

## 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 2005 Obligation:</b>	\$10,600,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$8,300,000 DA
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** EGAT's Poverty Reduction Program focuses on broadening economic opportunity, enhancing the economic security of the poor, and promoting more accountable and responsive institutions. The Program supports interventions that help poor households accumulate productive assets, use those assets more flexibly and productively and so 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 the participation of the poor in local decision-making processes. This strategic objective (SO) replaces SO 934-002 Improved Management of Urbanization to Targeted Areas and SO 933-010 Access to Economic Opportunities for the Poor Expanded.

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

**FY 2005 Program:** Protect and Increase the Assets and Livelihoods of the Poor: Activities will increase the productivity of small and micro enterprises owned and operated by the poor, by expanding their access to appropriate business and financial services. The program will also identify ways to integrate these enterprises on more favorable terms into new markets and link them with larger firms. Financial and technical assistance will be provided to help USAID Missions to expand or enhance their support for microenterprise development, experiment with new ways to extend financial services to poor clients, and test new business services that sustainably benefit the poor. New research and pilot activities will focus on: promoting rural, agricultural, and housing finance; improving linkages between microenterprises and larger firms; improving the access of microfinance institutions to capital; identifying contributions of the microenterprise sector to growth; and promoting microeconomic reforms for a better enabling environment for the informal sector. The program will continue to work to meet Congressional requirements to develop low-cost, accurate poverty measurement tools.

In addition, poverty analyses will be undertaken to identify policies, institutions, and programs that help poor households increase and protect their assets and incomes, and thus reduce their vulnerability. Efforts will focus on research already completed that can be easily integrated into Mission programs. A new communication strategy will ensure more effective sharing of knowledge regarding poverty issues among USAID Missions, other donors, non-governmental organizations, and host country governments. Principal contractors/grantees include the Small Enterprise Education and Promotion Network and its 50+ members (including ACCION, FINCA, and Opportunity International, Development Alternatives, Inc., Chemonics, IBM Consulting, the University of Maryland, Louis Berger International, QED Group, and the World Bank's Consultative Group to Assist the Poor(CGAP)); the Institute for Liberty and Democracy; Cornell University; the Woodrow Wilson International Center for Scholars; Weidemann Associates; and First Nations International Development Institute.

**Support Democratic Local Government and Decentralization:** Efforts will include the building of public-private partnerships that mobilize resources needed to finance the expansion of key public services to the poor, along with improved operations and maintenance. The promotion of partnerships among local government, business leaders, and community-based organizations will

also help ensure greater participation of the poor in local decision-making. Missions will receive technical assistance on ways to make cities work better. Particularly important will be the formation of new city-to-city partnerships between urban management practitioners in the United States and in developing countries, as well as South-South exchanges. Principal contractors/grantees include: International City Managers Association (ICMA); the Urban Institute; Research Triangle Institute; Planning and Development Collaborative International; Abt Associates; Community Consulting International; and the Woodrow Wilson International Center for Scholars.

**FY 2006 Program:** Protect and Increase the Assets and Livelihoods of the Poor: Funds will be used to continue microenterprise grant programs and to shift program emphasis from knowledge generation to knowledge dissemination. Knowledge management, analysis, and dissemination activities will continue to improve USAID staff capacity to design and implement more effective microenterprise development investments. It will also help other donors improve their effectiveness and increase the performance of the overall microenterprise and small enterprise development industry. Agency-wide implementation of the poverty measurement tools will begin.

EGAT also plans to promote property system reforms to help the poor participate in and benefit from economic growth. Activities are intended to identify ways to increase the poverty reduction impact of efforts in agriculture, health, education, and natural resources management, and to help incorporate those improvements into USAID programs. Principal contractors/grantees: Same as above.

Support Democratic Local Government and Decentralization: EGAT plans to continue to promote synergies between pro-poor policies, economic growth, and more equitable access to services, especially at the municipal level. Improved planning and services may be promoted in areas such as HIV/AIDS, environmental health, youth skills development and employment, and conflict prevention. The program also expects to help Missions address issues such as housing finance, property titling, and cadastral systems in cities. Principal contractors/grantees: Same as above.

