

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

PD-ABI-903
ISN-89029

ASSISTANT
ADMINISTRATOR

JUL 11 1991

MEMORANDUM

TO: See Distribution

FROM: AA/APRE, Henrietta Holsman Fore ^{H+}
AA/REG, R. Ray Randlett *RR*

SUBJECT: Administrator's Review of A.I.D.'s Microenterprise Program

Attached is the background document for the subject review, scheduled for July 15, 1991, at 09:30, in Room 5951. The review will begin with a presentation by Michael Farbman and APRE/SMIE staff, followed by open discussion of the issues.

Attachment: a/s

DISTRIBUTION:

ES, David G. Mein	A/AID/POL, Kathryn Morgan
DA/AID, Mark Edelman	DAA/APRE, George Laudato
DA/AID, Joan Wolfe	AA/S&T, Rich Bissell
A/AID, John Blackton	DAA/S&T, Ralph Smuckler
A/AID, Helen Sramek	DAA/S&T, Brad Langmaid
A/AID, Eric Phillips	A-AA/FA, Jack Owens (Acting)
AA/PPC, Regi Brown	XA, Steve Hayes
DAA/PPC, Rick Nygard	A-AA/OPNS, Tim Fry (Acting)
DAA/PPC, Larry Bond	GC, John Mullen (Acting)
AA/AFR, Scott Spangler	EOP, Jessalyn Pendarvis
DAA/AFR, Larry Sainers	FM, Mike Usnick
AA/ENE, Carol Adelman	HRDM, Tony Cauterucci
DAA/ENE, David Merrill	IG, Herb Beckington
DAA/ENE, Charles Weden	OFDA, Andrew Natsios
AA/LAC, Jim Michel	OSDBU, John Wilkinson
DAA/LAC, Aaron Williams	PPC/PDPR, Robert Kelly
AA/FVA, John Hicks (Acting)	PPC/PB, George Hill
DAA/FVA, Margaret Markin	APRE/SMIE, Michael Farbman
DAA/FVA, Sally Montgomery	

cc: A/AID, Gail Campbell

**ISSUES MEMORANDUM FOR THE ADMINISTRATOR'S REVIEW
ON A.I.D.'S MICROENTERPRISE PROGRAM**

A. PURPOSE OF THE REVIEW

To discuss the continuing unresolved dialogue among A.I.D., the Congress, and outside constituencies concerning A.I.D.'s microenterprise program, and to decide upon a series of actions that A.I.D. can take to bring closure to this issue.

B. STATUS OF THE DEBATE ON MICROENTERPRISE POLICY AND LEGISLATION

Despite four years of dialogue with Capitol Hill over microenterprise legislation, A.I.D. is faced with the prospect for Fiscal Year 1992 of the strongest, most restrictive language it has yet seen in this area. The House version of the current authorization bill (H.R. 2508) includes provisions that would:

- o Raise the microenterprise earmark for FYs 1992 and 1993 from \$75 million to \$85 million.
- o Create a sub-earmark of \$20 million for FY 1992 and \$30 million in FY 1993 for "poverty lending."
- o Continue to define poverty lending as loans of less than \$300, and urge that initial loan sizes be under \$150.
- o Require annual monitoring and evaluation reports to Congress on the microenterprise program.

Similar language is incorporated in S. 971, which has not yet been acted upon in the Senate.

At present, the prospects for enactment of these provisions are uncertain, and A.I.D. may well end up operating in FY 1992 under appropriations language that contains only the overall earmark.

Nevertheless, legislation of this type, with a strong emphasis on poverty lending (or, more appropriately, "anti-poverty lending"), appears to be gaining support among members of Congress. Regardless of the actual legislative outcome this year, which will be determined by forces beyond the microenterprise legislation, A.I.D. is likely to be faced with continuing pressure, particularly from the Subcommittee on International Economic Policy and Trade of HFAC, to carry out an anti-poverty lending program. Supporters of this program contend that A.I.D. has not been responsive to their central concern, i.e. reaching "the poorest of the poor and women," often defined as the lowest 20% of the income distribution.

In the past, A.I.D. has benefitted from the support of the majority of U.S. PVOs engaged in microenterprise development, and of the individuals who sit on A.I.D.'s Advisory Committee on Microenterprise. Recently, however, this support community has divided itself.

- o Several PVOs have gone on record as endorsing the HFAC legislation.
- o Citing frustration over the extended non-productive debate in this area, several members of the Advisory Committee on Microenterprise, including the chairman, indicated in a letter to Administrator Roskens a desire to withdraw from the Committee (see Attachment 1).
- o The executive director of a large, highly-respected microenterprise PVO wrote to the Administrator expressing his disappointment in A.I.D.'s level of commitment to microenterprise programs.

The problem, in all of these cases, is A.I.D.'s simultaneous opposition to legislation and lack of a proactive, Agency-wide action plan on microenterprise development and anti-poverty lending. As these groups see it, unless A.I.D. establishes credibility through a serious initiative on microenterprise and/or anti-poverty lending, including commitments of financial resources, increasingly restrictive legislation is both inevitable and appropriate.

In response to the incoming letters, Henrietta Fore met with several of the correspondents. The meeting was forthright, and left the impression clearly with A.I.D. attendees that A.I.D. must take some initiative to recognize and reflect in its program Congressional concerns. In Mrs. Fore's letter to all Advisory Committee members following that meeting, an invitation was extended for the members to send us their action suggestions so that they may be incorporated into this Administrator's Review. A summary of these responses is found in Attachment 2.

C. SUMMARY OF A.I.D.'S MICROENTERPRISE ACTIVITIES

The gulf between A.I.D.'s current microenterprise program and the requests coming from the Hill is not as wide as might be expected, though there are significant differences.

- o Microenterprise activities are deeply embedded in the fabric of the Agency, appearing in 51 countries. A.I.D. missions support hundreds of microenterprise activities.

- o Funding is widely dispersed by region, with Africa accounting for \$23 million, Asia for \$7 million, Latin America for \$28 million, and the Near East for \$22 million (none in Europe).
- o A.I.D. funding for microenterprise has been growing rapidly. A.I.D. should be able to meet a \$75 million or \$85 million earmark comfortably, including expenditures of local currencies in the total, as authorized in the legislation.

New Microenterprise Funding (U.S. Dollars, millions)

1988	1989	1990	1991 est.	1992 proj.
\$57.5	\$78.9	\$85.0	\$114.0	\$137.1

- o A.I.D.'s portfolio concentrates increasingly on loans. Funding for loans represents 48 percent of the total microenterprise program, or \$39 million (1990 actual).
- o Although many of the most successful A.I.D. microenterprise programs involve very small loans to the very poor, the Agency currently lacks data to gauge its ability to comply with a \$20 million or \$30 million sub-earmark for anti-poverty lending. The most recent count, over a year ago, found that while more than half of all loans made under the program were for \$300 and under, the total dollar volume of this lending amounted to only \$5.5 million. We believe, however, that this figure is growing. A best guess is that the Agency would come close, but would not meet, the proposed sub-earmarks, without explicit changes in programming.

