

Data Sheet

USAID Mission:	Brazil
Program Title:	SME Growth, Trade, and Poverty Reduction
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	512-011
Status:	New in FY 2004
Planned FY 2005 Obligation:	\$846,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$991,000 DA; \$750,000 ESF
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2006

Summary: USAID's objective is to create conditions for greater hemispheric trade and related growth and employment in small scale enterprises, while contributing to poverty alleviation. The program focuses on three essential areas: (1) generating market led growth and employment in small to micro enterprises (SME), since medium scale enterprises are already linking into export markets (2) promotion of the Free Trade Area of the Americas (FTAA); and (3) targeted social safety net assistance to support poverty reduction in the Northeast. Brazil and the United States are co-chairing the FTAA negotiations; USAID is working to improve public understanding of the benefits of free trade in this context. Greater SME participation in trade will both enhance the effectiveness of the anticipated FTAA agreement and contribute to the creation of more jobs and expanded economic opportunities for Brazilian entrepreneurs. USAID recognizes that sustained economic growth in the SME sector is a process that will take time to achieve. In order to assist the eventual beneficiaries until new jobs are created through expanded trade, a social safety net must be put in place. USAID will support the Zero Hunger Program, which is Brazil's flagship social safety net program.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Participation in Global Trade and Investment (\$46,000 DA). To increase free trade activity and enhance market access, USAID will continue to support trade-led growth through SME trade initiatives and free-trade outreach programs to civil society. In conjunction with USAID regional activity for trade capacity building, USAID will fund a Brazilian institution to support in-country trade roundtables and outreach activities. Additionally, USAID will support the Economic Growth, Agriculture and Trade Bureau's activity with the International Trade Center to improve Brazilian trade capacity of targeted trade associations, small producer "cluster" groups, and NGOs to promote practical trade knowledge, skills and market access techniques. This training will promote free trade with Brazilian entrepreneurs, trade practitioners, and policy makers. Principal contractor is Development Alternatives Inc. (DAI)

Increase Private Sector Growth (\$800,000 DA). USAID will continue to support SME growth and participation in export markets. USAID will promote policy reforms to assist SMEs and associations in targeted geographical areas and selected clusters and sub-sectors to access financial services, market information, training opportunities and related assistance. USAID will also promote improved lending methodologies, incentive systems, policies and financial sector reforms to improve access to affordable credit and export services. Selected government agencies, banks, international financial institutions and nongovernmental organizations (NGOs) will be engaged in this effort as partners. Pilot interventions will serve as proving grounds for the policy reforms and technical assistance recommended by a USAID-supported advisory board consisting of public and private and civil society representatives. In addition, the advisory board will lay the foundation for the development of a SME trade "Roadmap" for access to export markets and pave the way for national replication. Principal contractor is DAI.

Protect and Increase the Assets and Livelihoods of the Poor. USAID will continue promoting USDA exchanges between GOB technicians and food security programs in the United States and sponsoring related workshops as well as supporting community-based pilot activities for replication by the GOB and other donors in the Zero Hunger Program target areas. In FY 2005 Brazil will build cisterns and promote innovative water security for household consumption and agriculture. USAID will seize this opportunity to run solar driven pumps that irrigate community gardens; this activity will provide new mechanisms to provide affordable and nutritious meals to poor residents. Training, micro-credit, and a small grants program will fund community-based income generation activities which have been integrated into this activity. The project will have a direct impact on 13,000 people and serve as a model for national replication by the GOB and other donors.

FY 2006 Program: Increase Participation in Global Trade and Investment (\$100,000 DA). USAID will continue to support free trade and FTAA initiatives through advocacy training and the promotion of practical trade techniques. Together with USAID regional activity for trade capacity building, USAID will support in-country trade roundtables and outreach activities, targeting trade associations to promote trade liberalization policies. USAID will engage public opinion makers, trade specialists, the GOB, and NGOs in FTAA dialogue. The principal contractor is DAI.

Increase Private Sector Growth (\$891,000 DA). USAID will continue its support for the SME growth and employment through trade-led activities and linkages to export markets. USAID will promote policy reforms and assist SMEs and small producer associations in targeted geographical areas. Selected cluster and sub-sector pilot activities will receive increased access to financial services, market information, training opportunities and related assistance. USAID will promote improved lending methodologies, incentive systems, and policy and financial sector reforms to improve access to affordable credit and export services. Selected government agencies, banks, international financial institutions, and NGOs will be engaged in this effort. These pilot interventions will serve as proving grounds for the reforms and technical interventions recommended by a USAID-supported SME project advisory board made up of key Brazilian public, private and civil society institutions. The principal contractor is DAI.

Protect and Increase the Assets and Livelihoods of the Poor (\$750,000 ESF). A USAID-managed cooperative agreement that is developing community-based pilot activities for replication by the GOB and other donors throughout the Zero Hunger Program target areas would be well underway by mid-2005 and a joint USAID-Ministry of Social Development evaluation would be conducted in FY 2005 as well. USAID is hopeful that this program would serve as a model for reducing food insecurity. Specific activities to be evaluated include the provision of cisterns and water security for household consumption and agriculture; the development of community restaurants and gardens; and community-based income generation activities. The impact evaluation would be used to help guide national replication efforts by the GOB and other donors. The key implementer is USDA.

Performance and Results: USAID has sponsored FTAA outreach events in several major industrial cities to engage public opinion makers and industry representatives in discussions on the benefits of free trade. In 2004, USAID conducted outreach seminars in three key cities in the North and Northeast of Brazil that attracted more than 1500 entrepreneurs and students interested in market access issues, financial services, and USAID's SME trade program. These successful seminars specifically targeted SME trade-led growth within the context of an FTAA. USAID conducted three roundtables in Brazil that contributed to expanded dialogue between U.S. officials and Brazilian business and trade experts on trade issues. USAID also sent in 2004 a group of Brazilian Senate staffers to Mexico for an objective assessment of the benefits of the North American Free Trade Act (NAFTA) and free trade in general in that country. Also, USAID sent a group of Brazilian congressional members to California to learn about renewable energy and energy trade related developments.

By the end of the strategic planning period, these activities will have contributed to the following

results: by 2006; a FTAA ratified and operational; strengthened U.S./Brazil bilateral relationship; increased SME trade within the hemisphere; increased U.S. access to Brazilian markets; increased public-private partnerships assisting SMEs; improved access to affordable SME trade credit; increased SME employment opportunities; and better targeting of social programs, with more efficient use of Brazilian government resources and increased use of microcredit in the Zero Hunger target areas.

US Financing in Thousands of Dollars

Brazil

512-011 SME Growth, Trade, and Poverty Reduction	DA	ESF
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	1,000	750
Expenditures	0	0
Through September 30, 2004		
Obligations	1,000	750
Expenditures	0	0
Unliquidated	1,000	750
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	846	0
Total Planned Fiscal Year 2005		
Obligations	846	0
Proposed Fiscal Year 2006 NOA		
Obligations	991	750
Future Obligations	0	0
Est. Total Cost	2,837	1,500