Balance Sheets

As of June 30, 2003 and 2002 (In Thousands)

	2003	2002
Assets		
Cash and cash equivalents	\$106,341	\$ 99,993
Investments	106,676	99,242
Receivables, net	61,608	34,415
Deposits and other assets	72,605	65,661
Property and equipment, net	10,146	9,621
Perpetual trust held by third party	97,329	94,794
TOTAL ASSETS	\$454,705	\$403,726
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 42,059	\$ 44,495
Program advances by government and non-government agencies	133,859	124,496
Annuities payable, pooled income fund, unitrusts	22,188	20,957
Benefits accrued for overseas national employees	15,351	14,621
Long-term loans payable	15,179	13,609
Minority interest in subsidiary	852	-
Bonds payable	2,835	3,035
TOTAL LIABILITIES	232,323	221,213
Commitments and contingencies		
Net Assets		
Unrestricted	63,620	53,766
Temporarily restricted	56,172	28,696
Permanently restricted	102,590	100,051
TOTAL NET ASSETS	222,382	182,513
TOTAL LIABILITIES AND NET ASSETS	\$454,705	\$403,726

Financial notes that help interpret these statements are not included in this report, but are available through CARE's Web site, www.careusa.org, and a printed copy may be obtained by contacting CARE.

Condensed Consolidated Financial Statements

CARE USA Condensed Consolidated Statements of Activities

For the year ended June 30, 2003, with summarized information for the year ended June 30, 2002 (*In Thousands*)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Summarized 2003	Summarized 2002
Support					
Public Support					
General purpose	\$ 49,389	\$ -	\$ -	\$ 49,389	\$ 44,274
Temporarily restricted	-	46,186	-	46,186	14,892
Addition to endowment	-	-	5	5	17
CARE International	86,977	-	-	86,977	70,023
Interest and dividends on restricted net assets	5,106	516	-	5,622	4,980
Net assets released from restrictions	19,285	-	-	19,285	19,348
Satisfaction of program restrictions	-	(19,285)	-	(19,285)	(19,348)
TOTAL PUBLIC SUPPORT	160,757	27,417	5	188,179	134,186
Government and other support					
U.S. government	271,161	-	-	271,161	244,661
Host governments	20,828	-	-	20,828	22,473
Others	40,048	-	-	40,048	19,511
TOTAL GOVERNMENT AND OTHER SUPPORT	332,037	-	-	332,037	286,645
Other Revenue					
Interest and dividends on unrestricted net assets	1,417	-	-	1,417	2,995
Rent and miscellaneous	2,844	-	-	2,844	3,952
TOTAL OTHER REVENUE	4,261	-	-	4,261	6,947
TOTAL OPERATING SUPPORT AND REVENUE	497,055	27,417	5	524,477	427,778
Expenses					
Program	446,501	-	-	446,501	391,557
Fund raising	20,279	-	-	20,279	18,886
Management and general	18,759	-	-	18,759	18,457
Public information	2,897	-	-	2,897	3,562
Grants to CARE International	1,224	-	-	1,224	2,210
TOTAL OPERATING EXPENSES	489,660	-	-	489,660	434,672
Operating Support and Revenue over/(under) Expenses	7,395	27,417	5	34,817	(6,894)
Other Non-Operating Changes in Net Assets					
Miscellaneous non-operating revenue	-	-	-	-	763
Minority interest in subsidiary income	(177)	-	-	(177)	-
Foreign exchange gains	1,190	-	-	1,190	1,602
Interest and dividends on gift annuity investments	1,205	-	-	1,205	1,232
Actuarial loss on annuity obligations	(1,130)	-	-	(1,130)	(1,291)
Actuarial gain on split interest agreements	47	21	-	68	1
Realized and unrealized gain/(loss) on investments	1,324	38	-	1,362	(6,706)
Increase/(decrease) in value of trust held by third party	-	-	2,534	2,534	(7,308)
TOTAL CHANGE IN NET ASSETS	9,854	27,476	2,539	39,869	(18,601)
NET ASSETS, BEGINNING OF YEAR	53,766	28,696	100,051	182,513	201,114
NET ASSETS, END OF YEAR	\$ 63,620	\$ 56,172	\$102,590	\$222,382	\$182,513

Condensed Consolidated Financial Statements

CARE USA Condensed Consolidated Statements of Functional Expenses

For the year ended June 30, 2003, with summarized information for the year ended June 30, 2002 (In Thousands)

