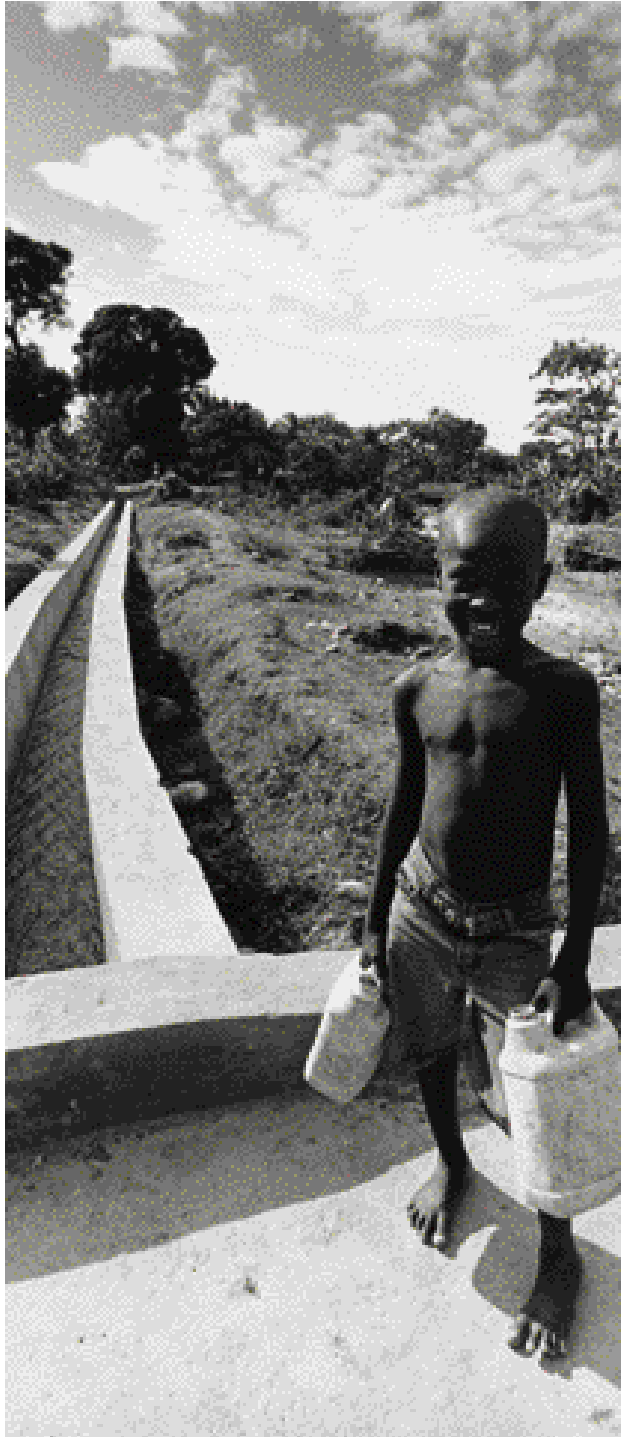


THE YEAR IN REVIEW



CARE BELIEVES THAT EVERY person has the right to live in dignity and security, despite the challenges of poverty, war, or natural disaster. CARE strives to create long-term solutions to the problems that keep people from meeting their full potential and living with dignity. In fiscal year 2000 (FY00), CARE adopted a vision and mission that sharpens the organization's aim toward that goal. The vision and mission pledge CARE's full resources and experience to a worldwide movement dedicated to ending poverty.

Poverty is neither natural nor inevitable. It has complex roots in political, economic and social circumstances. While it is essential that every family have food, a safe home, health care, education and a healthy environment, CARE understands that simply meeting these needs will not end poverty. That is why CARE is committed to helping people exercise their right to participate in society and make decisions that affect their lives. CARE creates programs with practical new strategies that target the underlying causes of poverty, not just the symptoms. Identifying and implementing sustainable solutions is the foundation of CARE's approach. This means families and communities are able to exercise their rights and make the most of the assets and resources around them.

In FY00, CARE USA program expenses totaled more than \$409 million, supporting community work in more than 50 developing nations. At the same time, CARE responded to crises caused by natural disasters, conflict and impending famine, providing desperately needed medical supplies, food, water and shelter. As one of the world's largest private international relief and development organizations, CARE's ongoing projects are founded in long-term, sustainable solutions that help poor communities overcome their most threatening problems. These efforts to improve agriculture, education, health services, water and sanitation, nutrition and economic opportunity reach millions of people.

