

Data Sheet

USAID Mission:	Economic Growth, Agriculture and Trade
Program Title:	Poverty Reduction
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	905-201
Proposed FY 2004 Obligation:	\$6,872,000 DA
Prior Year Unobligated:	\$100,000 DA
Proposed FY 2005 Obligation:	\$6,870,000 DA
Year of Initial Obligation:	2004
Year of Final Obligation:	2009

Summary: USAID's Poverty Reduction Program focuses on improving the capacity of the poor to protect and enhance their household assets by increasing economic opportunity, enhancing economic security; and promoting more accountable and responsive institutions. The program supports interventions that build up and protect the assets of the poor, increase the returns on these assets, and help the poor to cope with external adverse shocks. Activities also increase the responsiveness of public institutions to the needs of the poor and strengthen the poor's participation in local decision-making processes that affect their lives. This strategic objective (SO) replaces SO 934-002 Improved Management of Urbanization in Targeted Areas and SO 933-010 Access to Economic Opportunities for the Poor Expanded.

Inputs, Outputs, Activities:

FY 2004 Program:

Microenterprise Development. (\$2,830,000 DA). Activities will expand the availability of business and financial services to poor entrepreneurs and their families. Financial and technical assistance will be provided to assist USAID Missions expand or enhance their programs and experiment with new efforts that extend financial services to poor clients and/or test new products that serve the poor. New research and pilot activities will focus on rural finance, housing finance, improving linkages between microenterprises and larger firms, improving microfinance institutions' access to capital, identifying contributions of the microenterprise sector to growth, and promoting reforms to create a better enabling environment for the informal sector. This program will also meet Congressional requirements to develop new poverty measurement tools. Principal contractors/grantees include Development Alternatives, Inc. (DAI), Chemonics, IBM Consulting, the University of Maryland, Louis Berger International, ACDI-VOCA, Management Sciences International, ACCION, FINCA International, Opportunity International, the Consultative Group to Assist the Poor, and the Small Enterprise Education and Promotion Network.

Poverty Analysis. (\$1,692,000 DA). This program will help reduce the poor's vulnerability through poverty analysis and the identification of measures to protect the assets of the poor. It also aims to help poor households stabilize and increase their assets and incomes. Funding will continue for research that identifies policies that expand the participation of the poor in economic growth. Efforts will focus on research already completed that can be easily integrated into mission programs to improve the livelihoods of the poor. A pro-poor communication strategy will be integrated into a system that more effectively shares knowledge about poverty with USAID missions, other donors, non-governmental organizations (NGOs), private sector partners, and client country governments. Principal contractors/grantees: DAI, the Boston Institute of Development Economics, Inc.; Institute for Liberty and Democracy; and First Nation International Development Institute.

Urban Programs. (\$2,350,000 DA) Activities will help promote economic growth, job creation, pro-poor policies that increase assets for the poor, and more equitable distribution of municipal services. Efforts will include building public-private partnerships that mobilize resources needed to finance public service expansion and improved operations and maintenance. Promoting partnerships between local government business leaders and community-based organizations will also help ensure greater participation of the

poor in local decision-making. Missions will be provided with tools and access to technical resources that will make cities function better. Particularly important will be the formation of increased city-to-city partnerships between urban management practitioners in the United States and in developing countries, and South-South exchanges. Principal contractors/grantees: International City Managers Association, the Urban Institute, Research Triangle Institute, Planning and Development Collaborative International, Abt and Associates, Community Consulting International, and the Woodrow Wilson International Center for Scholars.

FY 2005 Program:

Microenterprise Development (\$2,830,000 DA). Funds will be used to continue microenterprise grant programs and to shift program emphasis from knowledge generation to knowledge dissemination. The program's knowledge management, analysis and dissemination system will continue to improve USAID staff capacities to design and implement better and more efficient microenterprise development investments. It will also help other donors improve their effectiveness and raise the performance ceiling of the microfinance and enterprise development industry as a whole. Same implementers as above.

Poverty Analysis (\$1,690,000 DA). The program will promote property system reforms that enable the poor to participate in and benefit from economic growth. Activities will collect knowledge about the synergies that result from coordinating poverty reduction efforts in agriculture, microenterprise development, health, education, natural resources and urban management and will identify how to incorporate these synergies into USAID programs. Direct technical support, partnership building and urban strategy development activities will continue. Principal contractors and grantees to be determined.

Urban Programs (\$2,350,000 DA). Activities will continue to promote synergies between pro-poor policies, economic growth, and more equitable distribution of services--particularly at the municipal level. Urban programs will also continue to promote cross-sectoral analyses, planning and programming in areas such as HIV/AIDS, microenterprise development, environmental health, youth development and employment, and conflict prevention. Urban programs will also help Missions to address issues such as housing finance, property titling and cadastral systems in cities. Same implementers as above.

Performance and Results: USAID, operating through more than 500 implementing partners, served a record 5.6 million poor clients via loans for microenterprises and other purposes valued at \$1.3 billion. Some 94.3% of all loans outstanding were paid on-time. More than 65% of the clients were women, and more than 55% of the loans were held by very poor clients. USAID-supported institutions served 3.2 million savings account clients whose combined deposits totaled \$873 million, more than double that of 2001. Over 3.1 million poor micro-entrepreneurs received business development services from USAID-assisted institutions, resulting in improved market access, productivity and earnings. The increases in income and assets made possible by improved access to financial and business services are an essential ingredient in expanding economic opportunity and security for millions of poor households worldwide.

Poverty research activities produced several studies, papers, and an operations manual that will be used by USAID Missions to improve the design and implementation of pro-poor policy programs. These endeavors prompted the World Bank to launch a major new pro-poor policy research program modeled on USAID's effort. Poverty analysis activities also advanced national pension reform efforts in Russia, India, and Bosnia and spurred the coordination of a world-wide network of indigenous groups that will inform World Bank and other donor efforts to design and implement indigenous development grants.

Urban program activities helped establish alliances between the private sector and donors that resulted in 90 cities engaging in slum upgrading and more than 24 countries preparing local poverty reduction strategies. The Resource Cities/CityLinks Partnership promoted city-to-city exchanges between the U.S. and developing countries that resulted in improvements in solid waste management, financial management, local economic development, water services, and urban planning in 23 cities in Bulgaria, India, Kyrgyzstan, Jordan, Mali, and Thailand.

US Financing in Thousands of Dollars

Economic Growth, Agriculture and Trade

905-201 Poverty Reduction	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	100
Planned Fiscal Year 2004 NOA	
Obligations	6,872
Total Planned Fiscal Year 2004	
Obligations	6,972
Proposed Fiscal Year 2005 NOA	
Obligations	6,870
Future Obligations	72,400
Est. Total Cost	86,242