

Report

Reaching Down and Scaling Up: Into the Next Century

U.S. Agency for International
Development Microenterprise
Results Reporting for 1998



REACHING DOWN AND SCALING UP: Into The Next Century

U.S. Agency for International Development
Microenterprise Results Reporting for 1998



September 1999

Table of Contents

Acronyms	v
Executive Summary	ix
Introduction	1
USAID's Role: Past and Present	2
Two Steps Forward, One Step Back	5
1998 Funding to Microenterprise	8
Poverty Lending	8
The Microfinance Frontier	9
Saving For A Rainy Day	9
Scaling Up Microfinance	10
Linking to the Formal Financial Sector	10
Microfinance Survey Findings	12
Business Development Services	16
BDS Providers	17
BDS Clientele	18
Reaching the Poor	19
Building Sustainable BDS Programs	20
The Policy Context	21
Into the Next Century	22
Annex A: Microenterprise Results Reporting	24
Annex B: Microenterprise Funding Sources	27
Annex C: Centrally-Funded Microenterprise Programs	28
Annex D: Summary of USAID Microenterprise Funding by Country, 1990-1998	31

Acronyms

AIMS	Assessing the Impacts of Microenterprise Services Project
ARIES	Assistance to Resource Institutions for Enterprise Support
ANE	Asia and the Near East Region (USAID)
ATA	Aid to Artisans
BDS	Business Development Services
BHR/PVC	Bureau for Humanitarian Response/Office of Private and Voluntary Cooperation
BRAC	Bangladesh Rural Advancement Committee
BRI	Bank Rakyat Indonesia
CEM	Caisse d'Épargne de Madagascar (National Savings Bank of Madagascar)
CGAP	Consultative Group to Assist the Poorest
CIS	Office of Credit and Investment Staff
CRS	Catholic Relief Services
CUES	Credit Union Empowerment and Strengthening
CWE	Credit with Education
DA	Development Assistance
DFA	Development Fund for Africa
E&E	Europe and Eurasia Region (USAID)
EEPA	Employment and Enterprise Policy Analysis Project
ENI	Europe and the New Independent States Region (USAID)
ESF	Economic Support Funds
FFH	Freedom from Hunger
FFP	Private Financial Fund
FHI	Food for the Hungry, Inc.
FIE	Centro de Fomento a Iniciativas Economicas
FSA	Freedom Support Act
FY	Fiscal Year
GEMINI	Growth and Equity through Microenterprise Investments and Institutions
IGP	Implementation Grant Program
ILO	International Labor Organization
JRF	Jordan River Foundation
K-Rep	Kenya Rural Enterprise Programme
LAC	Latin America and the Caribbean Region (USAID)



MBP	Microenterprise Best Practices Project
MFI	Microfinance Institution
MIP	Microenterprise Innovation Project
MRR	Microenterprise Results Reporting
NGO	Non-Governmental Organization
NICO	Nabunturan Integrated Cooperative
NIS	New Independent States
NOA	New Obligating Authority
NRB	Nsoatreman Rural Bank
PISCES	Program Investments in the Small Capital Enterprise Sector
PRIME	Program for Innovative Microenterprise Expansion
PVO	Private Voluntary Organization
SAI	Special Assistance Initiative
SEEP	Small Enterprise Education and Promotion Network
USAID	United States Agency for International Development
VITA	Volunteers in Technical Assistance
WOCCU	World Council of Credit Unions

Executive Summary

Millions of households around the world rely on microenterprises as regular employment to provide the income that pays for food, clothing, shelter, school books and fees, and medical bills. During times of economic distress and special need, additional households also use informal business activities to generate essential income.

The United States Agency for International Development (USAID) has long promoted microenterprise development as an important strategy for assisting households at the lowest income levels. As the lead bilateral donor in this area, USAID is committed to investing in microenterprise development as a means of encouraging economic growth while maintaining strong support for those programs that make a special effort to reach poor households. Through its institutional partners, USAID extends its own reach and leverages resources from other sources so that microenterprise assistance organizations can become economically viable players in the community.

USAID pledged support to the microenterprise development community



Estabana Carrión with 2 of her children.
Courtesy ProMujer/Nicaragua

One Microentrepreneur's Story

During Hurricane Mitch, heavy rains caused serious flooding in northern Nicaragua. Many were forced from their homes as the water level rose above a meter. Estabana Carrión spent an entire night under her hut's badly damaged roof, where she desperately hung to a pole with her three small children clinging to her. The next day, when Estabana and her children inspected their small hut, they saw that the wooden walls had caved in and the straw roof had collapsed.

Prior to the hurricane, Estabana was a vegetable vendor in Chichigalpa and a client of ProMujer Nicaragua, a USAID-supported microfinance institution active in the area. The hurricane destroyed her valuable business assets such as buckets, produce baskets, and a 100-lb. bag of beans. Immediately after the hurricane, she restarted her business with her savings and began selling tomatoes in Chichigalpa. Today Estabana is rebuilding her home and her income. (Source: ProMujer)

in its Microenterprise Initiative, launched in 1994 and renewed in 1997. The accomplishments of 1998 go beyond prior years in fulfilling agency objectives to assist poor families achieve access to financial services and improve the quality of their enterprise activities.

- USAID's emphasis on scaling up microfinance programs contributed to a record number of clients being served through microfinance programs in 1998, with 3.5 million clients with active loans totaling \$1.3 billion.
- Average loan size for USAID-supported programs was \$389, with lower average loans in Africa (\$170) and Asia and the Near East (\$249).
- Of the active loans, 83 percent had an initial loan size of either less than \$300 (for Africa, Asia and the Near East, and Latin America) or less than \$1000 (for Europe and Eurasia).¹ 63 percent of the funds for financial service institutions were applied toward poverty lending programs.
- In 1998, 5.1 million persons, with savings of over \$800 million, participated in USAID-supported savings programs. For USAID-supported institutions, this is an increase of 139 percent in the number of savers from 1997.
- Women comprised 84 percent of all USAID-supported microfinance clients.
- There was 95 percent loan repayment in these programs on the active portfolio.

In 1998, USAID again exceeded its pledge of \$135 million to microenterprise development. Total funding to microenterprise programs was \$138.4 million. This represents a strong commitment by the Agency to build on the success of microfi-

nance programs and strengthen business development programs assisting microenterprises to grow beyond the survival stage.

- Of the 1998 funding to microenterprise, 68 percent went to financial services programs and 32 percent supported business development services and other non-financial activities.
- Non-governmental organizations (NGOs) and international private voluntary organizations (PVOs) comprised 73 percent of the 654 institutions supported through active USAID funding agreements in 1998. These organizations are engaged in a variety of services and activities to assist microentrepreneurs, including financial services such as savings and credit; business development services such as business skills training, information and market access services; and policy advocacy and research.
- In 1998, USAID supported financial activities in 61 countries and business development programs in 39 countries.
- Organizations providing business development services reported that in 1998 they had over 2.2 million clients; 80 percent of these clients were in rural areas where improved access to market outlets and cost saving technologies are critical needs. Most (62%) of the businesses assisted are agriculture-related. The majority of the USAID-supported business service organizations provide training, on-site technical assistance, and help with marketing linkages between buyers and sellers.
- Many business service organizations have focused their activities on poor

¹ The Europe and the New The Independent States (ENI) Region is now the Europe and Eurasia (E&E) Region.

entrepreneurs. USAID-supported organizations reported that 97 percent of their clientele was in the lowest income segment for that country.

- USAID-supported organizations also receive funding for improving the policy and regulatory environment for microenterprises and microenterprise assistance organizations. While this represents a small proportion of USAID funds – only 1.9 percent of financial funding and 10.3 percent of non-financial funding – efforts in this area often lead to profound improvements in microentrepreneurs' livelihoods and work environments.

In responding to crises in different parts of the world in 1998, USAID recognized the important role of microenterprise development strategies in assisting households to get back on their feet. USAID will continue to seek appropriate ways to support microenterprise development as a response to emergencies, as it did in the case of Hurricane Mitch.

Introduction

Despite the enormous growth in real wealth in the West in the last years of the 20th century, millions of poor people throughout the world have been left behind. One of the greatest development challenges has been to ensure that the poor, wherever they are, share in the benefits of economic growth. Even more challenging has been finding ways to extend economic opportunities to the most vulnerable: women, refugees, ethnic minorities, displaced persons, and the rural poor.

USAID has long promoted microenterprise development as a key component of its strategy to alleviate poverty while promoting economic growth. Microenterprise development programs strengthen communities by providing services not otherwise available to poor entrepreneurs. USAID supports a comprehensive approach to meet the needs of microenterprises, including credit and other financial services such as savings, and non-financial business development services. USAID also works to improve the policy environment for microenterprises since all too often the playing field for microentrepreneurs is far from level.

This year's annual report, "Reaching Down and Scaling Up: Into the Next Century," builds on the two primary themes for microenterprise development that were addressed in last year's report. Outreach to the poor and disadvantaged groups requires specific services and delivery techniques that have only



Millet Beaters in Mali
Photo by Nancy Key Dutton, Freedom From Hunger/Nyesigiso Credit

What are Microenterprises?

USAID limits its definition of microenterprise to businesses with less than 10 employees. A second defining characteristic is a low level of assets and the low income of the business and its owner. Often microenterprises involve only one person, the owner-operator. Employees may be unpaid family members. Microenterprises exist on the fringe of most formal economies, increasing in number when formal unemployment rises or when economic hardship strikes. Microenterprise activities often complement farming, particularly in Africa, blurring the distinction between smallholder agricultural and microenterprise assistance strategies. Typical microenterprise activities are simple food processing, handicraft production, repair services, dressmaking, and food vending.