Microenterprise Funding, by Uses (U.S. dollars, millions, 1990)

	Loans	Train- ing/TA	Inst. Support	Policy Reform	Other	Total
Volume	\$38.7	\$18.8	\$17.2	\$2.3	\$4.2	\$84.2
Percent	48%	23%	21%	3%	5%	100%

- o Training and technical assistance for microentrepreneurs remains a major activity throughout the A.I.D. network (23 percent).
- o Another 21 percent of funding supports the institutions that provide credit or training (i.e., trains their staff, provides advisors or equipment). HEAC staff endorse the principle that institutional support is important. The proposed authorizing legislation would allow A.I.D. to count institutional support for anti-

poverty lending institutions under the sub-earmark. No estimate is available of the dollar amount that would result from applying such a rule.

- o To date, policy reform is a minor use of microenterprise funding. Policy reform efforts are broad, and hence, are not identified as microenterprise activities, even though they may improve the business climate for microentrepreneurs.

In addition to funding levels, Congress has been concerned about the nature of the program.

- o While report language has urged that 50 percent of beneficiaries be women, A.I.D. estimates that about 37 percent are women. That number is quite hard to alter.
- o While report language has urged that A.I.D. concentrate on the poorest 20 percent of the population, A.I.D. finds its beneficiaries distributed broadly across all segments of the poor majority.
- o Contrary to popular conception, the microenterprise program is not primarily run through U.S. PVOs. Other intermediaries include indigenous PVOs, government agencies, financial institutions and consulting firms. U.S. PVOs probably receive considerably less than half of all funding.

D. POSSIBLE COURSES OF ACTION

A.I.D. must come to some resolution with the Hill and with the U.S. PVO community regarding its microenterprise program. It must either embrace microenterprise -- including anti-poverty lending -- or must distance itself decisively from the field. Four alternative stances are briefly sketched here. ?? Why?

1. Reject Poverty Lending. At one extreme, A.I.D. could inform the Congress that it considers itself an inappropriate vehicle for financing and implementing poverty lending programs. A.I.D. could recommend that Congress look elsewhere, for example to the establishment of a separate foundation.

Benefits:

- o A.I.D. would not have to force its microenterprise efforts to meet rigid and arbitrary definitions, such as a \$300 loan limit or focus on the poorest 20 percent. The size and nature of microenterprise efforts would be determined by missions as needed.

- o This option is desirable for those who believe that credit for the very poor is not compatible with A.I.D.'s development philosophy or mission.

Costs and Risks:

- o If Congress does not accept A.I.D.'s request, it would backfire, leading to more tension and restrictive legislation.
- o If an alternative such as a foundation is accepted by Congress, funding would likely be taken from Function 150, with the opportunity cost payable by A.I.D.
- o This option is not desirable for those in and outside A.I.D. who believe that credit for the poor has a place in A.I.D.'s mission.

2. Maintain the Status Quo. The status quo consists of continuing to oppose the legislation, while carrying out actions now in process, e.g. dialogue with the Advisory Committee; implementation of the microenterprise monitoring system (MEMS); the GEMINI Project; the Peace Corps PASA; and the FVA/PVC matching grant program.

Benefits:

- o This option would be easy to implement, as it is essentially already in place.

Costs and Risks:

- o This option would continue, rather than resolve the microenterprise debate. The external observers agree among themselves that A.I.D. is not currently doing enough. Results would include:
 - Diversion of management and microenterprise staff to maintaining an unproductive dialogue in lieu of getting on with running a program of excellence.
 - Tense relations with the Hill and to a lesser degree with the U.S. FVOs can damage A.I.D.'s dealings on other subjects.
 - The probability of increasingly unpalatable legislation would grow.

3. Carry Out a Credible Action Plan, and Embrace Anti-Poverty Lending. A.I.D. could implement an action plan designed to convince observers of the Agency's serious commitment to microenterprise -- including anti-poverty lending. The key credibility-building elements are: 1) clear leadership signals from the highest levels of the Agency; 2) specific management steps to focus the Agency's program more clearly and meet earmarks; and 3) a small but highly visible fund focused specifically on lending to the very poor.

Benefits:

- o This plan has a good chance of significantly reducing tension because it combines the elements observers have been requesting: leadership, direct funding, specific Agency-wide actions, with emphasis on anti-poverty lending.
- o The quality of A.I.D.'s microenterprise programming would benefit from the actions proposed.
- o A small, high profile fund for anti-poverty lending would earn a great deal of confidence at a relatively small cost (see Attachment 3). It could also be a vehicle for promoting financial viability among programs.
- o Recent experience tells us that the shift in our program that would result (i.e. a greater emphasis on very small loans) could be accommodated.

Costs and Risks:

- o This plan has moderate direct cost implications:
 - One or more FTE positions, for anti-poverty lending advocates on A.I.D./W staff.
 - Dollar resources of about \$10 million centrally, and possibly more from regional budgets.
- o Even a substantial decrease in tension may not result in less restrictive legislation.

4. Request a Funded Earmark. A.I.D. could state that it is prepared to increase its microenterprise and anti-poverty lending program, but cannot do so without a funded earmark. A significant portion of those in favor of the microenterprise legislation will be satisfied by nothing less than major new funding, aimed specifically at very small loans.

Benefits:

- o A funded earmark would relieve the current annual scramble to find funds to meet the earmark from otherwise un-earmarked dollars and local currencies.
- o A.I.D. may never resolve the microenterprise debate short of major expansion in its microenterprise program, which would necessitate Congressional funding.

Costs and Risks:

- o As the overall foreign assistance budget is unlikely to increase to incorporate microenterprise, a funded earmark would further restrict A.I.D.'s budgetary discretion.
- o Under a funded earmark, the microenterprise program would have to become more centralized. Decentralization is, however, seen as one of its strengths. Centralization would have FTE requirements.
- o Congress is unlikely to pass a funded earmark on microenterprise.

E. PROBLEMS THAT MUST BE OVERCOME

1. Perceptions Must Change. A.I.D.'s microenterprise portfolio differs only moderately from what supporters of the legislation call for. The greater gulf is in perception. A.I.D. is seen as dragging its feet on microenterprise, as not viewing microenterprise as an important aspect of development, and as being disdainful toward poverty lending.

Our aim at this point ought to be to formulate and carry out a set of actions that credibly dispel the aura of resistance. We cannot cross the threshold without: 1) leadership from the top of the Agency; 2) specific resource commitments; and 3) more explicit attention to anti-poverty lending.

2. Actions Will Require Personnel and Budget Resources. FTE Requirements are likely to consist of one central advocate for anti-poverty lending, and equivalent positions in regional bureaus.

Budget requirements include a small (\$10 million) central fund, as described in Attachment 2, which could leverage mission dollar funding and local currencies. Similar funds could be set up in the regional bureaus and FVA/FVC.

These levels of resources are not beyond Agency capacity, and can be easily justified in terms of decreased tension and a better microenterprise program.

