



At CARE, we envision a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security. Our vision guides us to action. It represents the very heart of who we are and what we do. Each day, more than 12,000 CARE staff members band together with others around the world to advance positive social change.

Progress toward our shared vision begins one step – one person – at a time. It begins with the girl in Afghanistan who steps across the threshold of a school for the first time, nervous but determined to study hard and contribute to the development of her country. It begins with the humanitarian worker from Darfur, Sudan, who will not succumb to her anguish over the death and suffering she sees, but instead continues her livesaving work. It begins with the donor in New York who devotes her life to providing health care to disadvantaged Americans, and then donates 90 percent of her income to improve the lives of poor people around the world.

And it continues with palpable momentum as whole nations come together toward a common purpose. Tanzanians, for example, have made education a top national priority over the past five years, abolishing school fees and increasing enrollment in primary school from 59 to 89 percent. Brazilians have made drug treatment for HIV/AIDS free, reducing the number of AIDS-related deaths by at least 40 percent from 1996 to 2002. And Thailand has reduced the number of people living in extreme poverty from 27 percent in 1990 to less than 10 percent in 2002, reaching the international goal of halving the proportion of people living in extreme poverty 15 years ahead of schedule.

As we celebrate our progress, we acknowledge that we have also faced setbacks and challenges. Patrick Carey, a 30-year veteran of CARE who died in 2004 from multiple sclerosis, dedicated his life to ending extreme poverty. So did Margaret Hassan, CARE's director in Iraq, who was abducted in October 2004 and later executed. Margaret spent her life trying to relieve the suffering of people impoverished by war, repression and sanctions, and she leaves a legacy of hope and perseverance. Pat, Margaret and thousands of others have taught us time and again that one person can overcome even the most daunting obstacles to make a positive difference in the world. Emulating the attitudes and actions of these role models, we *can* – and assuredly *will* – achieve our shared vision.

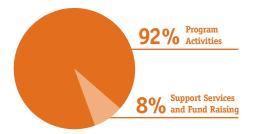
Peter D. Bell, President

Lincoln C. Chen, Chair

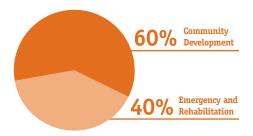
The scale of CARE's work continued to grow in fiscal year 2004 (FY04). We supported a record 870 poverty-fighting projects in 70 countries, reaching more than 45 million people. Thanks to our generous and committed donors, CARE USA was able to contribute \$517 million to these efforts. Following are some of the highlights of CARE's work in FY04:

- 1 million students, half of them girls, benefited from projects that increase school enrollment and improve the quality of education.
- 7.6 million men, women and children received emergency assistance such as food, water and shelter, meeting basic needs during times of crisis.
- More than 7 million people got information to prevent the spread of HIV/AIDS, reducing the suffering caused by one of the worst humanitarian crises of our time.
- Nearly 9 million people had better access to quality health services, allowing them to plan pregnancies, have safe deliveries and enjoy good newborn care.
- More than 6.5 million people received training and/or resources to improve their crops and protect natural resources, creating sustainable solutions to hunger.
- More than 1 million people, half of them women, benefited from projects that teach business skills, improve access to credit and help people start and sustain small businesses.

How CARE's Expenses are Allocated



CARE's Programs by Activity













Somewhere in the world, at this very moment, a little girl is hauling water instead of going to school.

The bucket is heavy and awkward to carry, but she perseveres. In another place, an older girl – a young woman – makes the heartbreaking decision to exchange her body for food. She yearns for a regular job, but has no education. Her siblings must eat, so she trades on the only resource she

has. In a remote community half a world away, a woman learns that she is pregnant once again. She wants to rejoice, but despair creeps in. Money is scarce, and her youngest child is still a baby. She hadn't intended to have another child so soon.

These are the very real situations poor women face each day in much of the world. That they manage to do this while growing, cooking and selling food, weaving cloth, making clothes, gathering water, cleaning house, and being a wife, mother, daughter, sister and neighbor is nothing short of astonishing.

In the fight against global poverty, CARE takes constant inspiration from the women we serve. They teach us each day about the root causes of their struggles, and they demonstrate innovative ways to overcome them. Resourceful and indefatigable, women are the linchpins that hold families and communities together through the daily maelstrom of life in poverty.

This Annual Report examines and celebrates women whose strength and determination are changing lives. CARE understands that investing in women means investing in whole communities. When women succeed, they work side by side with men to teach their children about how to sustain progress and nurture growth. And women show us that they are an immensely valuable resource in the fight against poverty and suffering around the world. Their full participation is key to our shared vision of a better world.



"El Alto is higher than God," a sign along the road to one of the world's most elevated cities proclaims.

Perched at 14,000 feet, El Alto,
Bolivia, is renowned for its dizzying altitude and thin air that leaves visitors gasping for breath. Oxygen is



The women want to have safer pregnancies, treat their children's illnesses, and improve their standing within their family and community – and for the first time ever, they have access to the information and support they need.



not all that's lacking in this city of 700,000 people – clean drinking water, adequate sanitation facilities and health care are all in short supply for the indigenous Aymara residents of El Alto's sprawling slums.

In these destitute neighborhoods, malnutrition and diseases such as diarrhea and respiratory infections are widespread.

Elsa Quino Huanto, a 33-year-old Aymara woman, knows these problems all too well. Abandoned by her husband while pregnant with their fifth child, Elsa and her children live in a tiny, sparsely furnished, one-room brick and cement house that lacks a bathroom and indoor plumbing. In the

winter, temperatures inside plunge below freezing and the family sleeps bundled up in two shared beds.

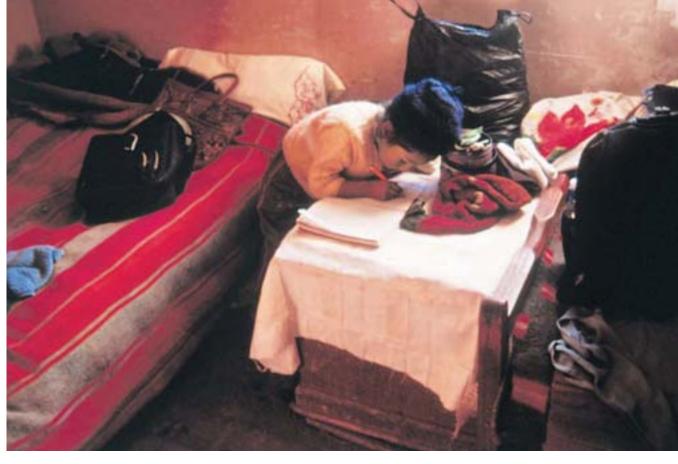
Now eight months pregnant, Elsa soon must stretch her meager income to feed another child. She earns a small wage mending clothes and knitting wool sweaters, but the money is scarcely enough to pay for basic necessities. Elsa has decided to send her children to school instead of work so they can have a better future. But it's a calculated risk. Making ends meet is a daily challenge, and should one of the children become seriously ill, she fears she could not afford the cost of treatment.

"If we talk about our problems, we won't be scared of them."

> — Elsa Quino Huanto







In Elsa's case, an ounce of prevention is worth a pound of cure.

Her membership in a CARE-supported women's group has provided the know-how and confidence needed to keep her family healthy, despite limited resources. The project uses a simple but effective approach – empowering women's groups to identify and tackle their most pressing health and social problems. Trained counselors lead the bi-weekly

meetings, but the women do most of the talking, asking questions and sharing advice. CARE also trains volunteers from each neighborhood to conduct home health checkups for the women and their families.