**Performance and Results:** In FY 2003, the latest year for which complete performance data is available, USAID's microenterprise program, operating through more than 433 implementing partners, served 4.1 million poor credit clients through active loans from USAID-supported institutions. These loans were valued at \$2.8 billion (including \$1.6 billion with Bank Rakyat Indonesia, an Indonesian bank with a very large microfinance clientele); 96.2% of all loans outstanding were paid on time. Approximately 65% of the clients were women; about 50% of the loans were held by very poor clients. USAID-supported microfinance institutions also served 4.5 million savings clients, whose combined deposits of \$1.3 billion represented an increase in portfolio value of almost 50% over 2002. In addition, more than 1.7 million poor microentrepreneurs received business development services from USAID-assisted institutions, resulting in improved market access, productivity, and earnings.

In FY 2004, EGAT also played an important leadership role in supporting the Agency's growing investments in urban development. EGAT managed technical and program support mechanisms strengthened the capacity of USAID missions and their development partners in 16 countries in areas such as municipal finance, strengthening municipal governance, improved provision of urban services, housing for the poor, and slum upgrading. EGAT sponsored training for staff from 27 Missions and Washington offices. Topics included local economic development, community development programs in conflict-affected societies, infrastructure finance, urban health, municipal responses to HIV/AIDS, and urban-rural linkages. Support for the Cities Alliance (a global alliance of 18 international donor partners, cities, and their development partners) expanded from 100 to 150 cities working to scale up urban upgrading and slum improvements. In addition, the CityLinks Partnership supported over 44 city-to-city exchanges (11 of them new) between U.S. and developing country municipal managers, who jointly tackled issues related to solid waste, financial transparency, local economic development, urban planning, and reducing corruption.

**U.S. Financing**  
(in thousands of dollars)

**905-201 Economic opportunities and services for the poor expanded**

	Obligations	Expenditures	Unliquidated
Through September 30, 2003	0 AEEB	0 AEEB	0 AEEB
	0 CSH	0 CSH	0 CSH
	0 DA	0 DA	0 DA
	0 DFA	0 DFA	0 DFA
	0 ESF	0 ESF	0 ESF
	0 FSA	0 FSA	0 FSA
	0 IDA	0 IDA	0 IDA
	0 TI	0 TI	0 TI
Fiscal Year 2004	0 AEEB	0 AEEB	
	0 CSH	0 CSH	
	16,625 DA	1,276 DA	
	0 DFA	0 DFA	
	0 ESF	0 ESF	
	0 FSA	0 FSA	
	0 IDA	0 IDA	
	0 TI	0 TI	
Through September 30, 2004	0 AEEB	0 AEEB	0 AEEB
	0 CSH	0 CSH	0 CSH
	16,625 DA	1,276 DA	15,349 DA
	0 DFA	0 DFA	0 DFA
	0 ESF	0 ESF	0 ESF
	0 FSA	0 FSA	0 FSA
	0 IDA	0 IDA	0 IDA
	0 TI	0 TI	0 TI
Prior Year Unobligated Funds	0 AEEB		
	0 CSH		
	0 DA		
	0 DFA		
	0 ESF		
	0 FSA		
	0 IDA		
	0 TI		
Planned Fiscal Year 2005 NOA	0 AEEB		
	0 CSH		
	10,600 DA		
	0 DFA		
	0 ESF		
	0 FSA		
	0 IDA		
	0 TI		
Total Planned Fiscal Year 2005	0 AEEB		
	0 CSH		
	10,600 DA		
	0 DFA		
	0 ESF		
	0 FSA		
	0 IDA		
	0 TI		
		Future Obligations	Est. Total Cost
Proposed Fiscal Year 2006 NOA	0 AEEB	0 AEEB	0 AEEB
	0 CSH	0 CSH	0 CSH
	8,300 DA	72,400 DA	107,925 DA
	0 DFA	0 DFA	0 DFA
	0 ESF	0 ESF	0 ESF
	0 FSA	0 FSA	0 FSA
	0 IDA	0 IDA	0 IDA
	0 TI	0 TI	0 TI