Courtesy Aid to Artisans/Kyrgyzstan

Aid to Artisans, Kyrgyzstan

Aid to Artisans (ATA) has worked in Kyrgyzstan since 1995 as part of the USAID-funded Counterpart Consortium. ATA provided training and technical assistance in organizational development, product design and development, production management and marketing to producer groups throughout Kyrgyzstan. As a result, Kyrgyz felt-makers significantly improved their access to local, regional, and export markets and now earn consistent income through local craft fair sales, a retail shop in Bishkek, and export orders from the U.S. and Europe.

recently become recognized as “best practice,” after 20 years of refinement in the field.

The second theme, increasing program size and scale, is evident in the large number of microenterprise assistance institutions developing new products and services as a response to ever-growing demand. The greater participation of banks and other commercial institutions in microfinance offers the potential to address the financial needs of many more entrepreneurs and households. Scaling up is also the objective of many USAID-supported business development programs that focus on improving the quality of operations, productivity, and market access of microenterprises. This allows many more microenterprises to access the skills and information needed to go beyond mere survival to achieve real growth.

As with previous annual reports, this report highlights USAID’s progress in fulfilling the pledges of its Microenterprise Initiative. USAID’s commitment is evident from the findings of a survey of USAID field missions and their partner institutions that are presented in this report. The survey details the USAID-supported financial and business development programs in fiscal year 1998. (See Annex A for the survey methodology.) In addition to the successes, the report addresses areas where donors and practitioners continue to face new challenges in meeting established goals.

USAID’S Role: Past and Present

In the past decade, USAID has provided more than \$1 billion to microenterprise development.² Prior to this time,

²In 1989, USAID began tracking its annual funding to the microenterprise sector. Microenterprise Results Reporting (MRR), which provided the data for this report, is now responsible for collecting data on the Agency’s microenterprise activities. MRR is funded through a MicroServe Indefinite Quantity Contract under a task order to Weidemann Associates, Inc. Catherine Neill of Weidemann Associates wrote this report under the direction of Elizabeth Hunt and Katharine McKee of the Office of Microenterprise Development.

USAID funded a number of large microenterprise projects with activities spanning the globe.³ Since the late 1970's, USAID has been the leading bilateral donor promoting microenterprise development. Some of its earliest accomplishments came about through a strong research agenda that brought attention to the substantial size of the microenterprise sector throughout the developing world and laid the foundation for much of the later work.

To achieve positive results from its funding, USAID chooses its implementing partners selectively. USAID provides resources to strengthen institutions that deliver services to clients, helping the institutions to improve their services, expand their outreach, and enhance their sustainability. USAID has long been a leader in encouraging best practices worldwide to build knowledge about what does and does not work to accelerate the field's move up the learning curve. USAID frequently sponsors innovative training activities designed to disseminate best practices and build field capacity.

In the area of impact assessment, the Agency has taken a leadership role in supporting in-depth research to understand the impacts of microenterprise programs. It has also supported the development of practical tools for use by practitioners to assess client needs, and changes at the client, household, and community levels. Finally, in keeping with its role as a lead donor in the field, the Agency has helped spearhead several donor cooperative initiatives including the creation of the Consultative Group to Assist the Poorest

(CGAP), housed at the World Bank. CGAP now counts 26 multilateral and bilateral donors among its members.



Photo by Carol Stigger, Opportunity International/Russia

Who are USAID's Implementing Partners?

Microenterprise assistance institutions include international PVOs, local NGOs, business associations, credit unions and cooperatives, banks, other commercial entities and academic research institutions. (See Annex A for a breakdown of USAID's portfolio by institution type.) As the microfinance field has grown, new organizations have appeared on the scene, mostly evolving from NGOs. Non-bank financial institutions (and the regulatory instruments for supervising them) have been created in a number of countries to specifically serve the needs of the microenterprise community. While regulated, they are not governed by the same laws as banks.⁴ Of the 654 institutions supported through active USAID funding agreements in 1998, PVOs and NGOs comprised 73 percent.

³From PISCES (Program Investments in the Small Capital Enterprise Sector) through ARIES (Assistance to Resource Institutions for Enterprise Support) and GEMINI (Growth and Equity through Microenterprise Investments and Institutions), USAID's support to centrally-funded microenterprise projects has made it a leader in promoting sustainable financial service methodologies. In addition, research supported by these projects has accelerated an understanding of the microenterprise sector and microentrepreneurs' needs.

⁴For example, Bolivia has created a special type of institution called a private financial fund (FPF). FPFs are regulated financial intermediaries with a relatively low minimum capital requirement. A number of NGOs that have evolved toward commercial operations have taken on this status, which permits them to mobilize savings and more readily borrow commercially to support expansion of services.

The Microenterprise Initiative

By 1994, USAID was convinced of the importance of microenterprise development as a cornerstone of broad-based economic development. That year, with the critical support of the Microenterprise Coalition and some members of the U.S. Congress, the Agency launched a special Microenterprise Initiative. The Initiative was renewed in 1997.

Through the Microenterprise Initiative, USAID has committed to:

- (1) Maintaining women and the poor as its primary priorities, particularly through support for poverty lending,
- (2) Helping implementing organizations to reach greater numbers of people;
- (3) Supporting a commitment to institutional sustainability and financial self-sufficiency among implementing organizations; and
- (4) Seeking improved partnerships with local organizations.

The renewal of the Microenterprise Initiative included a number of quantitative targets for the Agency and its partners.

- At least half of all microenterprise clients of USAID-supported institutions will be women.
- At least half of all the USAID funds provided to microfinance institutions will be used to support poverty lending.
- At least two-thirds of the clients of the USAID-supported microfinance institutions will receive poverty loans.
- The average repayment rates for USAID-supported microfinance institutions will be 95 percent or above.
- Every USAID-supported microfinance organization will have a plan for reaching full financial sustainability within a credible period of time.
- In addition, USAID has set a target of 15 percent annual growth in the number of clients receiving services.



Hanan Walid Saber Alou Farba is a Group Lending and Savings member in the Mabatta urban refugee area in Jordan.
Photo by Susan Warner, Save the Children/Jordan

Two Steps Forward, One Step Back

The tale of microenterprise development after more than 20 years of support by USAID and other donors contains both successes and setbacks. In some parts of the world, microenterprise institutions have taken root and are displaying phenomenal results. Improvements in microfinance methodologies and advances in program management have allowed a handful of institutions to expand exponentially with far greater numbers of clients and larger loan portfolios than ever before. A trend among larger NGOs has been to either join forces with commercial banks or to become licensed as regulated institutions. Such developments provide an important benchmark in the microfinance field as it moves from experimentation to proven success and expansion.

At the same time, within the regions where MFIs have flourished there have also been disasters, both economic and natural, that have stressed microenterprises and the households that depend on them. This, in turn, places pressing demands on the financial institutions that serve them. In Latin America, the devastation of Hurricane Mitch is still being felt.

Throughout the world, conflict has upended economies and created thousands of refugees. In these settings, local microentrepreneurs struggle to make ends meet for their families.



*FINSOL client displaying her wares after Hurricane Mitch.
Photo by Robanna Mertens, ACCION affiliate FINSOL/Honduras.*

Microfinance in the Wake of Natural Disaster

In the fall of 1998, USAID responded rapidly to the crisis in Central America created by Hurricane Mitch. This late October storm caused major damage, an estimated \$5 billion in Honduras, Nicaragua, El Salvador, and Guatemala. By December, USAID was ready to unveil the Hurricane Mitch Microenterprise Recovery Fund to which it allocated \$5 million. The fund's purpose is to ensure that local MFIs have the available funds to respond to client needs as they rebuild. With increased liquidity, microfinance institutions are able to provide emergency loans, can permit those most affected by the storm to reschedule loan repayments, and can weather withdrawal of client savings. USAID worked together with the Inter-American Development Bank, which pledged \$12 million, to develop complementary assistance strategies.

A June 1998 report commissioned by the Office of Microenterprise Development addressed the role of microfinance institutions during times of natural disaster and assisted in informing donors and practitioners on the best steps to take in recovery. This timely report made useful suggestions on how microfinance institutions could best serve their communities while ensuring their own survival.

Following its experience with Hurricane Mitch, USAID's Office of Microenterprise Development brought together those who had responded to and survived this crisis, including microenterprise practitioners and other donors. The Office is now funding the design of a toolkit and other research activities to further inform the Agency and its partners in their response to natural disasters.



BRI Unit Desa customers making wayang or shadow puppets.
Courtesy BRI/Indonesia

The Unit Desa System of Bank Rakyat Indonesia (BRI) Rides the Storm

Beginning in mid 1997 and within the span of one year, Indonesia saw its currency fall in value by 80 percent while inflation soared to 50 percent. Economic recession hit hardest in the private sector, which resulted in large-scale layoffs. Microenterprises, particularly in rural areas, were less severely affected by the crisis but still experienced a slowdown in demand. Unfortunately, this crisis struck when Indonesia was experiencing its worst drought in 50 years. Drought appears to have had a more powerful effect on much of the rural economy than did the crisis.

When much of Southeast Asia began reeling from the waves of the financial crisis, BRI's Unit Desa System continued to thrive. The 3,700 Unit Desas located throughout Indonesia are small bank offices acting as individual profit/loss centers. Each unit makes micro loans and provides savings and time deposit accounts. The Unit Desa system, with a long history of USAID support, reported 2.5 million loan customers in 1998. Despite the problems felt by microentrepreneurs and low-income households in general, reduced demand for products and increased prices, loan repayment by microentrepreneurs and fixed-income households remained at over 97 percent and long term losses at under 2.2 percent.

But the most dramatic story has been the jump in savings held by BRI Units, as customers moved their savings to financial institutions in which they had confidence. Many private banks experienced runs and eventually closed leading the Bank of Indonesia to guarantee deposits at all banks. By contrast, the Unit Desas actually reported a sharp increase in savings accounts, totaling over 20 million in 1998.