Elsa puts her new knowledge and self-confidence into practice every day. Pausing from her knitting, she ticks off the changes in her family's health and well-being since she joined the group. "I've learned to give my children nutritious vegetables with every meal. We can only afford a little meat, usually pork or rabbit, so I often prepare lentils because they contain protein. Today, I'm making a soup with barley, yucca, squash, potato, onion, carrot and tomato," she says, gesturing at a pot steaming over a wood fire in the yard. "I cook in the 'country way,' but it's healthy! I also learned to wash my hands before cooking or eating, and to bathe the children and change their clothes every day. My family's health has improved and the children rarely suffer from diarrhea or other illnesses."

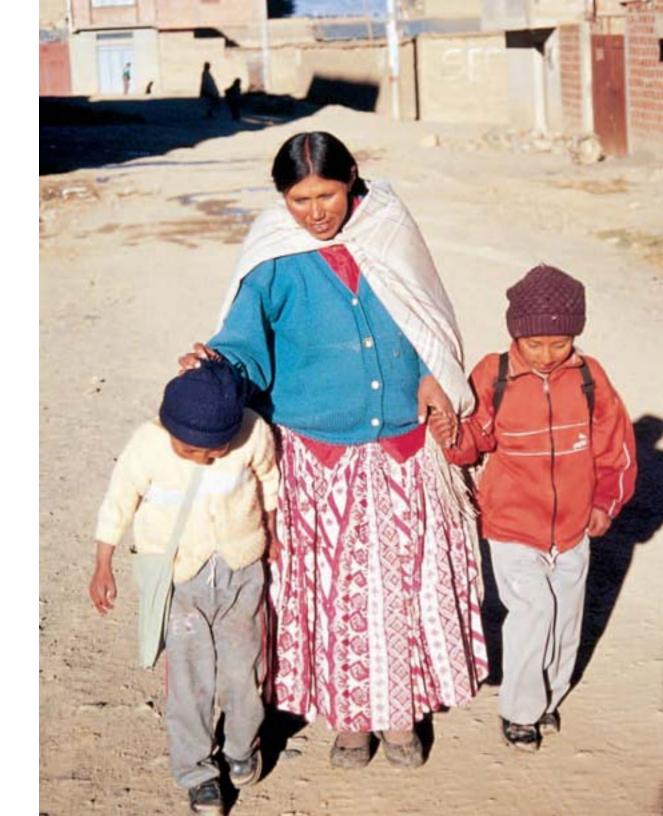
Elsa's self-confidence grows with every meeting of her women's group.

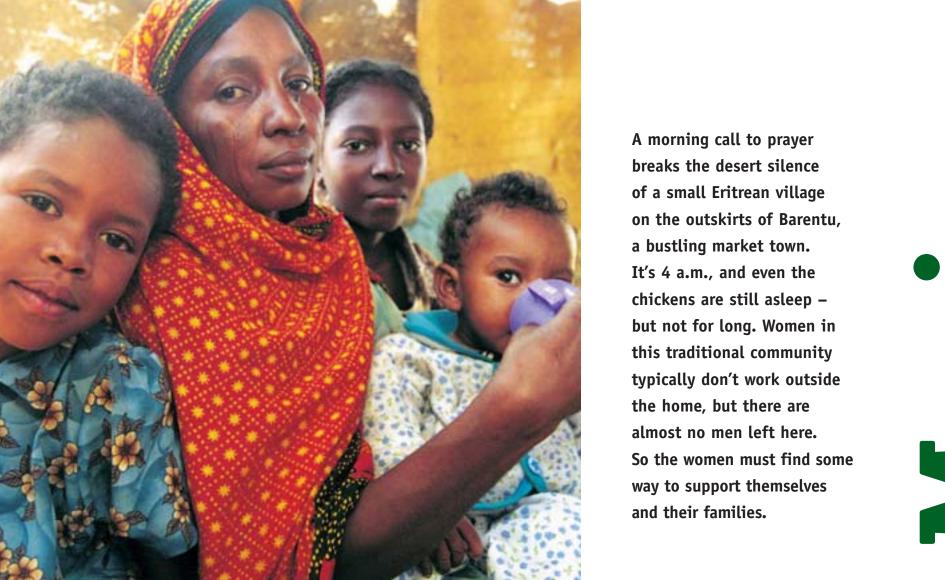
She recently led a discussion on women's rights, and she hopes to be elected to a

leadership position next year. For the first time in her life, Elsa performed onstage – an educational skit on safe pregnancies that won her group top honors at a citywide competition. And she is helping the program grow by encouraging other friends to join her group.

With another baby on the way, Elsa has also learned to take better care of herself. Today, she rides the bus to the health center for her third prenatal checkup. "Unlike Elsa, many women in El Alto don't seek prenatal care," says nurse Walter Chuca. "They only come to the health center when they have complications in their pregnancy, and by then it's often too late." However, due to CARE's educational efforts, Chuca has noted an increase in women seeking prenatal care, as well as advice on family planning. Elsa plans to return to the center in a few weeks to deliver her baby, rather than having an unattended and potentially dangerous home birth.

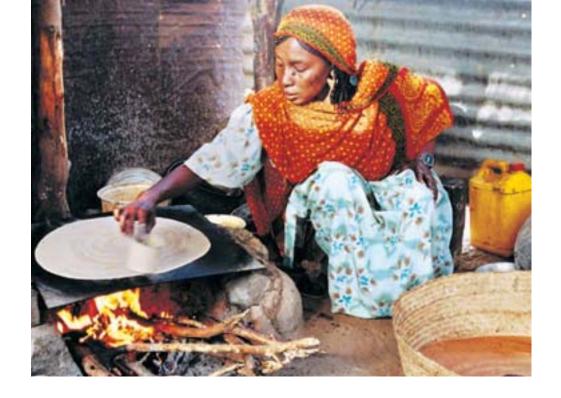
Despite the many challenges, women like Elsa are facing the future with newly acquired hope and knowledge to shape better, healthier lives for themselves and their children.





The sense of community is so strong among the people in this area that a group project seemed like the perfect fit.

Marian



"The ability to make their own choices and contribute to their own success gives these women a tremendous sense of empowerment. And that's the first step toward self-sufficiency."

— David Gilmour, CARE's country director in Eritrea

Mariam Babkr, 36, and her four children are members of the Nara tribe.

The long war for independence from Ethiopia claimed the lives of most of the husbands and sons in her village. And of those who survived, many continue on in Eritrea's National Service, building infrastructure and working in the military in remote regions of

this young nation on the Horn of Africa.

"My husband is in Assab," says Mariam, "on the other side of the country. When God is willing, I see him once a year. He sends us what little money he can spare from his military service, but with four children, 200 nakfa (about \$10) a month just isn't enough."

To help the money go further, Mariam and her children live with her mother, Fatma, in a home the two women built themselves from mud and straw. Mariam is fortunate; other women in the community don't have that additional source of income or close family support. But one thing all the women here have in common is a good business sense – and a firm understanding that by working together, they can help build a better future for themselves and their children.





Mariam and 15 other women from the village are members of a credit and savings association.

The group is sponsored by CARE and a local partner called Vision Eritrea. Working together, women in the group – which is called Natsnet, or "freedom," in the Tigrinya language – own and manage a poultry farm of some 250 chicks. All the women share in the responsibilities and the profits of the business.

For months, they met regularly to learn about money management and the importance of saving and investing. And each week, the women put a small amount of what little money they had into a community savings fund where they can take low-interest loans based on past contributions and good credit.