3. Agreement on Actions. The Agency must agree upon a series of management steps that constitute an action plan (see Attachment 4). Proposals include:

- o Leadership statement to missions and central bureaus demonstrating commitment and calling for follow-through by the Agency (see Attachment 5).
- o Continued statements of commitment by the Administrator and AAs throughout the year.
- o Regional bureaus to develop proposals for increasing commitment to microenterprise, including specific funds, directions to missions preparing CDSSs, etc.
- o Appointment of an anti-poverty lending advocate.
- o Field missions to designate a microenterprise liaison.
- o A microenterprise conference in each region during 1991-1992.
- o Improvement in the process of tracking compliance with the earmark.
- o Revision of the Microenterprise Development Program Guidelines (PD-17).
- o Institution of a "Microenterprise Program of the Year" award.

F. ATTACHMENTS

1. Correspondence between A.I.D. and members of the Advisory Committee on Microenterprise.
2. Summary of action suggestions from Advisory Committee members.
3. Proposal for a central matching fund for an anti-poverty lending program.
4. Proposed action plan.
5. Draft cable for Agency-wide distribution.

NEW TRANSCENTURY FOUNDATION

1724 Kalorama Road, N.W.
Washington, D.C. 20009-2624

JOHN T. BIGBY
PRESIDENT

April 24, 1991

TO: Honorable Ronald Roskens, Administrator
Agency for International Development

FROM: Members of the Advisory Committee
on Microenterprise Development

You will soon receive the formal Report of the Advisory Committee on Microenterprise Development on its March 18-19 meetings (when you joined us).

This separate communication is to advise you of some major concerns that surfaced at the Committee meetings on the role of microenterprise at A.I.D. and the Committee's future.

Without a clear, defined program at A.I.D. to promote microenterprise, continued participation by Committee members is questionable. Many of the Committee members are concerned that A.I.D.'s relationship to Congress on microenterprise issues — with Congress charging inaction by A.I.D. and A.I.D. charging micromanagement or interference by Congress — consumes a great deal of energy and effort while serving primarily to preserve the status quo.

The ACME members whose names appear below urge that A.I.D. seize the initiative to go beyond earmarkings and palliatives. We specifically recommend that A.I.D. formulate a true Action Plan on microenterprise development, with the following essential elements:

1. Allocation of at least \$100 million in new funds to promote microenterprise worldwide as part of A.I.D.'s private sector development initiative, recently given new impetus through your policy directives. This would leverage increased support in Regional Bureau programs (something that earmarks and responses will not do).
2. The A.I.D. PVO office should define and commence a grant program of at least \$30 million for PVOs involved in credit for the poor and be asked to report to Congress on its use.
3. The new microenterprise monitoring system (MEMS) should be actively implemented worldwide by the APRE Bureau, to enable improved Congressional reporting on existing or planned microenterprise activities worldwide.

Honorable Ronald Roskens, Administrator
April 23, 1991
Page 2

If these initiatives are taken, the Committee members listed below stand ready to continue to offer guidance and advice on how they might work. However, without a major new thrust by A.I.D. in this area and clear evidence of top level A.I.D. commitment, our continued Committee involvement is in question.

Respectfully submitted, John T. Rigby

Committee members associating with this Statement:

1. Janet Tuthill
2. Mary Houghton
3. Jeffrey Ashe
4. Margaret (Peggy) Clark
5. John Hatch

cc: Henrietta Fore
Ross Bigelow



Agency for International Development
Washington, D.C. 20523

MAY - 3 1991

Assistant Administrator for
Asia and Private Enterprise

Mr. John T. Rigby, President
New TransCentury Foundation
1724 Kalorama Road, N.W.
Washington, D.C. 20009-2624

Dear Mr. Rigby:

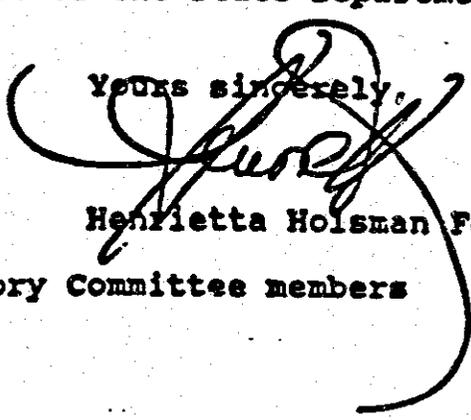
Dr. Roskens has asked me to respond to your note of April 19 conveying to him the Report of the Advisory Committee on Microenterprise Development's meeting of March 18-19, and to the memorandum of April 24 providing suggestions for elements that you and some of the Committee members believe should be in the Agency's microenterprise action plan.

Let me suggest that we talk informally -- and soon -- about the Committee's Report and the memorandum. I also would like to include in this discussion any other Advisory Committee members who are available, and I am copying this letter to them to invite their participation. It is especially important to meet soon, since we have an Administrator's review planned for later this month to look at the overall microenterprise program. Dr. Roskens will preside at that internal review. I would like to clearly understand your views and those of other members before the review with him.

The Administrator and I appreciate the energy and leadership you have provided to the Committee over the last three years and the significant contributions that you and all the members have made to advising A.I.D., despite the often frustrating conflicts that have been a part of the microenterprise debates during ACME's tenure.

You will be returning from Asia, I understand, a few days before I return from Central America. Your office has booked an appointment to meet in Room 6210 of the State Department at 9:30 a.m. on Thursday, May 16.

Yours sincerely,



Henrietta Holzman Fore

cc: All Microenterprise Advisory Committee members
DA/AID, John Blackton
A/AID, Helen Sramek



Agency for International Development
Washington, D.C. 20523

Assistant Administrator for
Asia and Private Enterprise

JUN 14 1991

Mr. John T. Rigby, President
New TransCentury Foundation
1724 Kalorama Road, N. W.
Washington, D. C. 20009-2624

Dear John:

The informal session of the Advisory Committee on Microenterprise on May 16 was very useful for A.I.D. and me. I was pleased that members Chris Baker, Peggy Clark, Larry Frankel, Mary Houghton and Tom Timberg were able to join you, me and our staff for this discussion.

I know how committed we all are to finding the best methods of encouraging microenterprise development worldwide. The concerns and thoughts of the attendees for this informal meeting came through clearly. It was a good discussion of our past and future microenterprise development plans and strategies.

As I promised at the May meeting, enclosed are two lists:

- o Actions we will take in A.I.D. as a result of your collective suggestions (Attachment A); and
- o Suggestions for the agenda of the Advisory Committee on Microenterprise for the coming year (Attachment B).

Your reactions to both lists are welcome. For the second list, please note topics where the Committee's input would have the greatest effect, those in which you are interested personally, and/or any other topics which you believe we should add.

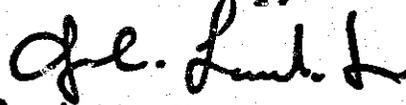
In addition, your reactions to our Microenterprise Report to Congress, sent to you earlier, would be appreciated. Please respond by June 30, so we can share your thoughts on all the above-mentioned matters with A.I.D.'s senior staff at the Administrator's Review, scheduled for July 15.