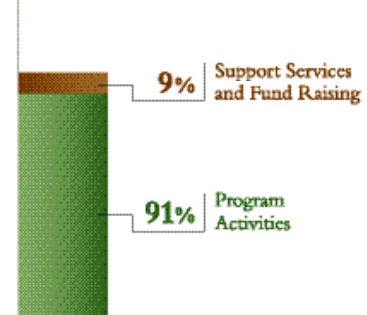
Since its founding after World War II, CARE has made a difference in more than a billion people's lives. The following pages highlight CARE's work in FY00.

2000 CARE HIGHLIGHTS

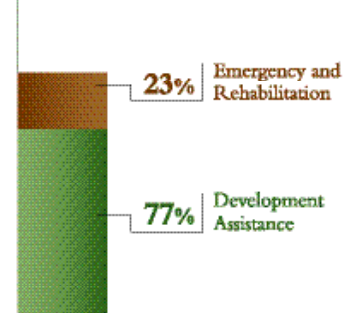
In fiscal year 2000 (FY00), CARE's work directly improved the lives of more than 27 MILLION PEOPLE in Africa, Asia and the Pacific, Europe and the Middle East, and Latin America and the Caribbean through programs in AGRICULTURE, EDUCATION, HEALTH, WATER and SANITATION, NUTRITION, INFRASTRUCTURE and SMALL ECONOMIC ACTIVITY DEVELOPMENT. Tens of MILLIONS MORE – family and community members alike – benefited indirectly from CARE projects addressing poverty. These are some of the CHANGES that CARE's generous and committed supporters MADE POSSIBLE:

- More than 1.6 million farmers in 33 countries were trained in activities relating to AGRICULTURE AND NATURAL RESOURCES, enabling them to improve their harvests and nutrition on a sustainable basis.
- More than 13.9 MILLION TREES were planted, protecting vital natural resources, including watersheds.
- More than 1.2 million people in 20 countries obtained BASIC EDUCATION AND TRAINING, directly expanding their ability to fulfill their personal and economic potential.
- More than 8 million people in 13 countries obtained FOOD through school feeding and food-for-work programs, which improved nutrition and enabled communities to work toward long-term solutions to poverty.
- Nearly 9.2 million women and children benefited from MOTHER AND CHILD HEALTH projects in 23 countries, reducing the toll and threat of illness.
- More than 3.1 million people in 31 countries gained access to CLEAN WATER and SANITATION services and received hygiene education, diminishing illness and deaths.
- 5.1 million men and women in 26 countries benefited from HEALTH SERVICES, such as family planning, maternal health and prevention of HIV and other sexually transmitted diseases.
- Nearly 86,000 kilometers of ROADS were built or repaired through food-for-work or cash-for-work programs, improving access to rural communities and involving local people in identifying and implementing solutions to transportation problems.
- More than 500,000 people – 80 percent women – in 31 countries were assisted through projects in CREDIT, SAVINGS, MARKETING and other business-related services, helping them realize economic self-sufficiency.

HOW CARE'S EXPENSES ARE ALLOCATED



CARE'S PROGRAMS BY ACTIVITY



AFRICA



Children from Sierra Leone wait for dinner in a CARE-supported refugee camp in Guinea.

DESPITE MANY CHALLENGES, natural and man-made, communities throughout Africa made progress improving access to health and education, building businesses and helping to create long-term opportunities for future generations. In fiscal year 2000 (FY00), CARE USA supported programs totaling \$92.8 million in 23 African countries. This work was designed to empower families and communities to ensure better futures for themselves. The following report outlines CARE's work in East Africa and in Southern and West Africa.

East Africa

In Burundi, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania and Uganda, CARE's programs focused on long-term health and environmental initiatives and strengthened ties between communities and policy makers to facilitate development initiatives. CARE also assisted many thousands of people struggling to survive devastating drought or to flee conflict.

Building Better Tomorrows

In Eastern Uganda, CARE's **Family Health Project** supported better health services by

building rural clinics, refurbishing hospitals and training government health workers.