FINCA/Azerbaijan: One Courageous Woman

Many of FINCA/Azerbaijan's clients are refugees from the on-going conflict between Azerbaijan and Armenia.

Laura Hanum is a refugee from Fizuli. She lives in Baku with her family. When she heard about FINCA, she was out of work, and her husband could find only occasional employment. To make matters worse, one of her children became very frightened during shellings and developed epilepsy.

When she heard about FINCA, she and several other women in Baku decided to form a Village Banking group. After a month of weekly meetings, the group received their first loan. With her portion, Laura immediately went to the wholesale market and purchased goods that she resold. She began doing a brisk business and started visiting the wholesale market once a week.

As a result of her efforts, Laura's family's life has improved. Not only can she afford her son's medical treatments, she can also purchase foods for her family that had been out of her reach, and in doing so has improved their nutrition and health. (Source: FINCA)

In parts of Asia, the financial crisis has left its imprint on the microenterprise sector, which once again has proven to be surprisingly resilient. Prior to the Asian financial crisis, some formal financial institutions had been very successful in extending sustainable financial services deep into the countryside. The most notable of these institutions is BRI, which, through its Unit Desa system, succeeded in providing financial services widely and profitably throughout rural Indonesia.

Economic uncertainty also reigns in Africa, which remains largely agricultural, and more vulnerable to economic crisis brought on by drought and other causes. Microenterprise activities play an essential role in Africa, supplementing rural household income and providing important employment opportunities during the agricultural off-season. Important work currently proceeding in Africa involves adjusting microfinance tools developed in urban areas to meet the needs of the rural poor. Recent US legislation, The Africa: Seeds of Hope Act, directs USAID to

develop microenterprise assistance strategies that better reach and support small-scale farmers and rural entrepreneurs.⁵

To meet the growing challenges in Africa and build on USAID's commitment to the region, USAID's Office of Microenterprise Development has launched an in-depth consultative process involving the Africa Bureau, USAID missions, other donors, and implementing partners to develop a microenterprise assistance strategy tailored to African needs and opportunities. Through consultation and collaboration, USAID will continue to advance its African programs, with particular emphasis on extending services to rural areas and farm-based families.

Within this evolving context, USAID has maintained a leadership role. This role can be seen in the Agency's responses to 1998 events and in its on-going efforts to strengthen microenterprise development programs worldwide.



Aster Geste with her water pump.
Photo by Tsbainesh Mesele, Catholic Relief Services/Ethiopia

Catholic Relief Services/Ethiopia

Aster Geste and her family left Eritrea and started a new life in Wonji, Ethiopia, where she had relatives. Not long after their arrival, her husband, an ex-soldier, was arrested, leaving her alone and responsible for their four small children.

When Aster heard about the Women's Savings and Credit program sponsored by Catholic Relief Services (CRS) in Wonji, she wanted to join right away. CRS/Ethiopia started this program in 1994 with 30 members; it has since grown to 200 members.

In 1994, Aster took out her first loan of about \$25. She started making and selling injera, a local bread. Once that loan was paid, Aster took out a loan for twice that amount to rent some land near the Awash River, a three-hour round-trip from her home. There she was able to harvest vegetables four times a year with her husband who had returned.

With her third loan of about \$80, Aster rented another piece of land. Then, in October 1996, the Wonji area was hit by a severe flood, causing Aster to lose half her harvest. Aster still paid off the loan on time! Since that time Aster has taken out two more loans, rented more land, and planted more vegetables. With a recent loan she purchased a water pump that has enabled her to expand her business and earnings.

TABLE 1. 1998 Microenterprise Funding by Region

	Financial Programs		Business Development Programs		Total	
	Amount \$ (US mil)	Percent %	Amount \$ (US mil)	Percent %	Amount \$ (US mil)	Percent total funding %
Africa	20.8	56	16.6	44	37.4	27.0
Asia/Near East	32.8	78	9.3	22	42.1	30.4
Europe/Eurasia	13.4	69	5.9	31	19.3	14.0
Latin America/Caribbean	24.4	75	8.0	25	32.4	23.4
Worldwide	2.6	36	4.6	64	7.2	5.2
Total	94.0	68	44.4	32	138.4	100

⁵The U.S. Congress enacted the Seeds of Hope legislation (PL 105-385) on November 13, 1998. The purpose of this bill is to "to support sustainable and broad-based agricultural and rural development in sub-Saharan Africa." In particular, Section 102 directs USAID to use microenterprise assistance "to improve the capacity and efficiency of agricultural production in sub-Saharan Africa of small-scale farmers and small rural entrepreneurs." This section also directs working with other organizations assisting microenterprise to "...develop a comprehensive and coordinated strategy for providing microenterprise assistance for sub-Saharan Africa."

1998 Funding to Microenterprise

In FY 1998, USAID again exceeded its pledge of \$135 million to microenterprise development. Total microenterprise funding for all regions was \$138.4 million. Of this, 68 percent was directed towards

financial programs and 32 percent channeled into non-financial programs. Financial services included funds for loan capital, institutional strengthening of microfinance institutions, and policy work directly affecting microfinance institutions.

Non-financial services, or business development services, included all other enterprise support work, such as technical assistance to poor entrepreneurs in marketing, production and distribution. Policy advocacy to improve the environment for microenterprises is also included under business development.

Funding spent in each region is shown in Table 1. Worldwide programs are headquartered in North America and working on a global basis.

Central bureau funds augmented funding by the regional bureaus for Africa, Asia and the Near East, and Latin America by \$13 million, \$5 million and \$11 million, respectively.

Table 2 indicates the amounts spent on microenterprise by each USAID bureau. Funding proportions for financial and business development programs for all bureaus have changed little since 1997, with the exception of the Africa Bureau, which spent a greater portion on financial programs in 1998 (34% in 1997 vs. 42% in 1998) as microfinance methodologies were applied more successfully to the African context. The Africa Bureau continues to support a large number of business development activities.

TABLE 2. 1998 Microenterprise Funding by USAID Bureau

	Financial Programs		Business Development Programs		Total	
	Amount \$ (US mil)	Percent %	Amount \$ (US mil)	Percent %	Amount \$ (US mil)	Percent total funding %
Africa	10.3	42	14.1	58	24.4	17.6
Asia/Near East	28.8	78	8.2	22	37.0	26.7
Europe/Eurasia	13.0	69	5.9	31	18.9	13.7
Latin America/Caribbean	14.2	68	6.8	32	21.0	15.2
Central	27.7	75	9.4	25	37.1	26.8
Total	94.0	68	44.4	32	138.4	100.0

TABLE 3. Percentage of USAID Funds Committed to Poverty Lending by Region, 1998

	Total Microenterprise Funding to Region (US mil)	Finance Programs	Percent of Financial Funding for Poverty Lending (%)
		Amount (US mil)	
Africa	24.4	10.3	56
Asia/Near East	37.0	28.8	59
Europe/Eurasia	18.9	13.0	72
Latin America	21.0	14.2	63
Central Bureaus	37.1	27.7	62
Total Bureaus	138.4	94.0	63

Poverty Lending

Because USAID is committed to promoting microfinance programs that reach the poor, it has pledged to ensure that at least half of the money used for financial programs will support poverty lending programs.

Table 3 demonstrates that in 1998, USAID met and exceeded its pledge.

The Microfinance Frontier

SAVING FOR A RAINY DAY

USAID's leadership in promoting innovative and sound approaches to microfinance is widely recognized among donors and practitioners. While many think of only credit when they hear the word 'microfinance,' there is much more to financial services than credit. One of the most important financial services provided by some microfinance institutions is access to safe vehicles for savings and deposits. Especially during times of upheaval or uncertainty, ready access to savings becomes critical to a household's ability to weather crises.

Savings: The Most Basic Financial Service

USAID/Madagascar's microenterprise activity, under the Financial Market Development Project, provides support to the Caisse d'Epargne de Madagascar (National Savings Bank of Madagascar or CEM), the country's foremost governmental financial institution serving low-income households.

Since 1993, USAID has provided almost \$1 million in technical assistance and training to improve CEM's financial management practices, its financial sustainability, enhance its customer service, and upgrade its management information technology and systems. The intent has been to guide the CEM's transition into an independent financial services institution.

Prior to USAID support and assistance, the CEM did not receive interest on its deposits at the National Treasury. By placing conditions on its assistance, USAID has enabled the CEM to offer its clients competitive interest rates and at the same time experience considerable growth in its asset base—a necessary precondition for its disengagement and independence from the state. In real terms, the CEM's asset base, now \$19 million, has more than doubled since 1993.

USAID/Madagascar plans to give CEM nearly \$1 million in assistance over the next three years. These funds will be used to develop new products and services to expand microentrepreneurs' access to financial services. The initial focus will be on wholesale lending to intermediary financial institutions.

Measuring the Impact of Microenterprise Assistance on the Poor

Over 80 countries have established baselines for poverty developed from income and consumption estimates. Yet these standards shed little light on the actual poverty conditions in which so many people live. USAID's AIMS Project⁶ is actively engaged in the search for improved poverty measures and field-based analysis of the impact of microenterprise development programs on the poor. USAID has funded studies that have begun to build a database as a foundation for understanding how microenterprise assistance strategies affect the economic status of microenterprise clients. This database goes beyond traditional income determinants of economic status, which have proved difficult to measure, to focus on assets, risk, and vulnerability for microentrepreneurs. Assets, such as land, housing or equipment, for example, are extremely helpful to households during times of unexpected crisis. Assets are a source of liquidity and can be used as loan collateral.⁷



With the help of Heifer Project alpacas which produce a higher grade of wool, mothers in the Bolivian highlands give their daughters hope for a better future.
Photo by Matt Bradley, Heifer Project International/Bolivia

⁶The AIMS (Assessing the Impacts of Microenterprise Services) project is funded by USAID's Office of Microenterprise Development. Impact assessments conducted in Uganda, India, Zimbabwe, and Peru under the AIMS Project and numerous other reports on the impact of microenterprise programs are available online at www.mip.org.