In closing, let me assure you that I believe the Committee should be seen as an independent and creative voice on microenterprise development matters, separate from A.I.D., but acting as the principal external body advising the Administrator. In this respect, you may be certain that we value the Committee's important contributions of time and thought, and we are all

committed to ensuring that the Committee has a clear and positive impact.

I look forward to our continued collaboration in microenterprise development activities.

Yours sincerely,


Henrietta Holsman Fore

Enclosures: a/s

cc: Members of the Advisory Committee
A/A.I.D., R. W. Roskens
A/A.I.D., H. Sramek
A/A.I.D., J. Blackton
AA/PPC, R. Brown
AA/FA, J. Owen
DAA/PPC, R. Nygard

MICROENTERPRISE ACTIONS PLANNED AT A.I.D.

1. Careful consideration of the feedback to this letter from Advisory Committee members concerning A.I.D. microenterprise plans and topics for future Committee meetings.
2. Presentation and discussion of various microenterprise issues, including Committee feedback, at the Administrator's Review, scheduled for early July.
2. Preparation of a cable from the Administrator to the field promoting microenterprise programming, announcing regional workshops, and indicating his commitment to increasing support to this sector.
3. Formal designation of a microenterprise person by every field mission and bureau.
4. Exploration of the possibility of funding an anti-poverty lending facility and designation of an anti-poverty lending advocate for the Agency.
5. Continuing review, in seminars and workshops sponsored by the GEMINI project, of model programs of anti-poverty lending and village banking.
6. Reviewing and cabling the field re link between microenterprise and Agency initiatives (Democracy, Family, Environment, and Business and Development).
7. Exploration of ways for A.I.D. to be a stronger international advocate for microenterprise and anti-poverty lending in the donor community. Include microenterprise on the agendas at international development meetings, e.g., DAC, Tidewater Conference, etc., as well as at A.I.D. regional staff workshops.

Attachment B

PROPOSED AGENDA TOPICS FOR THE ADVISORY COMMITTEE
ON MICROENTERPRISE DEVELOPMENT FOR 1991-92

1. **Creating a marketing/communications plan for A.I.D.'s Microenterprise Program Activities:**
 - o Exploring ways of getting the story out on the Agency's Microenterprise Development program, through newspaper articles, seminars, etc.;
 - o Clarifying the message, defining the sector;
 - o Targeting the audiences;
 - o Reviewing a draft brochure on the A.I.D. program;
 - o Participating in workshops in Washington and the field; and
 - o Working more with SEEP, PVOs, trade associations, universities, etc., in getting out the message.
2. **Making the case for strengthening local institutions, not just providing credit, as a best means of enterprise development and a good use of U.S. taxpayer dollars.**
3. **Exploring experience with anti-poverty lending, highlighting effective models, and considering factors in setting up an A.I.D. Anti-Poverty Lending Program:**
 - o Clarifying program goals and operational objectives of an anti-poverty microenterprise lending program;
 - o Identifying and presenting successful models;
 - o Reviewing case studies or identifying topics for successful cases of microenterprise and anti-poverty lending;
 - o Linking Agency initiatives -- in business and private sector partnership, the family, democracy, the environment -- to anti-poverty lending and microenterprise programming;
 - o Considering technical issues in carrying out anti-poverty lending activities, based on experience to date; and
 - o Considering what should a microenterprise anti-poverty lending program advocate and creating an anti-poverty lending brochure.
4. **Evaluating results:**
 - o Assessing progress in monitoring microenterprise;
 - o Measuring outputs and impacts, as well as reviewing factors in achieving success; and
 - o Examining A.I.D. success in leveraging resources for microenterprise development from various parts of A.I.D. (AFR/MDI, PPC/WID, FVA/PVC, etc.), other donors, PVOs, the Peace Corps, the private sector.

NEW TRANSCENTURY FOUNDATION

1724 Kalorama Road, N.W.
Washington, D.C. 20009-2624

JOHN T. RIGBY
PRESIDENT

June 21, 1991

Henrietta Holman Fore
Assistant Administrator for
Asia and Private Enterprise
Agency for International Development
Washington, D.C. 20523

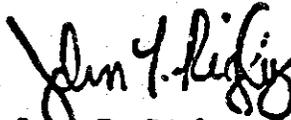
Dear Henrietta Holman Fore:

I received yesterday your letter of June 14, 1991.

My reaction is contained in a message I have sent today to the members of the Advisory Committee (copy enclosed).

Thank you for the time you have given to the matters we raised with you on May 16. I'll give my specific reactions to the several questions and issues posed in your letter, but I wanted you to know immediately that you and your staff have addressed our concerns.

Best regards,


John T. Rigby

NEW TRANSCENTURY FOUNDATION

1724 Kalorama Road, N.W.
Washington, D.C. 20009-2624

JOHN T. RIGBY
PRESIDENT

June 20, 1991

TO: Members, Advisory Committee on Microenterprise

FROM: John T. Rigby *JTR*

All or most of you must have received by now Assistant Administrator Henrietta Holsman Fore's letter of June 14. While addressed to me, it is a communication to all of us.

I find the letter a display both of good thought and good faith on the questions with which the Committee has been wrestling. I use the expression "good faith" not to suggest a suspicion of hidden purpose in prior agency actions but, rather, to confirm my belief that the Assistant Administrator and the PRE/SMIE staff accept that some of us on the Committee have had genuine concerns about our course, and the agency has made specific commitments to accommodate those concerns. I, for one, am energized by A.I.D.'s response, and am prepared to continue actively with the Committee in furtherance of the agenda in Attachment B to the June 14 letter.

The Assistant Administrator asks that we comment by the end of this month on (a) A.I.D.'s Microenterprise Report to the Congress, (b) A.I.D.'s planned Microenterprise actions (Attachment A to the June 14 letter), and (c) the proposed Committee agenda (Attachment B). I believe it important that as many of us as possible do this, both to give A.I.D. the benefit of our views but also as a demonstration to the Assistant Administrator that we appreciate the careful hearing of our concerns and her positive response.

Time may not permit assimilation of a collective Committee view, but it might be helpful to assemble the individual comments into a package. I'd be pleased to do that assembly for those of you who want that. Of course, each of you should feel free to communicate your views directly to the Assistant Administrator or through Ross Bigelow.

I would emphasize that our views are being solicited as input for the Administrator's Review on July 15.

If you would forward your comments to me by the weekend of June 29-30, I'll get them to A.I.D. by July 1.

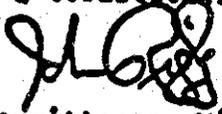
NEW TRANSCENTURY FOUNDATION

1724 Kalorama Road, N.W.
Washington, D.C. 20009-2624

DAVE C. COWAN
PRESIDENT

July 9, 1991

TO: Henrietta Holman Fore
Assistant Administrator for
Asia and Private Enterprise
Agency for International Development

FROM: John Rigby 

SUBJ: Advisory Committee on Microenterprise

This is in further response to your letter of June 14. You have already received comments directly from several Committee members. I supplement those comments here, including some of my individual thoughts.