To help usher in positive, lasting changes in Somalia where a central government was established after more than a decade of turmoil, programs such as the **Northeast Somalia Partnership Project** trained local groups to provide assistance to their communities, including support for building schools, roads and canals.

The Tanzanian government and the United Nations Global Environment Fund chose CARE to lead a massive international effort to promote greater understanding among local communities about the fragile ecosystem of the Eastern Arc Mountains, which is home to rare flora and fauna and whose rivers provide water for much of eastern Tanzania. CARE worked with local and international groups to help these communities develop long-term strategies to live in harmony with the environment.

Hope During Crisis

In Kenya, the **Refugee Assistance Program** provided shelter and other necessities to more than 150,000 people. In drought-stricken southern Ethiopia, CARE helped the area's nomads through an innovative program in which families traded their drought-weakened livestock for much-needed food. Even in the midst of conflict and drought, CARE continued its long-term focus on self-help. Community members received food in return for helping to make long-term improvements to infrastructure like wells and water catchments. In Burundi, CARE helped returning refugees rebuild their houses and build latrines.

In Sudan, where civil war has raged for nearly two decades, CARE and other humanitarian groups continued to advocate for a just peace. CARE also played an important role in securing access to Sudanese communities cut off from humanitarian aid by the war.

Southern and West Africa

In Angola, Benin, Ghana, Guinea, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Sierra Leone, South Africa, Togo, Zambia and Zimbabwe, CARE helped com

munities improve health care, education and the environment, start money-making activities, and respond to floods and civil war.

Teaching for Tomorrow

Education is a crucial way CARE helps people build a strong foundation for their future. In Benin, where women's literacy is about 25 percent, CARE increased girls' primary school enrollment through study sessions and tutoring. CARE also worked with parent-teacher groups to improve girls' educational performance.

In Mali, CARE helped the government provide community-managed primary health care for some 100,000 people through the **Macina Child Health Project**. CARE trained village health committee members to widen access to health information and services.

With AIDS taking an ever-increasing toll on sub-Saharan Africa, CARE educates people about prevention and treatment of HIV/AIDS. In Ghana, the **Wassa West Reproductive Health Project** reduced the transmission of HIV/AIDS and sexually transmitted diseases among 120,000 miners at high risk. Working with local organizations, CARE trained leaders to organize educational talks on HIV/AIDS and sexually transmitted diseases to encourage people to change high-risk behavior. The program also provided treatment, counseling and condoms.

Staying Power

CARE programs seek solutions that are community-driven and sustainable. In Angola, the **LUBAGUA Project** helped neighbors build, maintain and pay for water systems. Near the southern city of Lubango, residents installed dozens of wells, pumps, latrines and laundry wash stands. In addition to providing clean water, the project reduces the occurrence of waterborne diseases and conserves scarce water supplies.

In Niger, CARE organized rural women's groups to run savings programs. Participants saved money and provided loans to one another to develop their businesses. The project provides women and their families greater economic stability, self-sufficiency and social status.

The Masoala National Park is Madagascar's largest remaining humid tropical forest. CARE helped rural communities and conservation groups manage park resources while generating increased income for people who depend on the park for their livelihood.

Emergency Response

In Sierra Leone and Angola, where fighting flared in ongoing civil wars, CARE provided food, health services, seeds and farming tools to thousands of people displaced by the conflicts.

When severe flooding hit Mozambique, CARE helped in search and rescue operations and later to repair damaged water systems and distribute food and supplies. Following cyclones in Madagascar, CARE provided food and helped communities repair roads and improve water quality. In both countries, CARE was able to respond quickly, building on established programs.

CARE responded to severe drought and food shortages in the Horn of Africa.



ASIA AND THE PACIFIC

ASIA AND THE PACIFIC is home to more than 40 percent of the world's poor. Though regional poverty rates have declined since the 1980s, population growth has increased the number of impoverished people. Natural and man-made disasters further challenged their survival.

With its holistic approach to the issues of poverty, CARE's work in the region during fiscal year 2000 (FY00) focused on helping communities toward self-reliance and secure livelihoods. This included projects dedicated to fostering economic activity, agricultural and natural resource management, and HIV/AIDS prevention and treatment. Additionally, CARE delivered emergency relief to people battered by natural disasters and civil conflict.