⁷See John Hatch and Laura Frederick, "Poverty Assessment by Microfinance Institutions: A Review of Current Practices." Microenterprise Best Practices Paper, August 1998.

SCALING UP MICROFINANCE

Following striking improvements in the design and implementation of financial services programs for the poor over the last 20 years, USAID has actively promoted several vehicles to extend these services to as many microentrepreneurs as possible. A common theme has been an emphasis on using sound financial practices in working with the poor.

USAID has encouraged several institutional developments to help financial service organizations become stronger and more independent. In a number of locations, NGOs have evolved into specialized financial institutions, increasing their clientele into the tens of thousands. Some of these NGOs have opted to transform into regulated financial institutions—an institutional framework that more readily allows them to access commercial sources of funds and mobilize savings. Many other older U.S. PVO's with historically broad missions have established specialized microfinance units.

Commercial banks have also become more interested in the microenterprise sector as competitive pressures force them

to seek new market opportunities. This latter trend, though currently small and mostly seen in Latin America and in parts of Asia, seems to have real potential to greatly increase the volume of lending to the microenterprise sector in select countries.

Linking to the Formal Financial Sector

In the early 1980s, the formal financial sector in most developing countries showed little interest in microenterprise clients. In many countries, financial policies provided little incentive for financial institutions to move in this direction. Today, financial sector liberalization is creating many more opportunities for participation by commercial banks and other regulated financial institutions in the microenterprise sector. This can be seen most clearly in Latin America where microfinance and the liberalization of financial policies have been largely successful.⁸

The emergence of banks as active players in the microfinance sector is having a profound effect on the development field. Banks already have an advantage over many NGOs in knowing how to achieve profitability. In addition, they frequently have an infrastructure in place to deliver services and, of course, they fully understand banking operations and regulations. What is new to banks is a commitment to serve microenterprise clients and develop the products tailored to meet these client needs. USAID has promoted forums in Africa and Latin America that have allowed bankers to discuss the challenge of reaching microenterprise clients profitably and share strategies for doing so.

K-Rep Bank: Africa's First Commercial Microfinance Bank

K-Rep Bank is the offspring of the Kenya Rural Enterprise Programme (K-Rep), an NGO. With USAID funding, K-Rep began making small loans to street vendors and other microentrepreneurs in Nairobi in 1984. Since that time, K-Rep has disbursed more than 60,000 loans to 25,000 microentrepreneurs, making it one of Africa's largest microfinance operations. As it has grown, K-Rep's non-profit status has constrained its ability to expand further. As a non-profit institution, K-Rep could not legally raise capital and was dependent on repayment, credit lines, and grants to fund new loans. In 1995, K-Rep decided to convert into a fully-regulated commercial bank. To achieve this goal, it worked with the Central Bank of Kenya to obtain a banking license and secure financial backing from international investors. Four years later, in March 1999, the Central Bank of Kenya officially licensed K-Rep Bank Ltd. as an autonomous for-profit institution.

⁸See Mayada Baydas, Douglas Graham, and Liza Valenzuela, "Commercial Banks in Microfinance: New Actors in the Microfinance World," USAID, Washington, D.C., 1997, and Elisabeth Rhyne, and Robert Peck Christen, "Microfinance Enters the Marketplace," USAID, Washington, D.C., 1998.

In 1998, USAID held a bankers' conference in Kenya on the opportunities and risks associated with microfinance in Africa.⁹ One of the institutions featured was the Nsoatreman Rural Bank (NRB) in Ghana, established by the government to stimulate economic development. NRB is one of 130 rural banks in Ghana. It has five branches and registered about 15,000 depositors in 1997, 74 percent of whom were women. In 1996, NRB entered into a three-year collaboration with Freedom from Hunger – a US-based PVO – to extend its program "Credit with Education" (CWE) to rural women's groups. By the end of 1997, CWE active loans totaled more than \$210,000 and comprised 9 percent of the bank's loan portfolio, and 15 percent of its loan clients. Moreover, CWE broke even 16 months after it was launched, 8 months earlier than projected.

USAID's 'Portable Guarantees'

The Office of Credit and Investment (CIS) in the Economic Growth and Agricultural Development Center is just one of the USAID/Washington offices that contributes funds annually to support the growth of microenterprise institutions. Through its 'portable guarantees,' CIS has enabled several successful MFIs in Latin America to expand their portfolios very rapidly. Throughout the world, banks have required substantial amounts of collateral from microenterprise institutions prior to making loans to these MFIs for on-lending. The CIS portable guarantee creates a stronger link between the MFI and the formal financial sector, because a bank can provide much more capital than the MFI could access through private or donor grants.

USAID provides a portable guarantee to the MFI, which can then 'shop' it with several banks to get better rates on loan capital. USAID covers 50 percent of the loss of principal in the event of loan default.

CIS has offered its portable guarantee to three strong Latin American MFIs: PRODEM in Bolivia, FIE in Bolivia, and Banco Solidario in Ecuador. The loan capital obtained with the help of these guarantees was especially important to PRODEM and FIE which had already exhausted the collateral they had available for new bank loans. These guarantees represent a significant investment by each institution, which must pay fees for the guarantee in addition to loan fees for commercial bank funds.



*Rural bank member doling out maize porridge to local Ghanaian children.
Photo by Betty LaDuke, Freedom From Hunger/Lower Pra Rural Bank, Ghana*

⁹See "Proceedings: The Commercialization of Microfinance Conference," Nairobi, Kenya, May 11-14, 1998, USAID, Washington, D.C. This can be accessed online at www.mip.org under 'Research and Publications.'

MICROFINANCE SURVEY FINDINGS

The 1998 MRR survey results include collated data from 288 actively-supported microfinance institutions worldwide: 72 from Africa, 102 from Asia and the Near East (ANE), 27 from Europe and Eurasia (E&E), and 87 institutions from Latin America. (See Annex A for details on the survey methodology.) Of this number, 40 percent received USAID funding in 1998.

In 1998, USAID-supported institutions increased their savings portfolios by 117 percent.¹⁰ A more dramatic increase occurred in the E&E region, reflecting USAID's support to the credit union movement in Poland. The number of savings members of USAID-supported institutions grew by 139 percent from 1997. Increased support of savings programs is especially evident in Africa.

In 1998, USAID-supported microfi-

nance institutions increased in both size and volume of lending activities compared to 1997. Active portfolio increased by 114 percent and clients increased by over 145 percent.¹¹ The greatest increases in numbers of clients being served occurred in Africa (64%), Asia and the Near East (over 300%), and in Europe and Eurasia (125%). USAID-supported institutions with more than 15,000 clients are rare in both Africa (5 MFIs) and the E&E (1 MFI) regions, but are much more common in ANE and LAC regions (13 MFIs in each region).

Average loan size of USAID-supported programs has decreased from \$445 in 1997 to \$389 in 1998. Average loan sizes differ considerably by region. Africa and Asia and the Near East have the lowest loan sizes at \$170 and \$249, respectively. The average loan size in Europe and Eurasia rose from \$703 in 1997 to \$1,100 in 1998. Average loan size in Latin

TABLE 4. Savings Clients and Savings Amounts by Region, 1997 and 1998

Region	Savings Clients ('000')			Savings Amounts (US \$ Millions)		
	1997	1998	Percent Change (%)	1997 (US \$ mil)	1998 (US \$ mil)	Percent Change (%)
Africa	144.6	904.5	525	20.0	56.0	180
Asia/Near East	1,008.0	2,317.2	130	92.5	83.7	-10
Europe/Eurasia	17.5	357.1 ¹	1940	3.5	153.1	4274
Latin America/Caribbean	948.8	1,490.9	57	256.8	515.5	101
Total	2,118.9	5,069.7	139	372.8	808.3	117

¹WOCCU/Poland, with funding from USAID'S E&E Bureau, reported over 220,000 savings members with savings amounts of \$150 million.

¹⁰A decrease in the amount of savings from 1997 to 1998 in the Asia/Near East region is due to reductions in savings held by USAID-supported organizations in Sri Lanka, Philippines and Indonesia. Currency devaluations also reduced the value of portfolio held. An increase in savings clients was reported in Bangladesh, Cambodia, and India where poorer clients save smaller amounts.

¹¹One large institution in Asia, the Bangladesh Rural Advancement Committee (BRAC) accounts for nearly two million clients. BRAC began as a relief organization in 1972, then expanded into an integrated community development program, and grew to become the largest NGO in Bangladesh by the 1990s. BRAC is more than an NGO. It also promotes education, health training, income and employment generation, skill development, financial intermediation, and technology development.

America and the Caribbean rose to \$872 from \$746 in 1997. In large part, this reflects an increase in reporting from the credit unions in both regions with a more mixed and longer-term clientele. Latin America is also the home of many mature microfinance institutions that issue successively larger loans to their repeat clients.

TABLE 7. Average Loan Size and Percentage of Women Clients, 1998

	Average Loan Size (US \$)	Percentage of Women Clients (%)
Africa	170	73
Asia/Near East	249	93
Europe/Eurasia	1,100	56
Latin America/Caribbean	872	62
Total	389	84

TABLE 5. Loan Portfolio of Institutions in 1997 and 1998, USAID's Active Portfolio

	1997 Loan Amounts (US \$ mil)	1998 Loan Amounts (US \$ mil)	Percent Change %
Africa	29.4	46.7	59
Asia/Near East	116.3	614.2	428
Europe/Eurasia	12.3	43.3	252
Latin America/Caribbean	487.1	679.0	39
Total	645.1	1,383.2	114

In all regions, the majority of clients are women in USAID-supported institutions. USAID has exceeded its goal of supporting institutions with at least 50 percent women clients. In 1998, 84 percent of borrowers from USAID-supported institutions were women, an increase of 17 percent.