Mariam says that raising chickens was a logical investment opportunity from the start.

"Everyone around here has kept chickens in their home at some time – as well as goats and camels and other

livestock – so we feel comfortable with this type of business. But individually, we can only take care of maybe 10 or 20 chickens each. When we work together, we can pool our resources and make more money."

For Mariam and her community, the poultry business provides an excellent return on the group's investment. "When the chickens are laying eggs, we can sell them in Barentu for a good price. And when they are too old to lay eggs, we can sell the meat, or even eat it ourselves," Mariam says.

All participants enjoy equal ownership in the project. And at current prices, they are each seeing a profit of more than \$20 a month. The group, which elects its own leaders every year, decides together how the profits will be invested.

"We're about to purchase 100 more chicks in the next month," says Hawa, the current chairwoman of the association. "And we can now afford to pay two association members to do most of the work so the other women can have more time to take care of their families."

Mariam's mother and 13-year-old daughter, Zahra, help with the housework, "but with four children and no husband," Mariam says, "there's still so much to do. Sometimes I wake up early in the morning – even before the call to prayer – just so I can enjoy some time to myself before the day begins. I think about the money we're making here, and it gives me hope that I might be able to have my own home some day, and that my children might have a better life than me."







There are no simple answers when it comes to HIV/AIDS.

Both controversial and complex, this issue reminds us all how very human we are - at times strong, empathetic, forgiving and kind; at times fallible, close-minded or frightened. As CARE progresses in our efforts to help stem the tide of this global health crisis, we see all of these traits in the communities we serve and even in ourselves because for many people, the face of CARE is their neighbor's face.



Patcharee Wonglakhorn, 29, stands maybe five feet tall.

She even goes by a diminutive nickname: Aoi, which means "sugar cane" in Thai. She speaks in a soft voice, but has an easy laugh. To see her with her

ponytail, lip gloss and contemporary clothes, one could easily mistake her for an American high school student. But that comparison vanishes when one learns about Aoi's experiences and responsibilities. She is an HIV-positive widow raising a 5-year-old daughter who is also HIV-positive. And she provides support and counseling for 20 to 30 HIV-positive neighbors and community members each month.

Aoi started working with CARE more than two years ago, as a housekeeper at the Payao office in northern Thailand. She came to CARE because one of her friends was an HIV/AIDS peer educator; the friend told Aoi that she would be accepted by the people at CARE. Aoi was indeed accepted. She did her work and was treated with respect – CARE staff would eat the fruit she peeled, something no one had done since Aoi found out she has HIV. Eventually, Aoi's friend decided not to be a peer educator any longer, so CARE staff invited Aoi to take the position. She had demonstrated her reliability and regularly attended the HIV/AIDS support group meetings. The staff knew her helpful nature would make her an excellent peer educator.

Though mostly a volunteer position, CARE pays peer educators 2,500 Thai baht per month.

This is roughly \$60, and often doubles the volunteer's monthly income. Volunteers use a portion of the CARE stipend to pay for transportation to each house on their route, and often buy supplies like toilet paper or

cooking oil for those visits. These gifts are always welcome, but the real benefit of CARE's peer education program is human contact with compassionate people like Aoi.

"I enjoy visiting people and learning about their problems," says Aoi. "Before becoming a volunteer, I thought my situation was the worst. But after talking with other HIV-positive mothers, I learned that our problems are not insurmountable. Helping others gives me hope.

"I advise people with HIV about which medicine to take and what the side effects may be, because I have a lot of experience with that. I also talk about family issues, about children, about financial problems. I am a sounding board for people with HIV. Instead of keeping to themselves, they have someone to talk to and to comfort them."

The presence of peer educators is slowly reducing the stigma associated with HIV/AIDS; Aoi and the others are trusted sources of information about preventing and managing the disease.





On one visit, Aoi meets with Jintana Kruasom, a 38-yearold mother of one.

Jintana has recently lost her eyesight as

a result of HIV. She had not sought antiretroviral (ARV) drug therapy because to do so would mean exposing her HIV status. Now, though too late to save her sight, Jintana would like ARVs in order to stay healthy for her son and be less of a burden to her elderly parents. Aoi can help her obtain the treatment.

"Especially for the mothers with HIV, the main concern is that they don't want to reveal their HIV status. So at least I am someone who shares the same problem," Aoi says. "It's not like talking to a stranger. They can talk to me. I help them file the paperwork to get ARVs. They can come to me directly to follow up with any government assistance they might get. They don't have to talk to strangers."







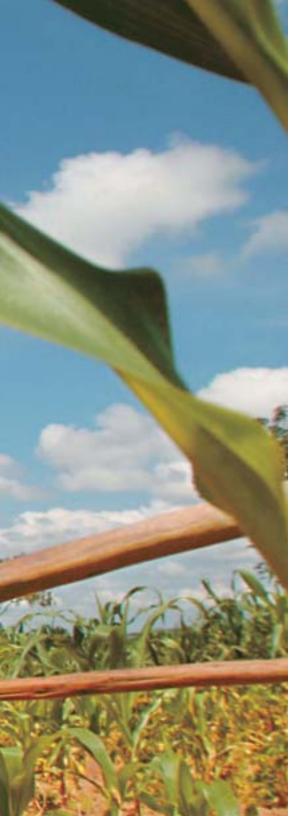
"CARE strives to involve people in solving their own problems, rather than treating them as passive victims in need of assistance."

— Promboon
Panitchpakdi,
executive director of
CARE Raks Thai

Indeed, Aoi is no stranger – neither to the people she assists, nor to the problems they wrestle with each day.

Her real and obvious empathy allows people in need to open up and ask for help. Her willingness to reveal her HIV status in the context of her job as a peer educator is an act of courage – and an expression of faith in CARE and the work we do together.





CARE draws constant inspiration from women like Elsa, Mariam and Patcharee.

We use the Annual Report to share such intimate portraits of our project participants because we want CARE's donors to feel the same inspiration – and to know what their contributions make possible.

Such stories of courage and ingenuity fuel our drive to seek innovative solutions to poverty. In the regional reports that follow, you will read about CARE's work around the world, in diverse communities with unique challenges. These stories offer a broader look at the fight against global poverty; they illustrate how CARE is scaling up individual successes to benefit whole communities and create lasting social change.

In stories on a variety of topics – health care, education, emergency response – you will recognize a common theme: CARE is unwaveringly committed to the dignity of all people. We believe every person everywhere has the potential to bring about positive change in their own life and in the lives of others. Indeed, we can only hope to achieve victory over poverty if we are all able to contribute to the fight. The reports that follow detail CARE's efforts to equip people with the resources and information to realize their full potential.



CARE USA spent \$113.4 million supporting projects in the following East and Central African countries:

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

Burundi

Clothilde Minani of Gitega, Burundi, was just doing what others asked of her, as she always did. When asked to join the Community Development Committee, she did. When asked to speak her mind and share her ideas at meetings, she did. When asked to teach her neighbors and other members of the community what she was learning, she did. Then she was asked something unexpected: "How do we get rid of that insect that is eating our banana crop?" This was the first time in her life that a man, not to mention a group of men, wanted her advice on something.

For two years, Clothilde has been a member of the CARE-facilitated Community Development Committee. CARE has taught the committee new strategies to improve animal husbandry, seed

production, erosion control and crop storage. Because it wasn't practical for CARE to train every resident in all of these new skills, we asked committee members like Clothilde to teach the rest of the community.