In FY00, CARE USA supported programs in Asia and the Pacific exceeding \$167 million to help communities in 18 nations: Afghanistan, Armenia, Azerbaijan, Bangladesh, Cambodia, China, East Timor, Georgia, India, Indonesia, Laos, Nepal, North Korea*, the Philippines, Sri Lanka, Tajikistan, Thailand and Vietnam.

CARE helped rebuild communities in India's coastal state of Orissa where two cyclones struck in late 1999.



Empowerment

Many of the 3.5 billion people living in Asia do not have reliable ways to obtain the basics for survival. CARE's programs offer individuals, families and communities opportunities to take the first steps toward self-sufficiency and better lives. In India, for example, the **Credit and Savings for Household Enterprise Project** increased impoverished women's access to a range of financial services, including credit. This access made it possible for more women to start small businesses and help sustain their families.

In Nepal, the **Bardia Buffer Zone Project** trained people residing near the Royal Bardia National Park to sustainably develop and manage the park's natural resources and their own agricultural activities. Communities support themselves while living in harmony with the environment.

In Tajikistan, CARE helped farmers in the Leninski District by providing the means to make their farms more economically viable over the long run. The **Private Farmers' Support Project** supplied farmers with high-quality seeds, animals for plowing, fertilizer and pesticides. Farmers used CARE-supported loans to pay for this agricultural assistance. Repayments support a revolving fund available to assist other farmers. The project also repaired existing irrigation systems and built new ones. Crop yields increased by more than 200 percent.

Fighting an Epidemic

A major challenge to overcoming poverty in Asia and the Pacific is HIV/AIDS, which infects an estimated 6.5 million adults and children in the region. The prevalence of the disease strains health care services, while the accompanying social stigma threatens the fabric of families and whole communities.

CARE is battling this pandemic with a variety of programs. In Thailand, for example, the **Living With AIDS Project** provided families affected by HIV/AIDS with home-based care, food for infants, education for children and job support. In FY00, the project trained village volunteers to advance activities that reduce discrimination against people with

HIV/AIDS. The project especially seeks to empower women and children who are ostracized from the community because they or a family member has HIV/AIDS.

Overcoming Natural Disaster

In October 1999, cyclones lashed India's coastal state of Orissa, killing thousands and leaving millions homeless.

As the first international humanitarian agency on the scene, CARE tackled the immediate crisis by providing food aid for more than 1 million people and survival kits for families most in need. As survival needs were met, CARE quickly moved to help people rebuild their homes and lives. CARE's **Disaster Preparedness Program** worked to mitigate effects of future storms by building cyclone shelters and holding disaster education programs that reached more than 1 million people.

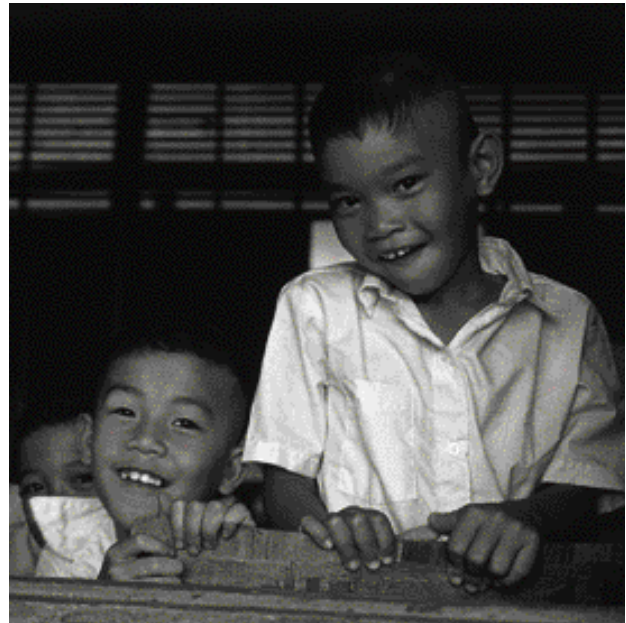
During FY00, drought laid waste to much of Central and Southern Asia. Crops failed, livestock was decimated and food supplies dwindled or disappeared. In Afghanistan, about 12 million people were affected. With long-term solutions in mind, CARE widened its programs to include Afghanistan's hardest-hit areas. In Ghazni, Logar and Wardak provinces, CARE helped provide clean water for 20,000 people. Food-for-work projects in the Nawor District of Ghazni provided emergency food to 4,000 families most at risk from the drought. Accomplishing more than emergency relief, these projects left a sustainable legacy. Improved roads will ensure better access to markets and health facilities, and new water systems will increase the quantity and improve the quality of water.

