

## Data Sheet

<b>USAID Mission:</b>	Economic Growth, Agriculture and Trade
<b>Program Title:</b>	Poverty Reduction
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	905-201
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$23,997,000 DA
<b>Prior Year Unobligated:</b>	\$2,263,000 DA
<b>Proposed FY 2007 Obligation:</b>	\$19,849,000 DA
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** The Bureau of Economic Growth, Agriculture and Trade (EGAT) Poverty Reduction program focuses on broadening economic opportunity, enhancing economic security of the poor or those at the “base of the pyramid”, and promoting more accountable and responsive institutions. The program supports interventions that help rural and urban poor households accumulate productive assets, use these assets more flexibly and productively and earn higher returns, and preserve their assets in the face of adverse shocks. It also supports activities that increase the responsiveness of public institutions and services to the needs of the poor, while strengthening participation of the poor in local decision-making. This serves as notification of \$15,697,000 in addition to \$8,300,000 notified in the FY 2006 Congressional Budget Justification. These funds were previously notified under regional bureau strategic objectives supporting microenterprise development.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Protect and Increase the Assets and Livelihoods of the Poor (\$25,659,000 DA). Activities increase the productivity of small and micro enterprises owned and operated by the poor by expanding their access to appropriate business and financial services and by improving the business environment in which they operate. The program works with international microfinance networks on accelerating their access to capital markets. A major learning conference will be held in the spring that will bring together more than 300 participants to discuss vision, strategy, and implementation of activities to reduce poverty and spur growth. An innovative enterprise development impact assessment tool is being developed, and a value chain diagnostic and design tools will be ready for widespread mission use.

A new activity to help missions advance financial sector deepening, enterprise development, and livelihoods support for poor households is being launched. A new grant program is increasing access to financial services for the world's very poor, and is developing replicable processes, tools, and methodologies to enable financial institutions to serve very poor markets. Another grant program focusing on business development services is linking poor entrepreneurs into growing, profitable industry sectors. New research and pilot activities are: promoting rural, agricultural, and housing policy and finance; engaging youth through mentorship and training programs to develop entrepreneurial and computer skills; and strengthening institutional sustainability in areas devastated by HIV/AIDS. Agency-wide implementation of new poverty assessment tools is beginning, enabling USAID-assisted microenterprise development organizations to target their efforts toward extremely poor clients.

EGAT is focusing on property system reforms and their linkage to broader improvements in the business environment; is publishing a document on trade liberalization and poverty policy implications for donors and liberalizing countries; and is conducting policy-focused analysis on topics including remittances, conflict, fragility, safety nets, and on policies affecting migration and labor mobility. These efforts focus on pro-poor growth. Principal contractors and grantees: Small Enterprise Education and Promotion Network and its 50+ members including ACCION, FINCA, and Opportunity International, ACDI/VOCA, Development Alternatives, Chemonics, Harvard University, University of Maryland, Louis Berger International, QED Group, World Bank Consultative Group to Assist the Poor, Academy for Educational Development, Institute for Liberty and Democracy, Cornell University, Shorebank Advisory Corporation, International Housing Coalition, Woodrow Wilson International Center for Scholars, Weidemann

Associates, and First Nations International Development Institute.

Support Democratic Local Government and Decentralization (\$600,000 DA). Efforts include the building of public-private partnerships that mobilize resources for the expansion of key public services to the poor. Activities are improving relations among local government, business leaders, and community-based organizations and fostering more citizen involvement in infrastructure development, local decision-making, and more effective municipal government planning. Particularly important is the formation of city-to-city partnerships between urban management practitioners in the United States and those in developing countries, as well as South-South exchanges. Principal contractors and grantees: International City Managers Association, Cities Alliance, the Urban Institute, Research Triangle Institute, Planning and Development Collaborative International, Mendez England and Associates, the Woodrow Wilson International Center for Scholars, and Associates for Rural Development, Inc.

**FY 2007 Program:**

Protect and Increase the Assets and Livelihoods of the Poor (\$19,449,000 DA). Knowledge management, analysis, and dissemination activities will improve USAID staff capacity to design and implement more effective poverty reduction investments. EGAT will work to address the issue of youth unemployment, especially in conflict zones, as well as provide microfinance and microenterprise support after natural disasters. Activities will also explore approaches for integrating HIV/AIDS into microfinance and enterprise activities (i.e. developing health and life insurance products) and for providing better health services to the urban poor. EGAT plans to extend the World Bank's "Doing Business" methodology, which is designed to improve the enabling environment for private sector development, to the informal sector. Plans also include reaching down-market to the poor, often called the "Bottom of the Pyramid" approach, through value chain development and local economic development activities. EGAT intends to analyze the impact of remittances on households and local communities, as well as conflict, fragility, and poverty. It expects to extend the use of the website PovertyFrontiers.org to share best practice on policies affecting poverty. Principal contractors and grantees: Same as above.

Support Democratic Local Government and Decentralization (\$400,000 DA). EGAT plans to promote pro-poor local governance policies, economic growth, and greater access to public services at the municipal level. Emphasis would be on improved access to housing and water for the urban poor. Activities will support strengthening of local governments to effectively manage public services and creation of public-private partnerships in local communities to address issues such as unemployment, overcrowding, infrastructure financing, and property titling. Principal contractors and grantees: Same as above.

**Performance and Results:** In FY 2004, the latest year for which complete performance data is available, USAID's microfinance program, operating through more than 370 implementing partners, served nearly 3.8 million poor clients. The loans were valued in excess of \$2.3 billion, and approximately 63% of the clients were women. Approximately 5.4 million savings clients and more than 701,000 poor microentrepreneurs received business services from USAID-assisted institutions, resulting in improved market access, productivity, and earnings.

In April 2005, EGAT sponsored a major international conference on trade liberalization and poverty reduction to identify key issues related to World Trade Organization negotiations that will be used to help USAID, its partners, and other donors better understand and design policies and activities that maximize gains from trade liberalization for poor households. EGAT co-developed "Livelihoods & Conflict: A Toolkit for Programming," which will assist missions and partners to develop programs that are sensitive to the effects of conflict on the livelihoods of the poor and to employ sound practices to rebuild these livelihoods. EGAT provided technical assistance to strengthen local governance in Iraq and responded to the devastating disasters in the Asia Near East region by providing reconstruction aid for local government strengthening and by improving income generation activities in tsunami-affected municipalities including in India and Sri Lanka. Other successful results include a 56% job placement rate among urban youth participating in job skills programs in Latin America and Africa, and improved approaches to municipal finance, local governance strengthening, slum upgrading, and local economic development in more than 200 developing country cities. These impacts were achieved through alliances with non-traditional USAID partners including the International Youth Foundation and Lions Club International.

## US Financing in Thousands of Dollars

### Economic Growth, Agriculture and Trade

905-201 Poverty Reduction	DA
<b>Through September 30, 2004</b>	
Obligations	16,625
Expenditures	9,660
Unliquidated	6,965
<b>Fiscal Year 2005</b>	
Obligations	24,029
Expenditures	5,315
<b>Through September 30, 2005</b>	
Obligations	40,654
Expenditures	14,975
Unliquidated	25,679
<b>Prior Year Unobligated Funds</b>	
Obligations	2,263
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	23,997
<b>Total Planned Fiscal Year 2006</b>	
Obligations	26,260
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	19,849
Future Obligations	72,400
Est. Total Cost	159,163