	Program Activities	Fund Raising	Management and General	Public Information	CARE International	2003 Total	2002 Total
Personnel costs	\$112,779	\$ 6,493	\$ 11,954	\$ 2,039	\$ 33	\$133,298	\$128,073
Professional services	13,881	1,915	1,354	170	-	17,320	17,421
Equipment	7,937	64	581	24	-	8,606	8,123
Materials and services	89,749	10,705	1,620	504	-	102,578	86,193
Travel and transportation	37,378	305	770	119	3	38,575	32,046
Occupancy	12,328	477	1,207	15	-	14,027	13,069
Financing/Depn/Misc.	14,087	281	1,125	9	-	15,502	6,342
Grants/Subgrants	63,675	-	-	9	1,188	64,872	51,303
AgCommodities/CIKs	94,687	39	148	8	-	94,882	92,102
Total Operating Expenses for 2003	\$446,501	\$ 20,279	\$ 18,759	\$ 2,897	\$ 1,224	\$489,660	
Total Operating Expenses for 2002	\$391,557	\$ 18,886	\$ 18,457	\$ 3,562	\$ 2,210		\$434,672

CARE USA Condensed Consolidated Statements of Cash Flows

For the years ended June 30, 2003 and 2002 (In Thousands)

	2003	2002
Cash Flows Provided by (Used for) Operating Activities:		
Change in net assets	\$39,869	\$(18,601)
Adjustments to reconcile change in net assets to cash flows		
Depreciation and amortization	1,856	1,809
Miscellaneous non-operating revenue		(763)
Contributions restricted for investment in endowment	(5)	(17)
Realized and unrealized (gain)/loss on investments	(1,362)	6,706
Actuarial loss on annuity obligations	1,130	1,291
Actuarial gain on split interest agreements	(68)	(1)
(Increase)/decrease in value of perpetual trust held by third party	(2,534)	7,308
Changes in assets and liabilities		
Decrease/(increase) in receivables	(27,193)	(13,677)
Increase in deposits and other assets	(2,162)	(10,251)
Decrease in accounts payable and accrued expenses	(2,436)	(3,984)
Increase in program advances	9,363	24,474
Increase in benefits accrued for overseas national employees	730	1,223
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED FOR) OPERATING ACTIVITIES	17,188	(4,483)
Cash Flows Provided by (Used for) Investing Activities:		
Purchases of investments	(30,970)	(33,421)
Proceeds from sales of investments	24,897	43,332
Purchases of property and equipment	(7,422)	(2,642)
Sales of property and equipment	5,041	520
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(8,454)	7,789
Cash Flows Provided by (Used for) Financing Activities:		
Proceeds from contributions restricted for investment in endowment	5	17
Increase in interest-bearing receivables in subsidiary	(4,782)	(18,308)
Increase in long-term loans payable in subsidiary	1,570	13,609
Increase in minority interest in subsidiary	852	-
Principal payments on bonds payable	(200)	(200)
Net increase/(decrease) in annuities payable, split interest agreements	169	(737)
NET CASH AND CASH EQUIVALENTS USED FOR FINANCING ACTIVITIES	(2,386)	(5,619)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,348	(2,313)
CASH AND CASH EQUIVALENTS, beginning of year	99,993	102,306
CASH AND CASH EQUIVALENTS, end of year	\$106,341	\$99,993

Cash paid for interest in fiscal years ended June 30, 2003 and 2002, respectively, was \$2,090 and \$255.

Financial notes that help interpret these statements are not included in this report, but are available through CARE's Web site, www.careusa.org, and a printed copy may be obtained by contacting CARE.

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CARE GRATEFULLY ACKNOWLEDGES THE SUPPORT OF THE WEYERHAEUSER COMPANY FOUNDATION

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Our Mission

CARE International's mission is to serve individuals and families in the poorest communities in the world. Drawing strength from our global diversity, resources and experience, we promote innovative solutions and are advocates for global responsibility. We facilitate lasting change by:

- Strengthening capacity for self-help;
- Providing economic opportunity;
- Delivering relief in emergencies;
- Influencing policy decisions at all levels;
- Addressing discrimination in all its forms.

Guided by the aspirations of local communities, we pursue our mission with both excellence and compassion because the people whom we serve deserve nothing less.



Core Values

RESPECT

We affirm the dignity, potential and contribution of participants, donors, partners and staff.

INTEGRITY

We act consistently with CARE's mission, being honest and transparent in what we do and say, and accept responsibility for our collective and individual actions.