Struggling with Armed Conflict

War leaves a legacy of a different sort: refugees, orphans and others broken in limb and in spirit. In FY00, CARE responded to long-term challenges arising from conflicts in the island nations of East Timor and Sri Lanka.

In East Timor, violence erupted following the August 1999 referendum on independence from Indonesia. Thousands of people fled to

the mountains or across the border to West Timor. Through the **Timor Emergency Project**, CARE distributed survival kits and food supplies to refugees in camps near Kupang, West Timor's capital. Anticipating the rainy season, CARE built temporary housing and distributed tents. CARE also built systems



to provide people with safe drinking water. As people returned to East Timor to find homes and fields destroyed, CARE distributed seeds and tools, and provided technical assistance to help people regain self-sufficiency.

In Sri Lanka, civil war has claimed nearly 70,000 lives since 1983. When an upsurge in fighting in May 2000 drove thousands of people from their homes, CARE began an emergency program in Jaffna for displaced people, distributing basic supplies and building shelters and latrines. CARE works on both sides of the conflict using a "Do No Harm" approach to reduce tension and improve cooperation within and among communities and to weave reconciliation into all programs.

**CARE ended its relief program in North Korea at the end of FY00.*

Thailand's Living With AIDS Project helps families affected by HIV/AIDS.

EUROPE AND THE MIDDLE EAST



Refugees driven from their homes in Kosovo received emergency aid from CARE.

CARE'S WORK IN EUROPE evolved from emergency relief to rehabilitation, helping to build safe, stable communities in the Balkans as the region struggled to overcome conflict. In fiscal year 2000 (FY00), more than \$32 million supported programs in Albania, Armenia, Azerbaijan, Bosnia-Herzegovina, Croatia, Georgia, Macedonia and Yugoslavia, including the province of Kosovo.

A Recovering Kosovo

After the crisis in Kosovo drove nearly 1 million people from their homes, returning refugees began piecing their lives together with CARE's help. As a major player among more than 200 nongovernmental organiza-

tions working in the province, CARE distributed food and firewood to keep people alive and warm during the emergency and through the harsh Balkan winter. More than 250,000 people received food from CARE at the peak of distribution. Later, CARE worked with ethnic Albanians and Serbs in Kosovo to restore their ability to sustain themselves, providing vital assistance in housing, agriculture, health and community services, and landmine safety.

CARE began a dozen major shelter projects throughout Kosovo during FY00. The **Shelter Kit Project** distributed kits containing plastic sheeting and fasteners to make temporary shelters for approximately 80,000 people. CARE also provided building materials, carpentry training and technical assistance. Other projects included: repairing badly damaged schools on both sides of the ethnically divided city of Mitrovica; rehabilitating community centers for use in municipal elections; and restoring two municipal health centers in Lipljan and Pristina, which jointly provide medical care to nearly 200,000 people.

In addition, CARE helped fuel economic recovery in Kosovo through the **Winter and Spring Agricultural Rehabilitation Projects**, which provided spare parts for tractors and combines, making it possible for farmers to plant and harvest crops. CARE also helped farmers get their goods to market and control crop pests.

While daily life in Kosovo began a slow return to normality, the war traumatized many, especially children. CARE began addressing this issue through the **Psychosocial Training and Support Project**. The project trained teachers to identify and deal with signs of trauma – as well as learning disabilities and behavioral problems – in children.

CARE also is addressing the health needs of women and children in Kosovo. The **Mobile Gynecological Clinic Project**, covering six rural villages in the Mitrovica area, provided thousands of women and children with essential gynecological and pediatric services, along with medicine, toys, clothes

and packets for baby hygiene. Clinics also offered the opportunity to learn about child and maternal nutrition, breast-feeding and hygiene. CARE successfully operated a comprehensive reproductive health-training program for hundreds of Kosovar health care workers to make reproductive care more accessible.

Treading a Safe Path

Landmines laid across Kosovo during the conflict restricted progress by blocking roads to schools, markets, businesses, crops and water sources. In addition, hundreds of injuries and fatalities occurred as a result of mine and unexploded ordnance accidents.