After each session, the committee reported back to the council of elders on what it learned. The committee demonstrated more than practical skills; it showed how citizens could take responsibility for Gitega's development. This includes knowledge of rights, gender equity and conflict management – so important in places emerging from war, like Burundi.

The residents followed the advice through one harvest and one planting season, and began to see results. After a successful coffee harvest, Clothilde's husband Gervais and his friends were discussing what to do with the money they earned. Coffee planting, harvest and sale are traditionally managed only by men. However, Gervais decided that if his wife was able to make decisions for the community and train people on livestock management and crop storage, she might have some ideas on what to do with this year's profits. The other men were not convinced she would have anything to add.

Clothilde and Gervais agreed on a plan. If they were careful, they could send their two children to school and purchase three goats. Clothilde also suggested they repair their grain store. And rather

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have some ideas on what to do

with this year's profits.

than spending all the money at once, they would put some in a small bank where it would earn interest and they could take a loan if they had an emergency.

Clothilde slept well that night. She was excited about the plan and relieved by the

thought of having a little something saved away. Gervais slept well also. The other men in the village would be impressed that he was able to send two children to school and repair his grain store. He would miss spending money to celebrate the coffee harvest with his friends, but was confident he made the right choice by consulting Clothilde.

Sudan

CARE's work in Sudan covers a whole host of programs, including nutrition, water, education and advocacy for a just and lasting peace. But no work during the past year was more important than our emergency response to the humanitarian crisis in Darfur, western Sudan.

As the news has shown, millions of people have been affected by the horrific violence that swept through one region of a country already battered by some 20 years of conflict. The situation, sadly, supports CARE's assertion that it is not enough to see people through the worst part of an emergency. With entire communities destroyed and displaced families unable to grow food or conduct business, recovery will take years. But for women like Kahouma Abdelmula Abdalla, just thinking about tomorrow is almost too much.

Kahouma lost her husband and her home during a militia raid on her village. She must now raise her children, ages 7, 5 and 4, in a tiny mud and thatch hut on the outskirts of a town whose population has swelled with the influx of 50,000 people fleeing violence. They earn money as they can; Kahouma makes mud bricks that sell for 100 dinar per 1,000. That's about 39 cents for three days' labor.

Kahouma's village was home to 300 families. All buildings were destroyed in the attack, she says, and 250 people were killed. Throughout Darfur, burned and abandoned mud homes are the

remnants of once-thriving communities.

Because of the large numbers of people, vast distances, lack of supplies, bureaucratic hurdles and insecurity, aid organizations have been unable to reach all the people uprooted by the crisis. The United Nations acknowledged early on that large proportions of the people in need lacked such basics as food, shelter, water and sanitation.

CARE distributed food to 400,000 people in South and West Darfur, and provided water and latrines for 220,000 people in South Darfur. CARE also delivered blankets, water cans and plastic sheets for shelter, and managed mobile health clinics, psychological counseling and reproductive health services. In Chad, CARE managed four camps and provided food and essential items for some 80,000 Darfur refugees.

Violence remains the greatest barrier to long-term recovery. Even when the area is secure and people return home, they will need continued support. Their villages have been burned, their animals and belongings stolen, and they will miss this year's planting season. It is estimated that as many as 2.5 million people will need food aid in 2005.

"We will stay here as long as it is safe. We are depending on outsiders to give us a little food to keep us alive," Kahouma says. "If the situation doesn't improve, we will move again. We cannot go back home."









CARE USA spent \$130.1 million supporting projects in the following Southern and West African countries:

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

Lesotho

Home to dozens of garment factories, Maputsoe, Lesotho, attracts hundreds of people, mainly women, searching for work each day. They line up outside factories with hopes of getting employment, or even an odd job – anything to put a bit of money in their pockets. Some desperately poor women may resort to sex work to earn money if they don't find factory work. In a country with an HIV/AIDS rate of 31 percent, the poverty-driven migration of people seeking work speeds the spread of the disease.

Maputsoe is linked to the South African town of Ficksburg by a bridge across the Mohokare River. This border post is the busiest crossing point between the two countries, and has been identified by both CARE and the U.S. Agency for International Development as an area of exceptionally high HIV risk.

That is why CARE's Sexual Health and Rights Promotion (SHARP) project focuses on reaching people within their communities and near their workplaces, whether that is a line outside a garment factory or at a taxi stand or truck stop. And hundreds of volunteers like Martin Molapo are absolutely vital to the success of the project.

"We have a tremendous love for our country, and to see people dying here, it's not a game to us. We have to do something," says Martin. "We have that love for our country and our community. We see the massacre, people dying because of lack of knowledge. It touched us. We just want to support and do whatever we can do."

The volunteers serve about 3,000 people each year in Maputsoe and surrounding villages, working out of CARE's HIV/AIDS public resource centers. A sister resource center lies on the South African side of the border in Ficksburg, and there is a pair of resource centers at the Maseru-Ladybrand crossing.

At busy times, like pay periods and holidays when people are traveling, SHARP volunteers stand at the borders passing out pamphlets and doing role-plays to share important messages about HIV/AIDS. The volunteers also offer counseling at the centers and referrals for testing, and lead group discussions throughout the community. CARE has taught community groups skills such as home-based care and income generating activities for people with HIV/AIDS and their families, mitigating the impact of the disease and helping address food shortages.

CARE takes other measures to ensure we reach those most threatened by the dire consequences of HIV/AIDS. Our Livelihood Recovery project, for example, is primarily an agriculture project that helps poor families improve their nutrition through home gardens. But it was designed with the special needs of HIV/AIDS-affected households in mind. Activities focus on increasing food production, as well as establishing better, more efficient links to support services. This is just one example of CARE's integrated response to the causes and consequences of poverty.

Mali

Timbuktu, often invoked to convey ends-of-theearth remoteness, is the name of a real place – the northernmost region in Mali. CARE began work there, in one of the poorest regions of one of the poorest countries in the world, 20 years ago, when Malians were suffering through one of the worst famines in modern times.

Since that decision to assist Timbuktu's vulnerable communities, the political landscape of Mali has changed considerably, and for the better.

Following their 1991 ouster of a dictatorial regime, the Malian people insisted on democracy and on playing a role in decision making about public works. This led to the election of local communal councils, enabling communities as

remote as those of Timbuktu to make their own decisions and manage their public affairs.

From the beginning of this grassroots movement for decentralized democracy, CARE has worked with communities to translate these political gains into appropriate and sustainable solutions to local problems. In a historically autocratic country, there was a high risk of municipal government being hijacked by local elites to the detriment of the poor.

For example, the initial priority of many newly elected mayors was to invest their taxpayers' contributions in vehicles or other expensive equipment for their own offices – purchases that

would have little impact on the lives of the poor. But by facilitating sustained community dialogue with local government officials, by ensuring that poor women's voices are part of that dialogue, and by training elected officials in planning and budgeting, CARE is contributing measurably to the delivery of democracy's promises.

With financial support from CARE, local governments have built and equipped schools, health clinics, roads and wells. CARE's technical

Citizens of Timbuktu are

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charge of their communities'

development.

support has helped local governments ensure that these investments, chosen by the communities that use them, are well managed and responsive to the specific needs of those communities. Most importantly, through their involvement in

local government, citizens are beginning to see a direct link between their taxes and the services they receive, and they are holding elected leaders accountable.

Even in a world made ever smaller through technological advances, Timbuktu is likely to remain a relatively remote place, with limited access to modern conveniences. However, with assistance from CARE and others, citizens of Timbuktu are seizing the opportunity of their political empowerment to take charge of their communities' development, and showing that geographical remoteness need not be an impediment to well-being and dignity.