TABLE 6. Clients of Lending Institutions in 1997 and 1998, USAID's Active Portfolio

	1997 Total Client ¹ ('000's)	1998 Total Client ('000's)	Percent Change %
Africa	166.8	274.0	64
Asia/Near East	611.1	2,464.0	303
Europe/Eurasia	17.5	39.4	125
Latin America/Caribbean	651.9	778.5	19
Total	1,447.3	3,555.9	145

¹MRR uses active loans as a proxy for active clients since it is extremely rare for an individual to have more than one outstanding loan with an institution at a time. Most financial institutions track only loans and not clients.

TABLE 8. Rural vs. Urban Settings, 1998

	Rural %	Urban %
Africa	46.3	53.7
Asia/Near East	76.9	23.1
Europe/Eurasia	18.1	81.9
Latin America/ Caribbean	41.4	58.6
Total	68.1	31.9

Efforts to extend microfinance services to rural areas, particularly in Africa, are growing. Asia has historically had MFIs with extensive outreach to rural areas. The newer MFIs in Europe and Eurasia are largely situated in urban centers.

USAID's commitment to very poor clients is seen in the data reported by microfinance institutions on the number of poverty loans in their active portfolio. 83 percent of all loans held at year-end by USAID-supported institutions were poverty loans. (Poverty loans for all regions other than Europe and Eurasia are \$300 or less. For the E&E region, poverty loans are \$1000 or less.) Poverty loans comprised only 67 percent of total loans in 1997.

In assessing loan portfolio quality of USAID-supported institutions, two primary indicators are loan repayment and loan loss rates. Repayment rates are calculated based on the amount of portfolio reported to be in arrears for 90 days or more.¹² Repayment rates throughout all regions, except the Latin American/ Caribbean region, continue to stay above 95 percent. Loan loss rates, or those loan amounts which must be written off by the institution, are reported at two percent or below for all regions except Latin America.

TABLE 9. Poverty Loans, 1998

	Total Micro Loans ('000's)	Poverty Loans ('000's)	As Percent of Total (%)
Africa	274.0	238.2	87
Asia/Near East	2,464.0	2,369.1	96
Europe/Eurasia	39.4	35.1	89
Latin America/ Caribbean	778.5	305.2	39
Total	3,559	2,947.6	83

TABLE 10. Average Repayment and Loan Loss for Microfinance Institutions, 1998

	Repayment Rate %	Loan Loss %
Africa	95.6	2.0
Asia/Near East	97.4	0.5
Europe/Eurasia	95.8	1.3
Latin America/ Caribbean	93.3	2.4
Worldwide	95.3	1.5

¹²Many institutions calculate arrears based on 30 days past due.

USAID requires that the institutions it supports have a credible plan for achieving self-sufficiency. Table 11 indicates the proportion of USAID-supported institutions that reported having achieved operational or full financial sustainability.¹³ Where 13 percent of the Latin American institutions had reported that they could cover the cost of their operations through revenues (operational sustainability) in 1997, this percentage increased to 30 percent in 1998. Another 31 percent met the higher standard of being able to cover the cost of obtaining funds (full financial sustainability) in 1998. Because many of the Latin American institutions included in USAID's portfolio are older, more mature institutions they have made greater progress toward achieving sustainability.

Where the percentage of institutions from all regions that have achieved operational sustainability rose from 9 percent in 1997 to 13 percent in 1998, the percent reporting financial sustainability declined from 26 percent to 15 percent. However, the proportion of clients served by sustainable institutions is higher than that served by those which are not yet sustainable. The larger institutions have made more progress on this front than the many newer institutions USAID supports.

TABLE 11. Financial Sustainability of USAID-Supported Microfinance Institutions, 1998

	Not yet Sustainable (%)	Operationally Sustainable (%)	Fully Sustainable (%)
Africa	83	11	6
Asia/Near East	89	1	10
Europe/Eurasia	82	7	11
Latin America/Caribbean	39	30	31
Worldwide	72	13	15

¹Data is self-reported by institutions.



Photo by Jon Warren, World Relief/Cambodia

¹³Because USAID's portfolio changes from year to year, depending on which institutions are funded under mission objectives, it is not possible to trace over time an identical set of institutions on their path to institutional sustainability.

Faulu Kenya: Trinity Clinic

Florence Kariuki, a Faulu (Food for the Hungry) Kenya client, is the owner of the Trinity Clinic in the Ngando slums in the southern part of Nairobi. Her clinic is in a small house that Florence has enlarged to accommodate some of the facilities that are required for a clinic, e.g., ward, kitchen, emergency case area, etc. In this small clinic, Florence delivers babies, gives immunizations, and attends to family planning cases. Florence delivers an average of 13 babies a week, but the recovery room can fit only three beds, and there are times when Florence is forced to have patients rest on a bench due to the lack of space.

Florence learned about Faulu in 1996 from a friend. She immediately decided to join the program. With her first loan of \$480, she bought drugs needed for the clinic. After this, her practice grew quickly. She has since received several additional loans from Faulu. Florence is now servicing a loan of \$3,000 and increased her employees from three to ten. Due to the high demand for medical treatment, her clinic now operates 24 hours a day.



Florence Kariuki in her clinic.
Courtesy Food for the Hungry, Inc./Faulu Kenya

Business Development Services (BDS)

While donors and practitioners have devoted the majority of their resources in the past two decades to refining microfinance methodologies, a number of practitioners have focused on enhancing the productivity of microenterprises through the provision of non-financial services. More recently, donors such as USAID have shown much more interest in improving the methodologies to implement BDS to achieve greater impact and scale within existing programs. Moreover, donors have recognized that the poor often need services other than credit to create sustainable enterprises that will help pull them out of poverty.

Business development services include a variety of programs that address constraints experienced by entrepreneurs such as poor product design, lack of inputs or market outlets, and insufficient technical or management skills.

This year's survey of microenterprise institutions was expanded to include those providing business development services to either microentrepreneurs or microenterprise assistance organizations. There were 82 institutions with USAID funds for this purpose that returned the survey. Of these 24 are located in Africa, 12 in Asia and the Near East, 30 in Europe and Eurasia and 15 in the Latin American/Caribbean region. One organization reported on its worldwide operations.

Of the institutions reporting, 94 percent were engaged in providing direct business services to microentrepreneurs (see Table 12 for a list of services provided). Of this number, 52 percent provided services to both entrepreneurs and organizations and another 6 percent provided services to organizations only. One-third received 1998 funds and the remainder have active USAID funding agreements from prior years.

BDS PROVIDERS

BDS providers were primarily PVOs (41%) and NGOs (38%). In addition, USAID funded business associations, cooperatives, for-profit organizations, and several research institutions, all of which have expertise in promoting business development.¹⁴ The average age of all organizations providing business services was 6 years; 33 percent were under 3 years and 12 percent over 10 years.

TABLE 12. Business Services Provided by USAID-Supported Institutions

Type of Service	Institutions Providing BDS (%)
Business management training	89
Entrepreneurship training	85
On-site technical assistance	85
Marketing linkages between buyer and seller	77
Mentoring	74
Access to inputs, equipment, processes, and skills	72
Market research and information	67
New product development and testing	65
Subsector research and information	61
Assistance with buying and selling products	60
Quality control of products	60
Trade fairs	55
Training in other areas, e.g. leadership	48
Subsector interventions	48
Other forms of business counseling and technical assistance	39
Information on taxing and regulations	37
Assistance with business licensing	35
Other kinds of marketing assistance	35

¹⁴By type of organization, those organizations with USAID funding to provide business services that responded to the survey included PVOs (34), NGOs (31), research institutions (5), for-profits (4), business associations (3), cooperatives (2), international consulting firms (1), government agencies (1), and USAID projects (1).

In addition to the services listed in Table 12, other services organizations provide on a regular basis include investor-partner matching, association development, NGO development and advocacy, information and experience exchange, documenting lessons learned, and environmental conservation.

The majority of the USAID-supported BDS programs (51%) work in tandem with financial services. In fact, 39 percent of the institutions also provide financial services, while others work closely with financial institutions to ensure that their clients have access to working capital and other financial services.

BDS CLIENTELE

There were 2.2 million individuals and 23,148 organizations that received BDS in 1998 from USAID-supported institutions. The majority of clients in all regions were women.

Many business development activities are designed for rural microentrepreneurs who are engaged in multiple income-generating activities. In 1998, the majority of the businesses (62%) reached by USAID-supported institutions were agro-related enterprises. Other sectors represented were commerce (10%), manufacturing (9%), service (9%), and other (10%).

Most BDS clients (79%) had been in business prior to receiving services, while 21 percent of the clients were undertaking new business activities.

"The experiences of Jordanian women have shown how it is possible to see businesses thrive among the most traditional of societies." Her Majesty Queen Rania Al-Abdullah



Courtesy USAID/Jordan

Jordan River Foundation, Jordan

The Jordan River Foundation (JRF), founded under the patronage of Her Majesty Queen Rania Al-Abdullah, has three primary enterprise projects: Jordan River Designs, Bami Hamida Women's Weaving, and Wadi Rayyan Wicker Furniture. Through the Wadi Rayyan Wicker Furniture Project, women are instructed in the craft of basket and mat weaving and hand spinning straw ropes. Bamboo and banana leaves that would otherwise be discarded are used to produce the diversified product line of quality wicker furniture for both local and international markets.

JRF invests in product development, maintains staff marketing expertise, and has a network of distributors throughout Jordan. JRF's delivery of business support services has resulted in increased sales revenues, which are used to cover production costs. Revenues from sales pay 70 to 80 percent of project costs. JRF has also been successful in scaling up its operations, reaching over 3,500 women, while keeping its outreach focused on poor rural women.