CARE is working to make Kosovo a safer, more accessible place through landmine awareness training. The **Mine Action and Awareness Project** trained nearly 5,000 people to recognize mines and unexploded ordnance littering the landscape. CARE's efforts also helped free more than 11,000 homes and 200 miles of roads from the threat of landmines. CARE's work in landmine removal and education received special recognition from the United Nations. In fact, the United Nations published an adapted version of CARE's pocket-size mine safety handbook as its standard field guide.

Elsewhere in Europe

In Macedonia, CARE repaired and improved land at the site of a former refugee camp, so it could be used for organic farming. A CARE reproductive health project improved the quality of refugees' medical services.

In communities in Albania, CARE helped transform facilities for refugees into centers for student activities, including a cultural center and gymnasium. CARE provided low-income students with "Hope for the Future," an intensive preparatory course for college. CARE also supported a successful project in Bosnia-Herzegovina that uses role-playing, theater and art classes to help children work through the traumas they experienced in the war.

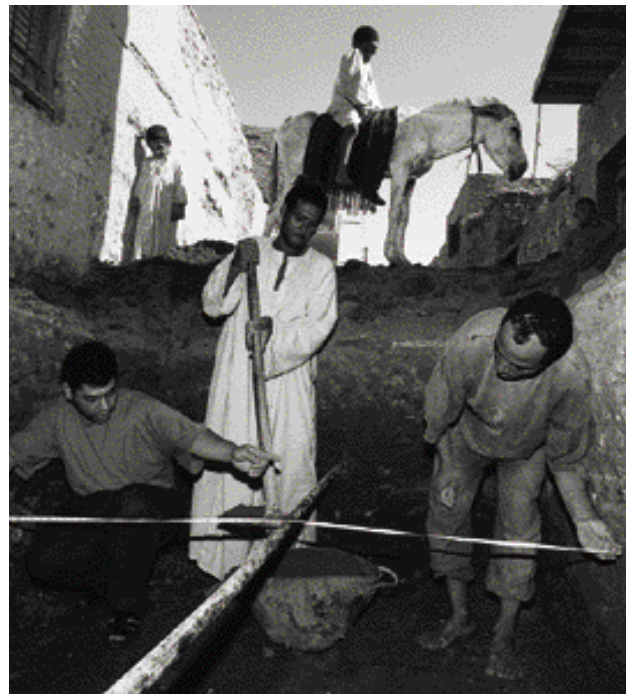
The Middle East

CARE is breaking new ground in the Middle East – transforming and expanding its work in Egypt and the West Bank/Gaza. In FY00, support for programs in the region exceeded \$5 million.

In the West Bank/Gaza, CARE is committed to addressing issues of rights and responsibilities of the Palestinian people. The **Citizenship and Democracy Project** raised awareness about human rights and democratic practices within Palestinian communities through workshops, publications and town meetings. Similar programs are underway in Egypt, including the **Capability Enhancement Through Citizen Action Project (CAP)**, which strengthened CARE's partnerships with local, national and international organizations working to improve the quality of life for 90,000 rural households in Upper Egypt. CAP helped these groups better involve the communities they serve in local affairs and decision making.

These innovative approaches to strengthening communities complemented CARE's continuing efforts to provide and promote health care and sanitation services, education, access to credit and environmental awareness.

CARE helped local community organizations improve the quality of life for thousands of Egyptians



LATIN AMERICA AND THE CARIBBEAN

IN THE PAST DECADE, successful transitions to democracy and reduced conflict in Latin America have created environments favorable to sustainable development and broadened CARE's ability to help poor families improve their lives. But obstacles remain. One-fourth of the region's people live on less than \$1 a day. Illiteracy, limited access to quality health care and environmental degradation are common.

In fiscal year 2000 (FY00), CARE USA supported programs exceeding \$100 million in Bolivia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Peru. Programs increased access and reduced barriers to services essential to sustainable and equitable development, including micro-credit, education, agriculture and natural resources, health care, water and sanitation, land tenure and infrastructure.