There is consistent expression from Committee members concurring with the views in my June 20 memo (copied to you). We believe your actions and representations are respectful of Committee concerns. The Report to Congress, which is very high quality in its clarity and candor, reflects an increasingly coherent approach to microenterprise development as an important strategic element of United States foreign assistance. To put it somewhat in the vein of our May 16 meeting in your office, A.I.D. is seizing the high road of substance in an area that has had more than its share of politics in recent years.

Committee members with whom I have communicated in recent weeks - including all those who attended the May 16 meeting - are encouraged, by the representations in the Report and your letter, to believe that there is a meaningful role for the Committee, largely as outlined in your June 14 letter.

For the July 15 Administrator's Review, I would offer the following points which represent a collective view of a majority of Committee members:

- The Advisory Committee stands ready to convene around an agenda broadly as outlined in Attachment B of your letter.

There are many reservations about item 1 (marketing/communications), with a sense that the Committee might more appropriately be engaged in workshops and networking (e.g., SLEEP) than in general public relations to "getting the story out". While the Committee may prove a useful element in A.I.D.'s marketing/communications plan, the Committee is an inappropriate mechanism for creating or implementing such a plan.

- The interest in strengthening local institutions is widely shared by Committee members.

The Committee would certainly be prepared to defend its views on institutional strengthening and sustainability in appropriate fora. However, the Committee's interest and strength rest more in devising strategies and programmatic approaches to institutional strengthening than in "making the case" as such.

- The Committee does wish to assist A.I.D. in definition of approaches to anti-poverty lending as an element of A.I.D.'s broader strategy and approaches to microenterprise development and support.

We share A.I.D.'s concern that isolating anti-poverty strategies can, like isolating gender concerns in development, marginalize the interests. We would like to help A.I.D. exercise leadership in giving specific content to the generally accepted goals of sustainable approaches to poverty alleviation. In the microenterprise arena this could include, for example, (a) increased support for program that promote self-employment, and (b) increased support to credit institutions which are themselves controlled by the clientele.

- The Committee should be able effectively to supplement the research and learning capacity of A.I.D. in the microenterprise field.

The Committee would not seek, however, to supplant the internal research capacities at A.I.D. (from mission through central bureaus) or of specialized programs such as GEMINI. Thus, the Committee should be oriented to advising, encouraging and facilitating specific actions by A.I.D. based upon microenterprise development strategies.

I would like to offer one specific suggestion of my own, and that does not reflect a Committee view. I mentioned this at some point in our May 16 meeting. I would like to propose that the Administrator consider establishing a centrally administered fund -- perhaps it would become known as the Roskens Fund -- upon which USAID missions could draw to do their own research, experimentation or modeling for anti-poverty lending mechanisms and approaches. If the fund were at a level, say, of \$5 million over several years, perhaps 10 missions could -- through some competitive process -- be provided an opportunity with "new" money to experiment within the context of their own country programs and their own economic, social and political milieu. These experimental programs or tests could later be adapted to the missions to their own bilateral programs (and budgets). Quite likely, the range of ideas that would come to A.I.D. from interested missions would be a

Henrietta Holsman Fore
July 9, 1991
Page 3

qualitative improvement over the perceptions from Washington, including from
our Committee. I ask that you consider this.

Thank you again for your attentiveness.

cc: Members of Committee
APRE/EMIE



NEW PROJECT NARRATIVE

ANTI-POVERTY LENDING FOR ENTERPRISES ("APPLE")

Project Number: 940-0403

Project Funding: FY 1993: \$10,000,000 Matching Fund

Appropriation Accounts: If FDAP, equally ARDN and PSEE
Otherwise, "Development Programs" (DP)

Objectives: This matching fund, to be established as an AID/W-held reserve, will provide an incentive for A.I.D. field missions to promote more so-called anti-poverty lending for self-employment and microenterprise development. It will put clearly identified resources behind the Administration's willingness to implement a portion of its microenterprise program in accordance with the intent of Congress as expressed in recent legislation. Availability of such a resource, which is expected to be called for in the forthcoming A.I.D. Microenterprise Action Plan, would be an unequivocal signal of the Agency's support for provision of private sector development resources to the very poor in developing countries.

Administrative Plan: The ten million dollars would be programmed by APRE in the ABS process and held back in the FY 1993 OYB as an Administrator's Reserve account. Field missions would be advised early in the fiscal year of the availability of these funds on a matching basis and would be informed of the rules for competing for them. Possible rules that would be determined during the design phase would include:

- o criteria for selection
- o the level of the match -- i.e., it could be matched say 1:1 for dollars, but possibly 3 or 4:1 for local currencies.
- o limits on the amounts available to any one mission
- o the timetable for submissions and awards
- o requirements for follow-up and data collection
- o the types of counterpart institutions eligible, with a strong preference for indigenous private and PVO institutions
- o targeting requirements, especially the degree to which the very poor and women are primary beneficiaries

It is envisaged that APRE/SMIE will coordinate the competition, award, disbursement and follow-up processes. The critical

element -- evaluating the proposals from the field -- would be the responsibility of an inter-Bureau committee established expressly for this purpose.

Staffing Implications: Organization and management of the APPLE initiative on a continuing basis will require the services of one direct-hire officer. Although the officer would be located in APRE/SMIE in affiliation with the rest of the central establishment providing oversight and technical assistance for the Agency's worldwide microenterprise program, (s)he would administer the program as an Agency responsibility in coordination with representatives from all the regional and central bureaus.

Timetable for Development: Although pressure from Congress to begin this program without delay is strong, it is unreasonable to expect it to be implemented prior to FY 1993, when funds requested in this ABS process will become available. However, preliminary development of the concept by AID/W, with strong inputs from field missions, can begin immediately, with more concentrated inputs following incorporation of the concept into the FY 1993 CP.

U:\SMIEPUB\DOCS\APPLE.ABS

Action Plan -- Microenterprise Promotion

Purpose: to put on the record the actions A.I.D. will take to establish and implement microenterprise development as a sanctioned Agency program, including explicitly small-scale lending to the poor, and to achieve legislated objectives.

Results expected

Agency program output targets per statements in Henrietta's February 1991 testimony. (See attachment, adapted from April 1991 Report to Congress.)

Leadership statement

- o A/AID to convene an Administrator's Review on the Microenterprise Program to build consensus at executive level and assure embrace of program by AAs.
- o Issue an AWIDE cable articulating commitment of Administrator to program. Other actions by executive levels of A.I.D., specifically on microenterprise, with direct reference to small-scale lending to the poor.
- o Agreement also to explicitly incorporate microenterprise into Agency initiatives (such as democr., bus. partnership, family, etc.). APRE/SMIE staff to participate in working groups on the relevant initiatives.
- o Initiate immediate internal consultant's review/evaluation of A.I.D.'s implementation of the microenterprise program to identify bottlenecks and to propose further initiatives, following model used successfully to enhance WID program implementation in mid-1980s.