CARE USA spent \$130.6 million supporting projects in the following Asian countries:

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

Bangladesh

"This year I challenged the Union Parishad chairman's way of distributing Vulnerable Group Development (ration) cards," says Joyphul. "I told him to distribute the cards as written in the laws. I am a landless widow, and it is my right to be considered first." In the end, the chairman conceded.

This interaction is hardly typical of the relationship between poor Bangladeshi widows and their local government officials. But thanks in part to CARE, that is changing.

Joyphul's husband died when she was 32, leaving her with no land and two daughters to raise. For 10 years, she eked out a living as a farm laborer

in a northwestern district called Lauthuti. The ration card, which provides 30 kilograms of wheat per month, reduced her food costs and allowed her for the first time to rent a piece of land for rice cultivation. Joyphul is climbing the economic ladder.

She now works for herself, and her story epitomizes CARE's efforts to help poor people meet their basic needs and claim their rights.

She is not alone; the women of Joyphul's community have become a force to be reckoned with. Facilitated by CARE staff, the women met twice a month to discuss common concerns: feelings of exclusion, lack of financial capital, poor sanitation, and the high disease and mortality rates of livestock

and poultry. Emboldened by a sense of solidarity and new understanding of their rights, they took their case to the local officials. Today, every household in the community has access to a sanitary latrine, the responsible government agency provides vaccines and medicines to reduce animal diseases, and health and family planning services are available to all. The women also established a savings fund to provide resources to individuals in times of need.

The group's accomplishments are remarkable, particularly considering the traditional expectation that Bangladeshi women be secluded, shy and yielding to men's authority. Women are generally absent from public spaces, such as government

offices. But participants in CARE-facilitated groups are taking their case to decision-makers, and it has become difficult for government officials to turn down the legitimate demands of a group of well-informed and confident

women backed by the broader community.

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The myriad long-term effects of CARE's work to empower women are yet unknown. Through collective action, Joyphul and so many others like her have a critical role to play at this moment in Bangladesh's history: They can speak out to prevent potential disasters like the latent AIDS crisis that threatens their nation and help push Bangladesh toward fair and sustainable development.

India

Hardei was pregnant for the eighth time. She felt very weak as she went about daily chores. Another severe drought was forcing Ghanshyam, her husband, to work near New Delhi, more than a hundred miles away. The couple anticipated hard times ahead. Soon, there would be another mouth to feed, and that worry superseded Hardei's concerns about her health.

Nearly 300 million people – more than the entire population of the United States – live in poverty in India. A child is born in India every two seconds, and 2 million of them die each year from preventable, curable illness. Without basic nutrition and health services, people are not strong enough to participate in their own society, let alone the world economy. Powerlessness can be passed down, generation to generation. Hardei, for one, was resigned to her fate.

CARE understands that poor families like Hardei's need assistance to interrupt and eventually break the cycle of poverty. In order to offer the right assistance, CARE undertook indepth research to identify some of the factors that perpetuate the cycle. That research has been used to expand the success of one of CARE's largest reproductive health initiatives.

The RACHNA (reproductive and child health, nutrition and HIV/AIDS) project began with the goal of enabling families to access essential health and nutrition services, and helping the government adopt practices proven to better

serve vulnerable women and children. But the research showed that in order to enhance a woman's access to care and improve her health, CARE had to do more than help local providers offer quality services. We had to do something to get more women into the clinics, and that meant helping them gain a measure of control over resources and the ability to negotiate decisions affecting their well-being. Our strategies have been successful – working with the government, local organizations and communities, RACHNA benefits more than 7 million children and women like Hardei.

On the advice of a CARE staff member, Hardei began visiting a nearby community outreach center. An iron-folic acid tablet a day, nutritious food and rest helped her overcome anemia. Hardei learned about the best sources of nutrition for her unborn child, the safest way to deliver and care for a baby at home, and easy contraception. She also joined a women's self-help group, focusing on health, household savings and credit.

Today, Hardei feels a true sense of well-being. She speaks with a fiery conviction about the changes in her life since she met the CARE worker. Her son, Mahesh, is healthy and strong. He is immunized against commonly preventable diseases. And referring to the simple surgery that will prevent another pregnancy, Hardei says shyly, "I plan to discuss the possibility with my husband."









CARE USA spent \$84 million supporting projects in the following Latin American and Caribbean countries:

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

Honduras

The worst teachers in Honduras used to land in Intibucá. Remote and politically marginalized, the rural department served as "Siberia" for poor performers. Not surprisingly, local schools were known for their sullen, unmotivated instructors.

Parents refused to enroll young children, sometimes until as late as age 10, believing they were too small to walk an hour or more to reach school. Girls traditionally did not go to school at all, but married young and often were mothers by age 14.

"Kids couldn't read or write, and those who worked in their parents' businesses didn't even know remarks "precedent their pa

grader, projected an aura of

self-confidence as she took the

stage to call a school assembly

to order. The school in El Cerrón is

rapidly becoming a model

for the rest of the country.

CARE came to Intibucá in 1998, launching the Project of Hondurans Associated for the Quality of Education (PROHACE). The project helps Hondurans understand their children's right to a good education. Parents are becoming organized,

demanding teachers with local ties and better qualifications.

CARE is getting local governments involved too, bringing mayors on board to enforce truancy laws. Today, both girls and boys are required to attend school from age 5 – and their parents are held responsible if they do not. Girls now make up more than half the region's enrollment.

It's not just parents who are standing up for their rights. PROHACE puts a premium on teaching children leadership skills, and the schools that CARE supports impart a culture of responsibility and community involvement.

Student delegates from Intibucá, children who had never before left their rural villages, have attended national conferences and appeared on television – where they acted "like celebrities," Alba says with a smile. One young delegate requested that a verbose Honduran government minister keep his remarks "precise and concise."

Student council president Maribel Manueles,

a sixth-grader, projected an aura of self-confidence as she took the stage to call a school assembly at the José Trinidad Reyes Elementary School to order. The school in El Cerrón, one of the country's poorest communities, is rapidly becoming a model for the rest of the country.

"We're very thankful for this school, for which all the children are happy," she said eloquently, nodding to CARE USA President Peter Bell, the guest of honor at the assembly.

CARE is planning to expand PROHACE to other parts of Honduras. With the proper support, the youngsters of El Cerrón are proving that even the poorest kids can be the leaders of tomorrow.

Haiti

Haiti appeared prominently in the news several times during the year. Unfortunately, it was not for the occasion of the 200th anniversary of Haitian independence, but for both the natural and manmade disasters that hit the country.

In March, political chaos led to riots in the capital and elsewhere, and more than 100 people were killed. In May, 2,600 people died in severe floods near the border with the Dominican Republic. Haiti was dealt its most devastating blow in recent years when Tropical Storm Jeanne pummeled the country's northwestern region in September, affecting some 300,000 people, leaving thousands homeless, and destroying crops and livestock.

The northwest, where the September floods wreaked so much destruction, has been the major area of CARE's operations in Haiti for 40 years. Given our large presence in this region, we were the main agency responding to the emergency, providing food and safe water to over 160,000 people. In coordination with the government and other members of the international community, CARE also began the long process of helping people rebuild their lives and livelihoods.