CARE projects in Honduras focused on rehabilitation in the wake of Hurricane Mitch



Learning the Basics

A powerful tool for reducing poverty, education is a foundation for productive, healthy and secure lives. But in Latin America, nearly one-third of all students do not reach the fifth grade. Many families cannot afford the cost of education or do not see the benefits of keeping children in school when they could be working. Girls particularly are overlooked. Enrollment of girls is lowest in Haiti, Guatemala and Bolivia, where two-thirds of all girls leave school before fourth grade. CARE works in poor communities to overcome barriers to education for all children, particularly girls.

CARE's **Alternative Youth Education Project** in Bolivia provided training to adolescent girls in basic skills and leadership. Girls received tutoring in math, reading, writing, reproductive health, decision-making skills and confidence building. CARE is working with Bolivia's Ministry of Education to explore ways of applying the same curriculum nationwide.

In Haiti, the region's poorest country, CARE aims to increase primary school enrollment and graduation rates by improving students' health and well being. To enhance learning readiness, CARE provided daily nutritious, hot meals to 210,000 children through the **Primary School Health, Hygiene and Nutrition Project**. CARE also empowered parent-teacher associations to improve the quality of rural education and support health-related activities in schools.

Better Health

Latin America made notable progress in the area of health during the past decade. Declines in fertility rates improved the health of mothers and their children. Mortality rates for infants and children under age 5 declined significantly, even in the poorest nations. Yet poverty-related health problems remain. Lack of access to clean water, for example, can cause diarrhea, cholera and typhoid. In Latin America, some 219 children die each day from diarrheal diseases.

CARE's support of better health in the region includes improvements in water and sanitation, increasing the skills and capacities of local health service providers, and vaccinations

against serious illness, such as polio and tetanus.

In southwestern Honduras, the **HOGASA Project** worked with the Ministry of Health to establish rural health centers managed by local volunteers. CARE trained volunteers to provide basic health services in their communities and to educate families on preventive and reproductive health practices. As a result, cases of malnutrition and respiratory infection among children and pregnant women have decreased and lives have been saved.

To improve the health of thousands of families in nine remote Peruvian mountain villages, CARE worked with communities to design and install clean water systems and latrines, then organized committees to maintain them. Across Peru, CARE's development projects benefit nearly 1 million of the poorest people.

Expanding on the region's successes, CARE is addressing other health issues associated with poverty. For instance, while reduced maternal mortality rates indicate improved health conditions in Latin America, these numbers fail to underscore great differences between rural and urban areas and among socio-economic groups. Meeting the needs of underserved and marginalized people is a CARE priority.

Preserving the Environment

Deforestation, unsound land use and harmful agricultural practices make entire economies vulnerable to the impact of hurricanes, floods and fires. CARE's environmental programs, including park protection, forest management, small farm hillside agriculture, and watershed restoration, help mitigate the potential destruction of natural disasters. Collaborating with rural communities and local and national governments, CARE provided education programs promoting alternatives to slash-and-burn agriculture and unsustainable logging.

CARE's **SUBIR Project** in Ecuador's Cotacachi-Cayapas Ecological Reserve – one of 18 biodiversity hotspots left on Earth – worked with indigenous groups to find sustainable ways to live off the land while preserving the forest. SUBIR builds shared responsibility for conserving biodiversity through active com-



munity participation and decision-making.

In El Salvador, CARE helped to obtain land tenure for poor families, which can have important environmental implications. CARE's **Proseguir Project** works with the government and local organizations to provide land ownership rights to some 30,000 ex-combatants from both sides of El Salvador's civil war, giving them the security and incentives to make long-term investments in their property. CARE trains farmers so they can maximize their land's potential and produce a diversity of crops – encouraging them to terrace hillsides, plant trees and use organic fertilizers.

Recovering from Hurricane Mitch

Central America is still recovering from Hurricane Mitch's assault in late 1998. After the storm, CARE provided food, water, medicine and temporary shelter to families driven from their homes. CARE then began rehabilitation programs to help people return to their daily lives. CARE continues to work with communities to build homes and health clinics, repair water systems and roads, and replant fields.

CARE's long-term recovery programs promote the formation of community organizations, increase effectiveness of local governments and build ties between the two. CARE and other humanitarian groups were invited by the governments of El Salvador, Guatemala, Honduras and Nicaragua to help improve their ability to mobilize during natural disasters and develop plans to mitigate their effects.

For many Haitian children, the only hot meal of the day comes from a CARE-sponsored education program.