A new partnership in Jordan brought together JRF, Cooperative Housing Foundation, USAID, and the private banking sector to provide microfinance services to people living in the impoverished southern part of Jordan. JRF will provide business training to current and future microfinance clients.

The Microenterprise and Small Producer Support Project (MSP) in Peru

In Peru, there are an estimated 300,000 microenterprises engaged in handicraft production; in addition, 90 percent of all apparel and shoe production enterprises are microenterprises. MSP is currently engaged in four product sectors: handicrafts, wearing apparel, shoes, and products from the Peruvian Sierra, where low-income microentrepreneurs reside in large numbers.

MSP has reoriented Peruvian artisan production away from the traditional low-end U.S. markets (such as flea markets and small tourist shops) to the rapidly growing, high-end multi-billion dollar home furnishings market. Since the beginning of MSP activities in 1994, client sales have increased by \$23.7 million and 6,600 full-time jobs have been created within the assisted firms.

REACHING THE POOR

The BDS providers reported that 97 percent of their clients are in the lowest income quintile for their country.¹⁵ This suggests that USAID-supported BDS programs, like many microfinance programs, are reaching those in greatest need for improved opportunities for income generation.

While poverty loans (\$300 and less) are used as an indicator of a microfinance institution's service to the poor, there is not a single proxy for the poverty status of business development clients. However, 40 of the business service organizations reported 88 different programs supported by USAID in 1998 that are specifically designed to meet the needs of the poor. The programs include services such as counseling and dissemination of market information in rural areas, contract brokering in the garment industry, and business management training.



PROMUC vendor in Peru.
Courtesy PROMUC/ Peru

TABLE 13. Clients of USAID-Supported BDS Programs

	Entrepreneurs Served	Women (%)	Rural Clients (%)
Africa	34,876	57	40
Asia/Near East	2,175,552	93	82
Europe/Eurasia	6,662	59	23
Latin America/Caribbean	811	56	40
All regions ²	10,000	80	80
Worldwide	2,227,901	92	81

¹When BRAC is excluded, the overall percentage of women clients decreases to 76 percent.

²One organization reported on its activities that included work in several regions.

¹⁵If one excludes BRAC, 78 percent of all program clients are in the bottom fifth income bracket for their country.



A PRIDE/Formation training class for micro-entrepreneurs.
Courtesy VITA/PRIDE Formation, Guinea

On the Way to Cost Recovery in Guinea

PRIDE/Formation, begun by Volunteers in Technical Assistance (VITA), has developed an innovative and practical training program for microenterprises and small businesses in Guinea, one of the world's poorest countries. It has tailored its services to microentrepreneurs' needs by providing short-term evening courses in several local languages geared toward its semi-literate clients. PRIDE/Formation's success lies in its ability to modify and increase its training products to meet the changing needs of its clients.

PRIDE/Formation has also developed an affordable, cost-effective, two-tiered pricing structure for its training program. Individual entrepreneurs pay a lower price than institutions. This fee structure has made training affordable to a large number of microentrepreneurs, including many women. As a result of this approach, PRIDE has seen its level of cost recovery rise from 25 percent in 1996 to 73 percent in 1998.

BUILDING SUSTAINABLE BDS PROGRAMS

In business the best measure of demand for any service, including finance, continues to be an entrepreneur's willingness to pay for the service. Of the organizations responding to the survey, 46 percent charge fees for their services. USAID continues to strongly encourage this practice and the goal of increasing cost recovery to ensure that all enterprise support services are based on market demand and valued by clients.

There is still much debate as to the extent to which institutions providing business services should be able to cover the full costs of providing these services. Unlike microfinance institutions that often quickly reach a volume of loan activity that supports the cost of providing financial services, BDS providers typically evolve more slowly toward cost recovery.¹⁶ But some organizations are quickly demonstrating that BDS programs can recover costs when they are well managed and market-driven. PRIDE/Formation in Guinea is an example. (See box)

¹⁶See Clifton Barton, "Microenterprise Business Development Services: Defining Institutional Options and Indicators of Performance," Microenterprise Best Practices Paper, Bethesda, MD.

The Policy Context

USAID has long seen the insufficiency of promoting microenterprise development services alone within countries that have difficult legal and regulatory environments for microenterprises. Policy biases within the areas of agricultural policy, foreign trade, capital and labor markets, taxes, and business regulation and licensing have been identified as key areas affecting microentrepreneurs.¹⁷ This year for the first time the survey of USAID's development partners included those engaged in advocacy or research to improve microenterprise policies.

Of the total US dollars for microfinance, 1.9 percent (\$1.8 million) was spent to improve the policy environment for microfinance institutions. Of the total US dollars spent for non-finance, 10.3 percent (\$4.6 million) was spent on microenterprise policy research and advocacy. While these amounts are small, the dividends from efforts in this area cannot be overstated. Often changes in the policy and the regulatory environment can have a profound effect on microentrepreneurs. Laws and enforcement practices limiting the ability of street vendors to sell their wares without a license, for example, have significant implications for poor entrepreneurs who may have no other means to earn additional income. Policies affecting the regulation of NGOs that work closely with the microenterprise sector have strong implications for assistance to the poor. USAID-sponsored programs work to improve the policy environment for microentrepreneurs and the organizations that help them.

In the FY 1998 survey, 15 USAID-supported organizations provided details of their policy activities. Of these, six were from the NIS, five from Asia, three from Africa, and one from the Near East.¹⁸ The majority of these institutions (60%) are working on policies that affect microfinance institutions. All institutions in Asia and the Near East are involved in some aspect of microfinance policy, although two are working in non-financial areas as well. USAID is supporting the effort in seven countries to develop appropriate guidelines for the regulation and supervision of NGOs and other MFIs, as they take on more of the functions of formal financial institutions.¹⁹

All institutions surveyed from the NIS and one institution in Africa are effecting change in areas other than microfinance. In the NIS, in particular, emphasis has been placed on promoting independent business associations to advocate for and serve microenterprises. USAID has also provided support for streamlining business regulation and licensing (Kenya, Jordan, and Ukraine) and improving the business tax code in Uzbekistan.

Policy Advocacy in Central Asia

In the Central Asian Republics, Aid to Artisans has advocated on behalf of NGOs involved in the production of handicrafts to achieve fairer export regulations and ensure free competition with state-run organizations.

International Center for Economic Growth

In Kenya, USAID sponsored efforts by the International Center for Economic Growth to improve the working conditions for microentrepreneurs. These efforts focused on enhancing the security of tenure and improving access to workspace, road transport, electricity, water, and sanitation facilities to support microenterprise growth.

¹⁷Beginning in the 1980's USAID's Employment and Enterprise Policy Analysis (EEPA) Project identified a range of policies affecting small and microenterprises. See Robert C. Young, "Enterprise Scale, Economic Policy and Development: Evidence on Policy Biases, Firm Size, Efficiency, and Growth," Occasional Paper Number 52, International Center for Economic Growth, 1994.

¹⁸USAID has supported policy advocacy and research in Latin America, however, none of the institutions providing this service responded to this year's survey. In Bolivia, for example, USAID has provided support to the Superintendency of Banks in its efforts to create appropriate supervisory procedures for microfinance institutions.

¹⁹This is being funded in Cambodia, Indonesia, Jordan, Nepal, Philippines, Tanzania, and Uzbekistan.



*Crispina Canales and her husband in their newly expanded restaurant.
Courtesy WOCCU/CUES/Philippines*

WOCCU/Philippines: Crispina Canales

Crispina Canales started out in business with a small food stall in a rural community, located in southern Mindanao. The little restaurant served ten people at a time and featured five dishes, including her specialty - roasted pig.

Crispina learned that a local credit union, Nabunturan Integrated Cooperative (NICO), was offering loans to local businesses. She deposited \$7.50 in share capital and attended the required pre-membership seminar. Almost immediately she was eligible for a loan of \$37.50. With the loan, she purchased better equipment and hogs. Instead of depending on a farmer to supply her stock, she could raise her own. She quickly repaid the loan and was granted a second loan of \$125.

Three years later the eatery sales had increased by 50 percent. Crispina had saved so much that she was able to purchase over two acres of rice farmland for \$175. In 1999, Crispina took out a loan to expand the eatery, doubling its size. She now offers 30 different dishes daily and can feed 50 people at a time.

Today, Crispina uses all the services of her credit union. She has regular passbook savings accounts, share capital and available credit. She also uses personal and microfinance loans. After seven years in the credit union, her most recent loan was for \$2,375.

In 1998, NICO had 10,600 members. NICO is currently a part of a USAID-supported program run by the World Council of Credit Unions, Inc. (WOCCU) and Freedom From Hunger called CUES (Credit Union Empowerment and Strengthening) Philippines.

Into the Next Century

While USAID has made great strides in tailoring its programs to the specific needs of microenterprises, a number of important challenges remain. Lessons emerging from on-going experience in microenterprise development bring new challenges every day to make services more sustainable, more relevant, and more accessible to the very poor.

The first of these challenges is to continue to expand the range of microcredit products and other financial services. An impressive number of microfinance institutions in every region of the world are balancing the goals of poverty outreach and profitability. In some countries, commercial institutions are beginning to show an interest in this market. Yet evidence is emerging that there is great potential to expand the range of credit products available, so as to better meet client needs and reach down to poorer segments of the economically-active population. Emergency loans are one example of this. Insurance and safe savings vehicles are other important financial services that serve the needs of the poor.

The second challenge is to go beyond microcredit and microfinance. Rarely is access to a microloan of hundreds or even thousands of dollars sufficient to help a poor entrepreneur escape poverty by building a successful business. A critical lesson emerging from the field is that access to business services, such as market linkages and improved technologies, plays

an important role in efforts by the poor to boost their incomes, assets, and economic security.