Underpinning the rash of tragedies in Haiti is a social, environmental and political disaster that has been in the making for decades. Haiti is one of the world's poorest countries, poorer than Bangladesh, Rwanda, Uganda or Zimbabwe. Fifty percent of its population is undernourished, and life expectancy is only 49 years. Less than half of the adult population

can read or write, and the HIV prevalence of 6 percent is the highest outside of Africa.

Most Haitians depend on wood-based charcoal for energy, which has denuded the country's forest cover, especially in the northwest. Haiti's environmental catastrophe, exacerbated by poverty, is one of the reasons why storms and hurricanes do so much damage. With a forest cover of only 2 percent, the country's soil has lost all its absorptive capacity. Unless environmental degradation and other root causes of poverty are addressed, tragedies like these will continue to happen.

Besides the lifesaving humanitarian assistance CARE delivers in Haiti, our long-term efforts focus on rural infrastructure, reforestation, agricultural development, water and sanitation, irrigation, alternative energy sources, education and health. These programs, and a long-term perspective and commitment to ending extreme poverty in the country, are the only solution for preventing such massive devastation from recurring.

Donor governments, international agencies and organizations like CARE must commit to a sustained engagement in the country, to strengthening the Haitian government's capacity to promote democracy, security and economic development, and to redressing environmental degradation. The people of Haiti have already suffered too much. It is past time to transform the country's crises into new possibilities.









CARE USA spent \$40.4 million supporting projects in the following Middle Eastern and Eastern European countries:

Albania, Armenia, Bosnia & Herzegovina, Croatia, Egypt, Georgia, Iraq, Jordan, Kosovo, Macedonia, Serbia-Montenegro, West Bank/Gaza, Yemen

Bulgaria

The Roma people, sometimes called Gypsies, are members of an ethnic group whose roots can be traced back to 5th century India. Their history is fascinating, but often tragic: As the Roma settled throughout Europe and western Asia, they maintained their own language and culture. However, over the centuries, the Roma's insular society came under fire. Through the common practice of families seeking to settle with other families of their own ethnicity, the Roma frequently found themselves in segregated enclaves within a village or town.

Poverty is the lingering consequence of living for centuries on the margins of society. The Roma people occupy the bottom rung of the social ladder

in countries where there are large populations, such as Bulgaria. But programs recently initiated by the Bulgarian government, local groups and CARE aim to reduce the discrimination faced by Roma people, and increase their

opportunities to overcome poverty. One of the most effective ways to accomplish this is to improve the quality of basic education.

"There are schools in the Roma communities, but the government does not adequately support them," says Ognian Drumev, CARE's director in Bulgaria. "They tend to be the poorest, lowest quality schools. Poor education feeds the cycle of poverty for the Roma people."

When the Bulgarian government mandated more assistant teachers for every school, CARE saw an opportunity to improve education for this vulnerable segment of Bulgaria's population.

In March 2004, a pilot group of about 120 young adult Roma began training to be assistant teachers. Metodi Dimov, one of the trainees, explains what prompted him to apply for this program. "As Roma, we find it difficult to find employment. Assistant teachers will be needed, so employment will be much easier to find. Education is the first step to integration, as well."

Metodi also explains how his own upbringing informed his understanding about the importance of

"When I switched to the

Bulgarian school, for the first

time I noticed that teachers were

noticing if a child is attending

classes or not."

quality education. "I myself have studied in a segregated school, and the difference is really great. When I switched to the Bulgarian school, for the first time I noticed that teachers were noticing if a child is attending classes or not. In

the segregated school, nobody really cared whether he attended or not."

With dedicated young people like Metodi, there is reason to be hopeful that the Roma will continue to preserve their rich culture while emerging from the margins of Bulgarian society. Metodi is optimistic: "If everybody can find themselves a job afterward, it will be the greatest thing possible. It's almost too good to be true."

West Bank

On director Iman Aoun's command, six young actresses stopped their performance and turned to the audience. Moments before, a character named Leila had been sexually harassed by a teacher. She rejected his advances, but not very forcefully. Iman called to the crowd, "What would you do differently? How would you respond if you were Leila?"

The performance at the Ashtar Theater in the West Bank city of Ramallah was no ordinary theater production. The theater, supported in part by the Canadian International Development Agency through CARE Canada, was founded in 1991 as the first Palestinian theater-training program for students. The actors are high school students who perform for their peers; at the conclusion of each play, audience members join the company to act out key scenes and suggest alternate responses. The plays, focusing on topics such as violence in schools, curfews, children's rights and insecurity in the region, are inspired by the everyday realities of teenage life in the West Bank. This dramatic technique, known as Popular Theater, allows the audience to discuss topics that might be too sensitive in a more conventional setting.

In response to Iman's question, a young man raised his hand and was invited on stage. He assumed the role of Leila and strongly rebuffed the teacher's advances. The students discussed the new scenario. Some of the women in the audience wouldn't feel comfortable confronting the teacher, but they agreed that Leila should seek help from the

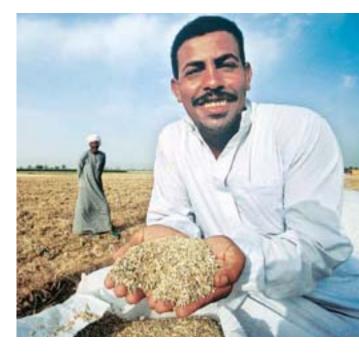
school guidance counselor. The discussion was vigorous but friendly, and Iman skillfully guided the students to consider different scenarios and to talk honestly about their feelings.

Since 1999, Ashtar's CARE-sponsored plays have focused on youth exploitation, early marriage and domestic abuse. In an environment of uncertainty and frequent violence, these performances offer a rare outlet for people, especially adolescents, to discuss critical social problems. Despite rehearsals and performances that have been stopped by curfews, even bombardment, through the years, Ashtar has never shut down.

Ashtar co-founder Edward Muallem espouses the virtues of Popular Theater: "Government schools in the West Bank are deprived of cultural activities. These plays are important because students are facing these same problems and living through these difficult situations. We create a dialogue so that students can talk openly about their real-life experiences."

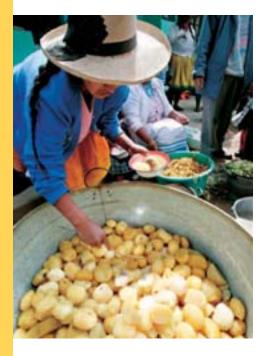
CARE's experience in places as diverse as the West Bank, Bosnia and Burundi demonstrates that drama can be an effective tool for dealing with trauma and conflict, especially with vulnerable teenagers. "Next year, we're starting a new three-year partnership with CARE," says Edward. "The Ashtar company will learn to teach other directors and actors to replicate our in-school programs. We'll become a training center for theaters throughout the region."













CARE made substantial advances in our priority program areas during fiscal year 2004 (FY04). Informed by our strategic plan, CARE is focused on the areas highlighted below, as well as humanitarian assistance in Afghanistan and water programming.

EDUCATION – CARE's education projects in 28 countries are designed to ensure that the right to education is fulfilled, even in the most difficult circumstances and for the most vulnerable groups. This year, we have focused particularly on marginalized girls, as we crafted plans to allocate last year's extraordinary gift of \$28 million to address the underlying causes of low educational attainment by girls and young women in developing countries. We also advanced our work under the Educational Quality Improvement Project (EQUIP). Under EQUIP, CARE works with communities to support educational improvement at the classroom, school and national policy level. Through the Hope for African Children Initiative (HACI), CARE laid the foundation for expanding our work in addressing the impact of HIV/AIDS on education programs.