Resources (the following are illustrative -- purpose of review would be to pin down specific identifiable funding initiatives)

- o WID enhancement -- consideration being given to increasing WID earmark. Dedicate some of this increase to microenterprise with small-scale lending to the poor content.
- o PVC matching grants and co-op support -- set aside a specific amount of matching grants explicitly for small-scale lending to the poor.
- o Pursue possibility of AFR Bureau willingness to explore small-scale lending to the poor initiative on demonstration basis.
- o Other regional bureaus to identify a special regional initiative.

Rewards

- o Incentives for individuals under performance appraisal system.
- o Administrator visit to exemplary projects.
- o "Microenterprise Program of the Year" award -- Gilman to hand it out (value: \$300 or less).

Management of earmark accountability

- o Explicit direction from AAs to missions, before OYB is allocated. Bureaus to be told by A/AID that they will do certain amount of microenterprise with small-scale lending to the poor content.
- o PPC, with APRE/SMIE, to establish Bureau, and through Bureaus, mission targets. APRE/SMIE and PPC/PB will track compliance.
- o Each field mission to be required to appoint microenterprise liaison person.
- o Missions developing CDSSs required to consider microenterprise and credit for the poor, and to determine the opportunity for, and level of, their involvement.

Other promotional activities

- o Establish strong support for regional conferences and move to implement them quickly.
- o Invite USPVOs (when in U.S.) or host country NGOs (when overseas) to address mission directors' conferences and other training sessions and meetings in areas related to microenterprise.
- o GEMINI project to continue promotion and technical support for microenterprise program.

0481i

DRAFT

APPR: RWR { }
DRAFT: REB { }
CLEAR: MF { }
CLEAR: HHF { }
CLEAR: GL { }
CLEAR: { }
CLEAR: { }

UNCLASSIFIED

AID/APRE/SMIE:RBIGELOW:PC
07/10/91 647-2727
AID/A:RROSKENS

AID/AA/AFR:SPANGLER
AID/AA/EUR:CADELMAN
AID/A-AA/FVA:JHICKS
AID/DAA/PPC:RNYGARD

AID/AA/LAC:JMICHEL
AID/AA/S&T:RBISSELL
AID/AA/NE:RBROWN
AID/A/AID:JBLACKTON

ROUTINE AID WORLDWIDE

AIDAC FROM THE ADMINISTRATOR

E.O. 12356:

TAGS: N/A

SUBJECT: A.I.D. MICROENTERPRISE DEVELOPMENT PROGRAM STRATEGY
AND GUIDANCE

1. SUMMARY: THIS CABLE SPELLS OUT AN AGENCY STRATEGY FOR MICROENTERPRISE DEVELOPMENT AND PROVIDES WHAT I BELIEVE WILL BE HELPFUL GUIDANCE IN FURTHERING OUR PROGRAM IN THIS SECTOR. ON JULY 15, SENIOR STAFF OF THE AGENCY AND I REVIEWED OUR MICROENTERPRISE DEVELOPMENT ACTIVITIES. WE EXPLORED: {A} HOW MICROENTERPRISE HELPS A.I.D. ACHIEVE ITS DEVELOPMENT OBJECTIVES AND MEET CONGRESSIONAL EXPECTATIONS, {B} ACTIONS REQUIRED OF A.I.D./W AND MISSIONS TO ACHIEVE THESE OBJECTIVES AND {C} CREATION OF A NEW PROGRAM TO SUPPORT ANTI-POVERTY LENDING. FOR BOTH FY 1992 AND FY 1993, THE CONGRESS HAS PROPOSED AN ANNUAL MICROENTERPRISE EARMARK OF \$85 MILLION, PLUS SUB-EARMARKS FOR VERY SMALL LOANS (UNDER \$300). AS AN OUTGROWTH OF THE ADMINISTRATOR'S REVIEW, THIS CABLE UNDERSCORES THE IMPORTANCE I PLACE ON MICROENTERPRISE DEVELOPMENT WITHIN THE AGENCY'S PROGRAM AND COUNTRY STRATEGIES. ALL MISSIONS ARE REQUESTED TO CONSULT THIS GUIDANCE, DESIGNATE A MISSION MICROENTERPRISE LIAISON OFFICER, AND REEXAMINE THE ROLE OF MICROENTERPRISE IN COUNTRY STRATEGIES AND PROGRAMMING. END SUMMARY.

2. THE CHALLENGE: IF PENDING LEGISLATION IS PASSED, THE CONGRESS WOULD EARMARK \$85 MILLION FOR MICROENTERPRISE DEVELOPMENT FOR BOTH FY 1992 AND FY 1993. THESE LEVELS WOULD BE THE HIGHEST EVER, HAVING INCREASED FROM \$75 MILLION IN FY 1991. ALTHOUGH THE AGENCY HAS BEEN ABLE TO MEET EACH ANNUAL EARMARK SINCE THEY WERE LEGISLATED FIRST IN FY 1988, IN NO YEAR HAS THE HILL PROVIDED ADDITIONAL FUNDING TO AUGMENT THE OVERALL A.I.D. PIE FOR MICROENTERPRISE. CONGRESS ALSO CONTINUES TO PUT PRESSURE ON A.I.D. TO MAKE A LARGER PROPORTION OF RESOURCES AVAILABLE AS LOANS UNDER \$300. THE PENDING LEGISLATION WOULD REQUIRE THAT OF \$85 MILLION EACH YEAR, \$20 MILLION AND \$30 MILLION BE SUB-EARMARKED FOR THESE SMALLER LOANS, IN FY 1992 AND FY 1993, RESPECTIVELY. WHILE ACKNOWLEDGING THE IMPORTANCE OF CREDIT, WE CONTINUE TO MAKE THE CASE ON THE HILL FOR ATTENTION TO OTHER ELEMENTS OF MICROENTERPRISE PROGRAMMING WHICH AGENCY EXPERIENCE HAS SHOWN ARE VITAL: THE STRENGTHENING OF LOCAL INSTITUTIONS, TRAINING AND TECHNICAL ASSISTANCE, POLICY AND REGULATORY REFORM, CONCOMITANT ATTENTION TO SAVINGS, AND GREATER PARTICIPATION BY COMMERCIAL BANKS.

3. THE A.I.D. RESPONSE: THE REVIEW ON JULY 15 HAS ALLOWED A REEXAMINATION OF OUR OVERALL MICROENTERPRISE PROGRAM. ALTHOUGH A.I.D. HAS A GOOD TRACK RECORD IN THE MICROENTERPRISE ARENA AND MANY REGARD US AS THE PREMIER SUPPORTER OF MICROENTERPRISE RESEARCH AND DEVELOPMENT, OUR OWN SELF-ASSESSMENT SUGGESTS THAT IN RECENT YEARS OUR MICROENTERPRISE PROGRAM HAS BEEN MORE REACTIVE THAN STRATEGIC. THEREFORE, I WISH TO CLEARLY AND SIMPLY STATE OUR AGENCY STRATEGY AND STRONGLY REAFFIRM A.I.D.'S COMMITMENT TO HELPING THE POOR THROUGH MICROENTERPRISE DEVELOPMENT ACTIVITIES. THIS CABLE SPELLS OUT THAT STRATEGY, SPECIFIES ACTIONS TO BE TAKEN BY A.I.D./W AND MISSIONS OVER THE COMING YEAR, ANNOUNCES CREATION OF A NEW ANTI-POVERTY LENDING PROGRAM, AND PROVIDES GENERAL GUIDANCE FOR MICROENTERPRISE PROGRAMMING.