COMMITMENT

We work together effectively to serve the larger community.

EXCELLENCE

We constantly challenge ourselves to the highest levels of learning and performance to achieve greater impact.



Our Vision

We seek a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security. CARE International will be a global force and a partner of choice within a worldwide movement dedicated to ending poverty. We will be known everywhere for our unshakable commitment to the dignity of people.



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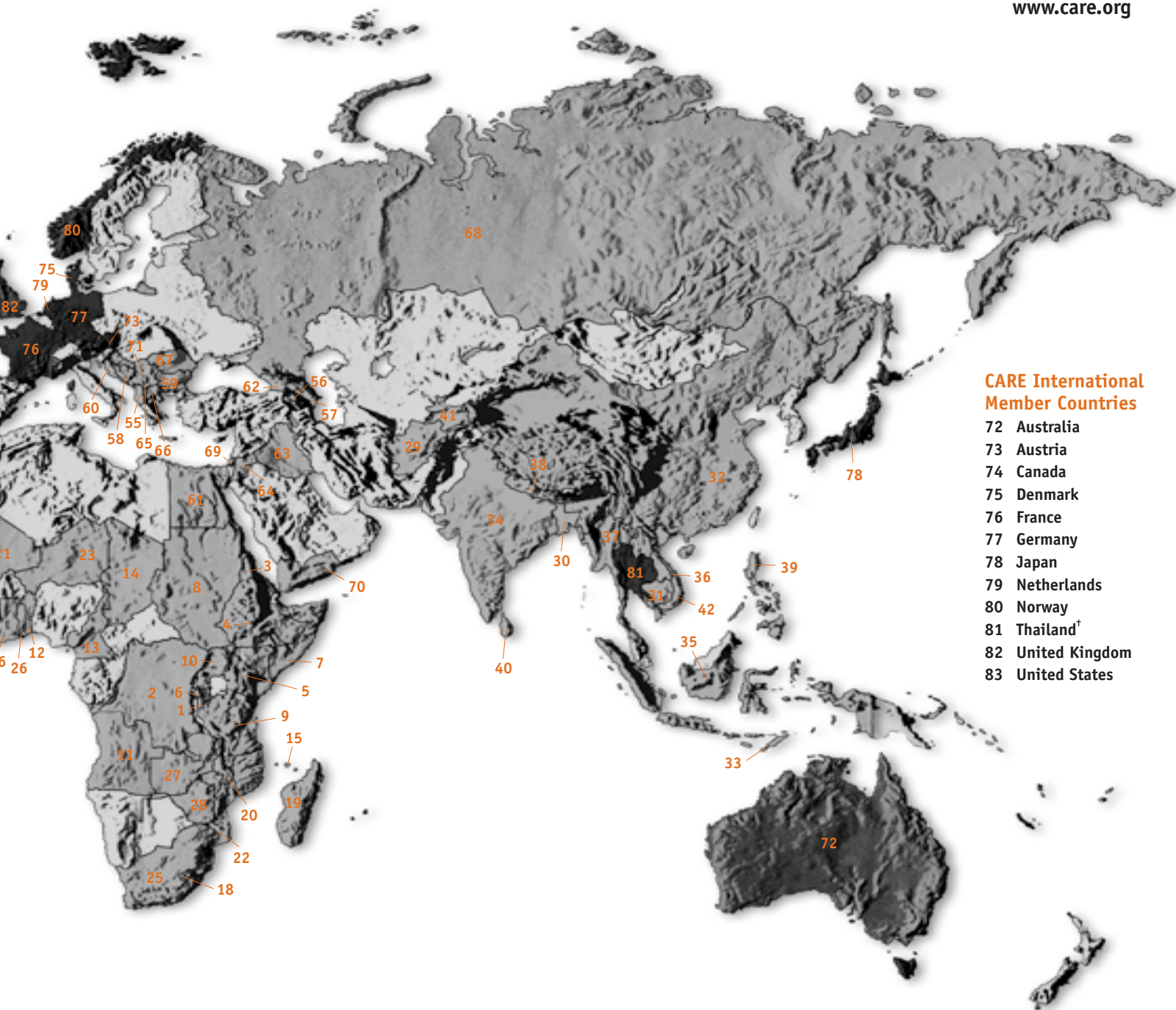


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- 74 Canada
- 75 Denmark
- 76 France
- 77 Germany
- 78 Japan
- 79 Netherlands
- 80 Norway
- 81 Thailand†
- 82 United Kingdom
- 83 United States

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