EMERGENCY RESPONSE – In FY04, we strengthened our ability to help people affected by natural and manmade disasters through an enhanced global monitoring system, enabling us to respond to 27 emergencies in 22 countries. Two significant examples of CARE's rapid and effective responses are the humanitarian crisis in Darfur, Sudan, (see page 19) and the devastating cyclones in Madagascar, after which CARE airlifted supplies to 25,000 people and helped rebuild livelihoods. CARE's emergency

response capacity was improved through strong partnerships among CARE International members, other organizations and research institutions.

HIV/AIDS – Partnership is the watchword for CARE's efforts to improve the lives of people who are vulnerable to HIV/AIDS. CARE is engaged in more than 100 projects with HIV/AIDS components in 39 countries, benefiting more than 7 million people. In FY04, we launched projects through the Communities Responding to HIV/AIDS (CORE) Initiative that helped establish dialogues between faith-based leaders in Africa and their communities. CARE was awarded \$15 million over three years to strengthen and scale up HACI, which will reinforce the capacity of local organizations to deliver effective services to African children and their families affected by HIV/AIDS. We continue to develop and test approaches that combine education and micro-finance with HIV/AIDS care and prevention. These approaches are models for CARE's future programs and are being shared with partners around the world.

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

CARE's work with poor communities is not our only contribution to the fight against global poverty. We continually seek avenues to speak for people who have no voice, to protect the rights of those on the margins of society and to highlight crucial issues that are often overlooked.

SUDAN – In May 2004, the government of Sudan and the major rebel movement in the south signed a historic interim peace framework with plans for a permanent agreement later in 2004. CARE supported that process while pressing strongly for an immediate resolution of the crisis in Darfur. Violence in that region threatens millions of civilians and jeopardizes the best prospect for peace in 20 years.

AFGHANISTAN – CARE continued to be a respected authority on Afghanistan, engaging with policymakers and media around the world. In collaboration with other international and Afghan organizations, CARE produced four policy papers on key issues including the state of education and security concerns. At the United Nations and in Kabul, Washington, D.C., and other capitals, these papers informed critical decisions.

HIV/AIDS – CARE took a lead role in urging the U.S. government to provide full funding for President Bush's 2004 HIV/AIDS Initiative at \$3 billion. CARE's work on HIV/AIDS was highlighted on the Senate floor during legislative efforts to increase funding to fight the epidemic. Although the total fell short of the president's initial commitment, funding for HIV/AIDS increased almost a billion dollars over 2003 totals.

CARE ACTION NETWORK – In its second year, CAN continued to grow, adding volunteers through local groups and via CARE's Web site. More than 5,000 people worked with CARE to educate their policymakers about how U.S. policies impact the efforts of poor people to improve their lives. In addition, more than 125 volunteers paid their own way to travel to Washington, D.C., to discuss these issues face to face with their members of Congress. CARE and eight other prominent U.S.-based humanitarian organizations united in an unprecedented effort to build support for American leadership in the fight against poverty, hunger and disease in the developing world.

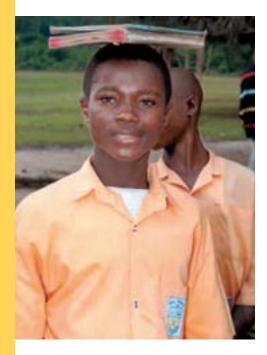
AMICUS BRIEF — CARE joined an *amicus* brief related to the case of Hamdi v. Rumsfeld before the U.S. Supreme Court. We opposed the denial of due process to Mr. Hamdi, who was detained on charges of being an enemy combatant in Afghanistan. CARE's interest arose from the possibility that aid workers and journalists could be detained for an indefinite period of time, without legal representation, solely because of their presence in a combat zone. The Supreme Court considered CARE's views, mentioned our concerns in their decision and determined that such detainees do have a right to due process.













CARE USA is part of CARE International, a confederation of 12 national members dedicated to serving the world's poorest communities. In fiscal year 2004 (FY04), CARE International approved common programming principles aimed at improving our global poverty-fighting work.

These principles are intended to guide actions and programming decisions in all country offices and program units. The CARE International programming principles are:

- Promote empowerment
- Work with partners
- Ensure accountability and promote responsibility
- Address discrimination
- Promote the nonviolent resolution of conflicts
- Seek sustainable results

CARE International also strengthened its capability in the area of emergency response through the formation of a core team of experienced professionals from various member countries. This has expanded CARE International's capacity to respond to emergencies worldwide in a

coordinated and timely fashion. In this context, CARE International managed humanitarian assistance and policy advocacy efforts in Iraq and Sudan.

During FY04, CARE International's board of directors approved a set of core requirements for corporate engagement. These guidelines demonstrate CARE's commitment to working with responsible business partners toward the goal of eradicating poverty. While any CARE International member may enact stricter guidelines, the core requirements include provisions such as: The relationship will enhance CARE's ability to achieve our mission; the company will have a history of open dialogue with nongovernmental organizations and a commitment to corporate social responsibility that is born out in its business practices; and the partnership will be based on transparency and mutual benefit.

CARE INTERNATIONAL LEADERSHIP

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Norge Gunnar F. Andersen

Österreich Ulrike Schelander Thailand

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United KingdomGeoffrey Dennis

United StatesPeter D. Bell

In fiscal year 2004 (FY04), supporters of CARE found unique and significant ways to contribute to CARE's mission to help the world's poor. Below are just a few exceptional examples.

- Students at the Kincaid School in Texas planned a walk-a-thon and raised \$17,500 in four days to benefit an education project in Kenya.
- Members of P&G International Transferees Inc. compiled a cookbook of family recipes, raising nearly \$9,000 for CARE's education projects.
- Some 500 people, including actress Jane Seymour and newscaster John McLaughlin, attended CARE's 58th Anniversary Celebration in Washington, D.C. The event raised more than \$430,000 for CARE's programs around the world. The Ambassador of France, Jean-David Levitte, and his wife served as the inaugural International Chairs by hosting a reception in their home to commemorate the sending of the first CARE Package to France in 1946.

FOUNDATIONS AND ORGANIZATIONS – The Bill and Melinda Gates Foundation committed \$6.7 million, to be received and disbursed over five years, to help CARE fight HIV/AIDS in India. The Gates Foundation also granted CARE \$2.3 million to respond to humanitarian emergencies in Vietnam, Uganda and Sudan. The Ford Foundation granted CARE and our partner, the International Center for Research on Women, \$450,000 to advance our rights-based approach to sexual and reproductive health programming in India and Vietnam.

ESTATE GIVING – CARE was humbled by the generosity of some of our most loyal donors this year, as we received several significant estate gifts that will continue the legacy of these remarkable individuals and support CARE's work around the world. Estate giving totaled over \$15.8 million in FY04.

DIRECT MARKETING AND ONLINE GIVING – Increased investment in the direct marketing acquisition program resulted in a record 91,000 new donors. In FY04, direct marketing programs generated \$26.3 million. Thousands of individuals

used our secure Web site to donate over \$840,000.

CORPORATE GIVING AND ALLIANCES – Starbucks Coffee Company added a unique dimension to its relationship with CARE by loaning executive Deidra Wager. She spearheaded special projects and worked on strategies to ensure a sustainable, high-impact CARE-Starbucks alliance. Cargill Inc. pledged \$1 million toward CARE's work and entered into a two-year agreement to share talent, expertise, ideas and resources. Motorola Inc. is in the process of providing radio communications technology for CARE projects and is producing marketing materials with a value of approximately \$1 million. The Timberland Company continued to support CARE programs in Asia that primarily benefit female factory workers.