4. THE ROLE FOR MICROENTERPRISE IN A.I.D.: SINCE MICROENTERPRISE DEVELOPMENT IS AN ESSENTIAL PART OF OUR OVERALL DEVELOPMENT STRATEGY, A.I.D. HAS TAKEN SEVERAL RECENT STEPS TO STRENGTHEN THIS PROGRAM. A.I.D.'S MICROENTERPRISE GUIDELINES AND DEFINITIONS {FIRST PROMULGATED AND DISSEMINATED IN 1988 AS POLICY DETERMINATION NO. 17} NOW ARE BEING REVISED. THE ADVISORY COMMITTEE ON MICROENTERPRISE DEVELOPMENT {ORIGINALLY APPOINTED BY ADMINISTRATOR ALAN WOODS IN 1988 TO COUNSEL HIM ON THE DEVELOPMENT OF THESE GUIDELINES} HAS MET SEVERAL TIMES. OVER THE PAST THREE YEARS, IT HAS CONVENED SESSIONS WITH THE PUBLIC, PVOS, AND MICROENTERPRISE PRACTITIONERS AND HAS REPORTED USEFUL FINDINGS TO THE AGENCY ON LOAN SIZE, INTEREST RATES, FORMS OF ASSISTANCE, POVERTY LENDING, ETC. IN A MEETING WITH THE COMMITTEE EARLIER THIS YEAR I EMPHASIZED THAT MICROENTERPRISE FITS RIGHT IN WITH THE AGENCY'S OVERALL MISSION -- ESPECIALLY OUR FOCUS ON SUPPORT FOR FREE MARKET DEVELOPMENT AND ECONOMIC

26

GROWTH. I ALSO UNDERLINED THE STRONG LINK THIS WORK HAS WITH SOME NEW INITIATIVES OF THE AGENCY IN BUSINESS AND DEVELOPMENT PARTNERSHIP, DEMOCRACY, THE FAMILY, AND THE ENVIRONMENT.

5. AGENCY SUPPORT FOR MICROENTERPRISE: IN RECENT YEARS, MISSIONS HAVE DEVOTED GREATER RESOURCES TO MICROENTERPRISE PROGRAMMING, LAUNCHING NEW PROJECTS OR RETOOLING OLD ONES. WITH THE SUPPORT OF VARIOUS INTERNATIONAL DONORS, LOCAL PROGRAMS HAVE BECOME INCREASINGLY SUCCESSFUL IN ASSISTING MICROENTREPRENEURS; E.G., ACCION AFFILIATES IN SEVERAL LATIN AMERICAN COUNTRIES; GRAMEEN AND BRAC IN BANGLADESH; REP AND PRIDE IN KENYA; AND BRI AND BKK IN INDONESIA, TO NAME BUT A FEW. A.I.D. MISSIONS HAVE SUCCESSFULLY WORKED WITH NUMEROUS LOCAL INSTITUTIONS AND U.S. PVOS AND BANKS. INDICATIVE OF THE MAGNITUDE OF THIS WORK, OVER FORTY USAIDS REPORTED SOME FORM OF MICROENTERPRISE SUPPORT DURING THE PAST YEAR. AT THE WASHINGTON END, WE HAVE GIVEN GREATER ATTENTION TO CREATING SUPPORT AND PRACTICAL RESEARCH MECHANISMS, E.G. THE GEMINI PROJECT {936-5448}. {SEE PARAGRAPH 9 BELOW FOR DETAILS ON RESOURCES AVAILABLE TO MISSIONS FROM THIS AND OTHER PROJECTS.} A.I.D. HAS PREPARED ANNUAL MICROENTERPRISE REPORTS TO CONGRESS, THE MOST RECENT OF WHICH WAS DISTRIBUTED TO THE FIELD IN MAY. FIELD STAFF RECOGNIZE ALL TOO WELL -- FROM THE RECENT ABS PROCESS AND EARLIER AD HOC CABLES -- THAT AS REPORTING REQUIREMENTS TO CONGRESS HAVE INCREASED, A GREATER BURDEN HAS BEEN PLACED ON POSTS TO REPORT ON NUMBERS OF LOANS, SIZE OF LOANS, GENDER OF LOAN RECIPIENTS, ETC. WITH THIS BACKDROP IN MIND, WE OFFER A MICROENTERPRISE STRATEGY AND SET OF ACTIONS FOR FIELD GUIDANCE AND REACTION.

6. A.I.D.'S MICROENTERPRISE DEVELOPMENT STRATEGY:

A. GOAL: A.I.D. SEEKS TO HELP POOR PEOPLE THROUGH MICROENTERPRISE DEVELOPMENT ACTIVITIES THAT STIMULATE EMPLOYMENT, GENERATE INCOME AND INCREASE BUSINESS PRODUCTIVITY IN COUNTRIES WHERE A.I.D WORKS.

B. STRATEGY: THIS GOAL WILL BE ACHIEVED BY THE FOLLOWING FOUR-FOLD STRATEGY:

{1} LEADERSHIP AND COMMITMENT: A.I.D./W AND MISSIONS WILL PROVIDE LEADERSHIP, REAFFIRM OUR COMMITMENT TO MICROENTERPRISE DEVELOPMENT AND SET ANNUAL OBJECTIVES FOR PROGRAM ACCOMPLISHMENT AND IMPACT. IN PURSUIT OF THIS STRATEGY, VARIOUS ACTIONS -- DETAILED IN THE FOLLOWING PARAGRAPHS -- WILL BE CARRIED OUT. HOLDING THE JULY 15 REVIEW AND SENDING OUT THIS CABLE ARE THE FIRST STEPS IN THIS STRATEGY.

{2} RESOURCES, MARKETING AND INSTITUTION BUILDING: OVER THE COMING YEAR, THE AGENCY WILL ENCOURAGE PROVISION OF GREATER RESOURCES FOR THIS SECTOR IN

THE FIELD, AND WASHINGTON WILL OFFER INCREASED PROGRAM SUPPORT, USING RESOURCES LISTED IN PARAGRAPH 8 BELOW. WHILE RECOGNIZING THE RECENT UPSURGE OF FIELD ATTENTION TO MICROENTERPRISE, MISSIONS ARE ENCOURAGED TO EXPAND ACTIVITIES IN THIS AREA, INCLUDING CONSIDERATION OF PROJECT COMPONENTS WHICH STRENGTHEN LOCAL INSTITUTIONS. A.I.D./W AND USAIDS WILL BETTER MARKET INFORMATION ABOUT THE EXPANDING OPPORTUNITIES AND RESOURCES IN THIS SECTOR TO COLLEAGUES OF INTERMEDIARY INSTITUTIONS AND COOPERATING ORGANIZATIONS.