A third challenge is to move beyond the cities. In the case of both microfinance and BDS, rural entrepreneurs are at a particular disadvantage in their ability to gain access to these services. USAID is encouraged by the experimentation its partners are undertaking to identify cost-effective means of outreach. These efforts are beginning to pay off as seen by the increase in loans to the rural population in Africa, for example.

A fourth challenge is to continue to cope with crises affecting the microenterprise sector. Increasingly the Agency and its partners are being called on to support microenterprise development as a response to crisis. This report has highlighted some of USAID's and its partners' recent responses to events in Latin America, Asia, and Europe.

Finally, a fifth challenge is to try to level the playing field for microenterprises. Experience has suggested how very important the policy and regulatory environment is to the ability of very poor entrepreneurs to launch and grow their enterprises. Poorly-defined access to space in urban markets exposes vendors to harassment by police and other vendors. Inheritance and property laws prevent women from obtaining title to business property and borrowing against that property. Unfair allocation of import licenses inhibits micro-scale firms from gaining access to the inputs on which their livelihoods depend. USAID will continue to support the tough work of creating a more enabling policy environment for poor microentrepreneurs and the institutions that serve them.



Courtesy PEOPLink/Guatemala

ANNEX A

Microenterprise Results Reporting²⁰

Funding Data

Microenterprise Results Reporting (MRR) is the primary system for collecting microenterprise data used within the Agency for planning and budgeting purposes. The funding data presented in this report is collected from USAID mission officers and microenterprise staff.

In the past year, MRR established an interactive database accessed via the internet by USAID missions which enter their funding data online. This system has greatly expedited the flow of information used to report on USAID-funded microenterprise activities. The public website contains previous years' reports and can be accessed at www.mrreporting.org.

Institutional Data

For FY 1998, MRR expanded the survey of microenterprise assistance institutions to include those receiving funding for BDS activities and policy advocacy and research.

The survey of microenterprise assistance institutions includes all institutions supported through active funding agreements with USAID, including umbrella organizations. In many countries, an umbrella institution is used to channel either funds or technical assistance to smaller implementing organizations. Working through umbrella agreements allows USAID to extend its outreach to many more organizations, hence underserved clients and regions. To better describe the results of USAID's funding efforts, MRR has attempted to obtain data from each of the implementing organizations assisted through an umbrella agreement.

In 1998, 288 microfinance institutions reported data on their financial service activities. Of this number, 114 received funding in 1998. The remainder had on-going funding agreements from prior years. Of the total number of microfinance institutions receiving funding for financial activities in 1998, 61 percent provided data for 1998.²¹ Many organizations with no data to report had recently received USAID funds to initiate new activities. The results of these activities will be presented in the FY 1999 report.

As in previous years, each institution was asked to report on the volume of

²⁰Microenterprise Results Reporting (MRR) is managed by Weidemann Associates, Inc., a US-based consulting firm, under a USAID-funded contract, MicroServe.

²¹Thirteen USAID projects were funded in 1998 for financial activities and had not yet subobligated funds to specific institutions at the time of data collection.

its lending activities and the percentage of its portfolio in poverty loans. Microfinance institutions in Africa, Asia and the Near East, and Latin America/Caribbean were asked to report on poverty loans with an initial loan size of \$300 or less. In Europe and Eurasia, financial institutions report on poverty loans of \$1000 and less. For the first time, all 288 microfinance institutions providing data were able to report on their poverty lending activities.²² In previous years, not all USAID-supported institutions had the capacity to report this data.

Of the implementing organizations providing BDS, 82 responded to the MRR survey. Of this number, 27, or one-third, received funding in 1998. There were 95 different institutions that received funds in 1998 for non-financial activities, including policy advocacy and business development services.²³ Many had first time USAID funding and no 1998 data to report. Fifteen institutions working in the area of policy advocacy and research reported data in this year's survey.

TABLE 14. Microenterprise Institutions Funded by USAID in 1998

	Total Obligations		Financial Obligations		Non-Financial Obligations	
	Amount (US \$000's)	Number	Amount (US \$000's)	Number	Amount (US \$000's)	Number
Banks	3,137	9	3,107	8	30	1
Business Associations	3,163	10	272	8	2,891	3
Consulting Firms	7,180	11	2,388	5	4,792	7
Coops/Credit Unions	4,261	29	4,061	28	200	1
For-Profit Organizations	2,578	5	1,907	2	671	3
Gov. Agencies	1,400	2	400	1	1,000	1
NGOs	25,541	75	20,229	55	5,312	21
Non-Bank Financial Institutions	20,027	7	20,027	7	-	0
PVOs	46,608	101	27,513	64	19,095	44
USAID ¹	14,934	20	9,709	13	5,225	9
Research Institutions	4,388	9	1,000	2	3,388	7
Other ²	5,228	14	3,429	7	1,799	7
Total ³	138,445	292	94,042	200	44,403	104

¹Mission projects that have not yet committed funds to particular institutions, mission support activities on behalf of microenterprises, and the technical assistance and support activities of the Office of Microenterprise Development.

²Includes institutions that do not fit into other categories, such as the International Labor Organization (ILO).

³Note that the total of all institutions does not equal the number for financial and non-financial institutions, as 12 institutions received funds for both types of activities.

²²Three of the total microfinance institutions had only savings data to report, hence poverty lending was not applicable.

²³Nine USAID projects were funded in 1998 for non-financial activities.

TABLE 15. USAID's Active Microenterprise Institutions 1998 Survey Respondents

Types	Total Active	Microfinance Survey	Business Development Survey	Policy Survey
	Number	Number	Number	Number
Banks	24	20	-	1
Business Associations	13	8	3	-
Consulting Firms	13	-	1	3
Coops/Credit Unions	76	45	2	-
For-Profit Organizations	12	3	4	1
Gov. Agencies	5	-	1	-
NGOs	313	163	31	2
Non-Bank Financial Institutions	11	7	-	-
PVOs	163	42	34	7
Research Institutions	10	-	5	-
USAID ¹	29	-	1	-
Other ²	14	-	-	1
Total	683	288	82	15

¹Mission projects that have not yet committed funds to particular institutions, Mission support activities on behalf of microenterprises, and the technical assistance and support activities of the Office of Microenterprise Development.

²Includes institutions that do not fit into other categories, including UN organizations such as the International Labor Organization.

ANNEX B Microenterprise Funding Sources

USAID funds microenterprise activities through four separate accounts and PL 480 monetized funds. The following appropriated accounts are currently active:

- *Development Assistance (DA)* is used for long-term development objectives worldwide;
- *Economic Support Funds (ESF)* are determined by the U.S. State Department for each country based on particular economic, political or military objectives;
- *Special Assistance Initiatives (SAI)* are appropriated by the U.S. Congress for specific foreign policy purposes; and,
- *The Freedom Support Act (FSA)* is an account established in 1992 to fund development activities in the New Independent States.

TABLE 16. Sources of USAID Funds for Microenterprise by Appropriation Account, 1990 - 1998 (US \$ millions)

Fund	1990	1991	1992	1993	1994	1995	1996	1997	1998
DA ¹	44.6	40.2	61.3	51.6	89.2	93.3	72.9	83.3	79.9
ESF	9.6	43.2	34.4	20.8	31.6	22.9	16.1	24.5	27.2
FSA							5.4	20.6	14.3
SAI							4.7	24.8	4.6
Local Currency	21.0	30.2	30.6	23.6	16.6	17.3	12.2	11.8	12.4
Total	75.4 ²	113.6	126.3	96.0	137.4	133.5	111.4	165.0	138.4

¹Development Assistance (DA) Funds include the Development Fund for Africa (DFA).

²Total does not add up because data on fund accounts not available for Colombia and Oman.

ANNEX C

Centrally-Funded Microenterprise Programs

To implement the Microenterprise Initiative, in 1994 USAID established its Office of Microenterprise Development, located in the Center for Economic Growth and Agricultural Development in the Global Bureau (G/EGAD/MD). The primary activity of this office is the Microenterprise Innovation Project (MIP) that serves as an umbrella for five interrelated programs and several special activities. Together, these programs work to advance knowledge, support best practices, and build local capacity to offer high quality, sustainable microfinance and business development services.²⁴

- The Implementation Grant Program (IGP) provides grants to US and international organizations for financial and business development services. The IGP is a competitively-run grant program that has provided funds to experienced implementing institutions. Its purpose is to promote innovations and expand microenterprise service provision by increasing the outreach and financial sustainability of financial service organizations and by improving the cost-effectiveness of BDS providers. All IGP agreements are performance-based and include annual implementation targets such as percent of women clients, number of loans outstanding, return on operations, and delinquency rates. The Office of Microenterprise Development performs periodic assessments to ensure that institutions have the capacity and resources needed to meet their development objectives. In 1998, USAID funded IGP grants totaling \$14 million.
- The Program for Innovation in Microenterprise (the PRIME Fund) cofinances microenterprise projects designed and managed by USAID missions overseas. The program's purpose is to improve the range, scope, and quality of USAID mission microenterprise initiatives. The fund focuses on local microfinance institutions and BDS practitioners and looks for improved service quality, outreach and financial sustainability. In 1998, USAID-funded PRIME projects totaled \$7 million.
- The Assessing the Impacts of Microenterprise Services (AIMS) Project goal is to gain a better understanding of the processes by which microen-

²⁴Further information on USAID's Microenterprise Innovation Program is available through its website at www.mip.org.

terprise services support clients and their households as they take advantage of opportunities and improve their economic and social well-being. Activities under the project include:

- Producing rigorous impact assessments through longitudinal field-surveys in three different regions;
 - Developing and testing impact assessment tools for use by international PVOs and local NGOs;
 - Providing technical assistance and training services to USAID missions and their partners in client and impact assessment; and,
 - Establishing a system of information exchange among experts and practitioners on current practice in impact assessment.
- The impact assessment tools consist of a mix of quantitative and qualitative instruments to be used by microfinance practitioners to understand client behavior and satisfaction and to assess the impact of their programs. Intended to be low cost, the tools permit institutions to generate credible and useful results within a limited time frame. Further information on the tools and AIMS publication are available at www.mip.org.
 - The Microenterprise Best Practices MBP Project expands the knowledge base of microenterprise practices through action research and publications, a grant facility, and information sharing. Best practices in the field of microenterprise development are documented and disseminated through case studies, review papers, seminars, and the MIP website. MBP is implemented through a group of organizations led by Development Alternatives, Inc.