Each day, in thousands of communities around the world, we see the power of simple human kindness. People listening to one another, offering advice and encouragement, pitching in on a big job, caring for others in times of need. Little by little, these actions change lives for the better and enrich us all.

CARE thanks our donors for their kindness and generosity. Each gift, significant in its own right, becomes even more substantial when joined together with the tens of thousands of other gifts CARE receives each year. Together, you are helping win lasting victories over poverty. We are truly grateful.

On the following pages, CARE recognizes the corporations and foundations that contributed \$5,000 or more during fiscal year 2004, as well as those current supporters whose lifetime gifts total \$1 million or more.

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Anonymous

Cargill Inc.**

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\$500,000 TO \$999,999

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The Starr Foundation*

\$100,000 TO \$249,999

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The Picower Foundation

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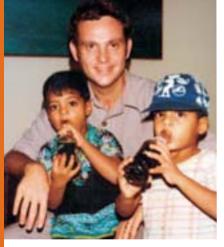
**Part of a multi-year pledge.

Wells Fargo

Joyce and Gary Wenglowski Foundation

*These donors gave to CARE's priority funds for Afghanistan, education, emergency relief and water.

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"I treasured Pat's dedication to CARE. I had enormous confidence in his values and judgment, and appreciated his loyalty, his incredible stories and his booming laugh. Pat brought out the best in us because he gave the best of himself."

— Peter Bell, CARE president

We lost a dear friend and committed colleague when Senior Vice President for Program Patrick Carey died suddenly on May 28, 2004. He was 56, and had valiantly battled multiple sclerosis for decades. We at CARE mourn his loss, but also celebrate his life, his dedication to CARE and his unswerving commitment to people in poor communities around the world.

Pat joined CARE in 1974. He lived in India for 14 years, and the country held a special place in his heart. As CARE's assistant director for food programs in India, Pat helped feed 15 million impoverished mothers and children every day. Pat

eventually went on to direct the country program in India and later, our programs in the Philippines and Bangladesh. On CARE's 50th anniversary in 1996, he was honored by his peers as one of CARE's best employees for his dedication, resourcefulness and integrity in the face of challenging, often dangerous, situations.

As senior vice president for program, Pat worked tirelessly to advance our shared vision of the world. Pat was at the very center of CARE's extended global family, and he extended his own family to encompass each and every one of us at CARE. Pat left CARE a better organization

than he found it – more principled and more effective – and he left each of us enriched simply for having known him.

Ancient Jewish mystics believed that there are a vast number of shells scattered throughout the secular world. Beneath each of those shells is a spark of the sacred and the divine. Every time a human being performs a sacred deed, a shell is lifted, a spark is released and a divine light shines out into the world. Pat's combination of strength and vulnerability gave him a special gift for lifting shells and letting that light shine. He continues to be a constant source of inspiration to each of us.



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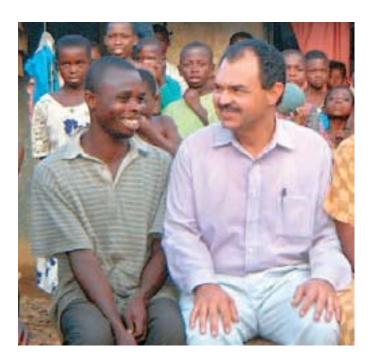
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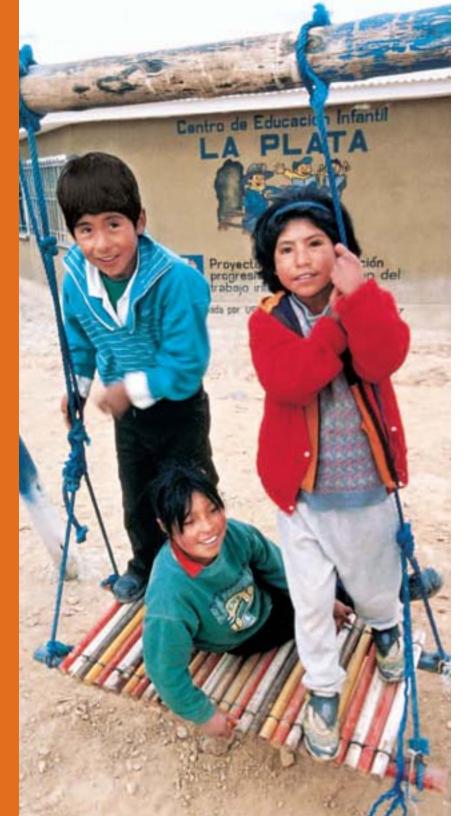
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OUR VISION

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.

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.



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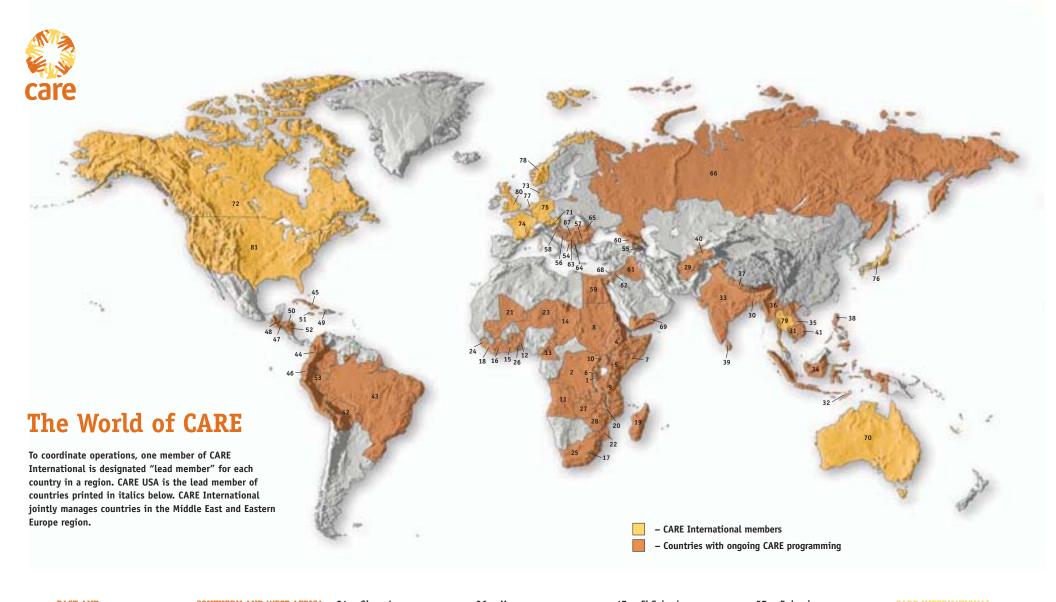
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^{*}Under U.N. transitional administration

^{**}Thailand is both a CARE International member and a country with ongoing CARE programming.

Weyerhaeuser Company Foundation



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CARE's 2004 Annual Report is supported by a generous grant from the Weyerhaeuser Company Foundation. Along with its dedication to environmental excellence, Weyerhaeuser is committed to supporting economic growth and community development around the world. The Weyerhaeuser Company Foundation and CARE are working together in developing countries to help build stable livelihoods through sustainable forest management. In the latest phase of this long-term partnership, Weyerhaeuser and CARE are working with communities in western Nepal to improve literacy, income and conservation skills. Continuing a century-long commitment to responsible forestry, Weyerhaeuser plants more than 100 million trees annually, ensuring we will always have forests to enjoy and products fundamental to human life — building materials, paper and packaging.

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