- MicroServe contracts provide training and technical assistance to USAID missions and practitioners worldwide. The two main contractors, Chemonics International, Inc. and Weidemann Associates, Inc., provide this support.

The Office of Private and Voluntary Cooperation

The Matching Grants Program in the Bureau of Humanitarian Response/Office of Private and Voluntary Cooperation (BHR/PVC) has a long and successful history in assisting US-based PVOs and their local partners in all sectors strengthen their ability to achieve sustainable service delivery. PVC's support to the PVO community focuses on developing sustainable institutional capacity among its partners.

The Matching Grants Program has played an instrumental role in assisting PVOs in the development of their microenterprise programs. Matching Grants Program funds, for example, are supporting Plan International's efforts to develop a sustainable high-performance microenterprise program. The evolution of Plan International's microenterprise program has required the development of new methodological tools, technically proficient staff, and a significant change in the way this PVO implements, manages, and evaluates development projects. The Matching Grant Program is enabling Plan International to develop new systems, build staff capacity, and monitor and evaluate progress. Significantly, the implementation of microenterprise best practices has begun the transformation of this PVO's programming in other sectors from that of a charitable social welfare approach to one that increasingly emphasizes sustainable service delivery, technical performance, and strong partnerships with local NGOs.

Looking to the Future: Development Credit Authority

A new financing mechanism, the Development Credit Authority (DCA), is now available to support microenterprise development worldwide. DCA is a general authority that permits USAID to offer credit assistance (direct loans or loan guarantees) for any development purpose of the Foreign Assistance Act.

DCA is similar to existing programs administered by the Credit and Investment Staff (G/EGAD/CI) and the Office of Environment and Urban Programs (G/ENV/UP), however, DCA projects to benefit microenterprise will be initiated and managed by local missions, regional bureaus or the Office of Microenterprise Development. In the future, the Office of Microenterprise Development may initiate its own loan portfolio guarantees, bond guarantees or direct loans as another mechanism for assisting NGOs to graduate beyond donor subsidies and achieve greater independence and sustainability. Business service providers with strong operational histories may also be candidates for credit support through this vehicle. The Agency's DCA Team, located in the Credit and Investment Staff, is available to assist interested operating units (missions, regional bureaus, etc.) in identifying and evaluating valid credit opportunities.

In addition to supporting capacity- building initiatives with individual PVOs, the Matching Grants Program has been closely involved in developing PVO partnerships and networks. The Small Enterprise Education and Promotion Network (SEEP) serves as a center for best practice learning and information dissemination to the microenterprise community. SEEP excels in three areas:

- Facilitating collaborative research and lateral learning among diverse practitioners;
- Developing practitioner-oriented materials, including computer tools, training manuals, and working papers; and,
- Designing and, delivering training emphasizing hands-on and participatory methods.

The SEEP Network has produced materials on evaluation, credit program design, financial projections, poverty lending, and institutional development. SEEP currently has a Matching Grant designed to build the capacity of its 50 North America-based member PVOs and extend its proven capacity building services in developing countries through new partnerships with field-based microenterprise networks.

ANNEX D

Summary of USAID Microenterprise Funding by Country, 1990-1998 US\$ '000's

REGION	COUNTRY	1991	1992	1993	1994	1995	1996	1997	1998
Africa (AFR)									
	Benin							1,835	1,040
	Botswana	451	627	158					
	Burkina Faso	110	150						
	Burundi	1,020	2,171			543			
	Chad	270	258	1,635	10				
	Eritrea						200	200	
	Ethiopia					330	34		1,049
	Gambia	37	100	298	10		276		
	Ghana	250	1,050	505			2,584	4,515	4,448
	Guinea		4,054	1,409	2,210	2,210	500	401	73
	Guinea-Bissau	40	1,370		1,855		2,575	2,033	
	Kenya	1,608	1,084	270	1,650		2,000	2,904	1,717
	Madagascar	685	801		550		229	260	
	Malawi	5,482	3,466	1,953					
	Mali	3,346	4,329	175	8,251	1,160	148	417	809
	Mozambique	450	750	180	630		3,373	2,370	2,802
	Namibia			280	320	410	712	241	
	Niger			2,795	3		715		
	RCSA							400	
	REDSO/EA			260					
	Senegal	932	7,040	7,850	3,520	450	932	364	2,500
	South Africa			3,021		8,016	3,781	3,308	4,005
	Swaziland	1,879	3,327						
	Tanzania				1,558	1,478			200
	Togo	1,292	1,141						
	Uganda	2,328	2,330	3,358	2,582	2,416	3,044	5,481	5,162
	Zambia	570	153		500		600	1,000	616
	Zimbabwe	720	603	5,500	425		350	35	
	Regional Programs		491	100			800		
AFR Subtotal		21,470	35,295	29,747	24,074	17,013	22,853	25,764	24,421
Asia/Near East (ANE)									
	Bangladesh		1,500	250	650	1,165	5,670	8,639	7,663
	Cambodia			112	462	2,398			
	Egypt	24,892	35,554	11,000	17,376	16,020	10,000	15,000	15,000
	India							428	
	Indonesia	1,867	2,590		679	2,200		747	866
	Jordan			1,031	100		500	2,792	3,539
	Lebanon					2,045		1,000	1,000
	Morocco			210		1,500	3,600	1,450	990
	Nepal	840	1,980	2,260	1,950	1,200	50	1,170	1,855
	Pakistan	3,417	3,134						
	Philippines	23,866	4,820	2,666		4,802	8,411	3,000	2,746
	South Pacific	2,336	564						
	Sri Lanka	1,353	2,873	1,292	482	549	769	200	
	Yemen	821	658						
	West Bank/Gaza						1,888	2,499	3,311
ANE Subtotal		59,392	53,673	18,821	21,699	31,879	30,888	36,925	36,970
Europe and the NIS (ENI)									
	Albania				2,240	2,200	225	1,000	1,000
	Armenia						553	2,150	
	Azerbaijan						991	4,200	
	Bulgaria				1,564	1,400	771	132	524

ANNEX D
Summary of USAID Microenterprise Funding by Country, 1990-1998
US\$ '000's

REGION	COUNTRY	1991	1992	1993	1994	1995	1996	1997	1998
	Caucasus							6,940	2,000
	Central/Eastern Europe			2,614					200
	Croatia							500	
	Czech Republic				569	500			
	Estonia				224	150			
	Georgia				870		923	2,027	
	Hungary				1,197	730			310
	Kazakstan							244	1,377
	Kyrgystan				6,200		487	2,878	1,177
	Latvia				224	430			
	Lithuania				560	600			
	Macedonia					2,500	950	900	500
	Moldova								60
	Poland				7,756	4,976	1,693	19,088	
	Romania				896	500	1,405	3,200	2,050
	Russia				12,810	5,200	2,475	2,139	7,340
	Slovakia				896	500			
	Ukraine				2,100	450			2,403
ENI Subtotal		0	0	2,614	38,106	20,136	10,473	45,398	18,941
Latin America and the Caribbean (LAC)									
	Belize	342	266						
	Bolivia	1,442	2,136	3,548	5,532	7,652	1,775	1,800	3,230
	Caribbean Regional	1,021	1,005	1,000	4,610	600			
	Costa Rica	200	300	110	140	15			
	Dominican Republic			4,778	5,684	2,065	1,300	780	
	Ecuador			200	250	945	1,094	796	945
	El Salvador	11,863	11,882	9,898	19,120	7,788	2,478	3,214	3,800
	Guatemala			795		647	708	1,974	1,403
	Guyana			875	350	700		53	
	Haiti			2,030	1,180	760	3,148	2,868	3,698
	Honduras	9,783	8,307	6,190		1,187	587	914	
	Jamaica	356	745	946	743	696	442	389	
	Mexico		65					200	
	Nicaragua			627	101	1,744	448	1,222	1,440
	Peru	387	732	4,592	3,011	7,796	3,220	4,447	6,564
	Regional Programs							1,444	
LAC Subtotal		25,394	25,438	35,589	40,721	32,595	15,200	20,101	21,080
CENTRAL BUREAUS									
Global									
	Business Development Services								3,150
	Credit & Investment	400	500	450				61	573
	Emerging Markets		4,136				2,800		
	Microenterprise	2,595	3,145	3,793	4,909	22,416	20,194	28,534	24,994
	Housing (RHUDO)						300		
	Women in Development	216	730				645		
Global Subtotal		3,211	8,511	4,243	4,909	22,416	23,939	28,595	28,717
Bureau for Humanitarian Response (BHR)									
	Private & Voluntary Coop.	4,148	3,381	4,989	7,887	9,494	8,005	8,289	8,316
BHR Subtotal		4,148	3,381	4,989	7,887	9,494	8,005	8,289	8,316
SUBTOTAL for Central Bureaus									
		7,359	11,892	9,232	12,796	31,910	31,944	36,884	37,033
GRAND TOTAL									
		113,615	126,298	96,003	137,396	133,533	111,358	165,072	138,445

U.S. Agency for
International Development
Washington, DC 20523