{3} ANTI-POVERTY LENDING: OVER THE COMING YEAR, A.I.D./W WILL EXAMINE AGENCY ANTI-POVERTY LENDING EXPERIENCE AND DETERMINE OPPORTUNITIES FOR MISSIONS TO EXPAND THE NUMBER OF VERY SMALL LOANS TO MICROENTREPRENEURS. TO INCREASE THE AVAILABILITY OF SUCH SMALL LOANS, A.I.D./W WOULD MATCH MISSION LOCAL CURRENCY OR DOLLAR RESOURCES FOR ANTI-POVERTY LENDING ACTIVITIES.

{4} ACCOUNTABILITY AND REWARDS: THE AGENCY WILL ESTABLISH ACCOUNTABILITY STANDARDS FOR THE PROGRAM AND PROVIDE REWARDS TO LOCAL LEADERS, COOPERATING AGENCIES AND A.I.D. STAFF WHO PERFORM AT AN OUTSTANDING LEVEL IN ACHIEVING THE GOAL OF THE PROGRAM. FIELD MISSIONS WILL DESIGNATE MICROENTERPRISE POINT PERSONS, WHO WILL {A} ACT AS KEY LIAISONS WITH WASHINGTON, {B} TRACK FUNDING, AND {C} MONITOR DATA ON PROGRAM INPUTS AND OUTPUTS.

7. A.I.D./W ACTIONS: SPECIFIC ACTIONS WILL BE TAKEN DURING THE COMING YEAR BY A.I.D./W. {EACH ACTION ITEM BELOW IS KEYED TO AN ELEMENT OF THE STRATEGY ABOVE: L = LEADERSHIP AND COMMITMENT; R = RESOURCES, MARKETING AND INSTITUTION BUILDING; P = ANTI-POVERTY LENDING; AND A = ACCOUNTABILITY AND REWARDS.} A.I.D./W WILL:

- {A} CONFIRM 1991-92 TARGETS, INCLUDING NUMBERS OF MICROENTERPRISE LOANS AND LOANS TO THE VERY POOR AND WOMEN; INSTITUTIONAL DEVELOPMENT; ASSISTANCE TO SUBSECTORS; AND REGULATORY REFORM .{L}
- {B} UPDATE AND DISSEMINATE THE AGENCY'S MICROENTERPRISE GUIDELINES {PD 17}, BASED ON EXPERIENCE SINCE 1988. {L}
- {C} SHARE THE STRATEGY STATEMENT IN THIS CABLE WITH COOPERATING U.S.PVOS AND OTHER MICROENTERPRISE IMPLEMENTING INSTITUTIONS. {L}
- {D} REVIEW WAYS TO BETTER INTEGRATE MICROENTERPRISE DEVELOPMENT INTO AGENCY INITIATIVES {PARTNERSHIP FOR BUSINESS AND DEVELOPMENT, THE FAMILY, THE

78

ENVIRONMENT AND DEVELOPMENT INITIATIVE, AND DEMOCRACY). {L}

- {E} ORGANIZE AND HOLD REGIONAL SEMINARS AND WORKSHOPS ON TOPICS OF CENTRAL IMPORTANCE TO A.I.D.'S PROGRAMMING IN MICROENTERPRISE IN SELECTED FIELD LOCATIONS. {L}**
- {F} HOLD FURTHER MEETINGS OF THE ADVISORY COMMITTEE ON A.I.D. MICROENTERPRISE PLANS AND TOPICS DIRECTLY RELATED TO THE AGENCY'S STRATEGY AND PROGRAMMING. {L}**
- {G} PROVIDE CONTINUING MICROENTERPRISE PROJECT ASSISTANCE AND RESEARCH WHICH HELP MISSIONS TO SERVE MICROENTREPRENEURS WHO WISH TO START OR EXPAND PRODUCTIVE ECONOMIC ACTIVITIES. {R}**
- {H} EXPLORE EXPERIENCE WITH ANTI-POVERTY LENDING, HIGHLIGHTING EFFECTIVE MODELS AND FACTORS AFFECTING THE SETTING UP OF ANTI-POVERTY LENDING PROGRAMS. {P}**
- {I} LAUNCH A NEW ANTI-POVERTY LENDING FACILITY. {P}**
- {J} DESIGNATE AN ANTI-POVERTY LENDING ADVOCATE FOR THE AGENCY. {P}**
- {K} LAUNCH THE NEW MICROENTERPRISE MONITORING SYSTEM. {A}**
- {L} ESTABLISH A REWARDS STRUCTURE. THE AGENCY WILL ESTABLISH ACCOUNTABILITY STANDARDS FOR THE PROGRAM AND PROVIDE REWARDS TO LOCAL LEADERS, COOPERATING AGENCIES AND A.I.D. STAFF WHO PERFORM AT AN OUTSTANDING LEVEL IN ACHIEVING THE GOAL OF THE PROGRAM. {A}**

8. MISSIONS ACTIONS: EACH MISSION SHOULD:

- {A} DESIGNATE A MISSION MICROENTERPRISE LIAISON OFFICER -- DETAILING OFFICER RESPONSIBILITIES -- AND INFORM MICHAEL FARBMAN, APRE/SMIE BY RETURN CABLE, {OR CALL 202-647-2727}. UPON RECEIPT OF THE MISSION CABLE, A PACKAGE OF MATERIALS {INCLUDING THE REVISED PD17 AND INFORMATION ON RESOURCES AVAILABLE TO MISSIONS} WILL BE SENT TO THAT MISSION LIAISON. {L}**
- {B} BECOME FAMILIAR WITH THE GENERAL A.I.D. DEFINITIONS OF MICROENTERPRISE IN THE CONTEXT OF THE MISSION PORTFOLIO. REVIEW THE MICROENTERPRISE GUIDANCE CONTAINED IN REVISED PD17, AND READ THE RECENT REPORT TO CONGRESS. {L}**
- {C} EXAMINE THE MISSION PORTFOLIO OF PROJECTS, ACROSS ALL SECTORS, TO DETERMINE THE EXTENT OF MISSION SUPPORT FOR MICROENTERPRISE DEVELOPMENT -- INCLUDING ANTI-POVERTY LENDING -- AND IDENTIFY OPPORTUNITIES**

FOR INCREASING PRIVATE SECTOR DEVELOPMENT THAT AFFECTS THE SMALLEST FIRMS AND THE POOREST SEGMENTS OF SOCIETY. {R}

{D} EXAMINE THE ROLE OF LOCAL INSTITUTIONS IN MICROENTERPRISE DEVELOPMENT, AND ENSURE THAT AGENCY PROJECTS ARE DESIGNED TO STRENGTHEN SUCH INSTITUTIONS. IDENTIFY STAR PERFORMERS AND CANDIDATES FOR REWARDS. {R}

9. EXISTING RESOURCES: I RECOGNIZE THAT TO GIVE GREATER ATTENTION TO MICROENTERPRISE DEVELOPMENT, A.I.D. WILL REQUIRE RESOURCES IN THE FIELD. BELOW ARE LISTED RESOURCES IMMEDIATELY AVAILABLE TO MISSIONS FOR MICROENTERPRISE DEVELOPMENT PROGRAMMING, AND CONTACTS FOR SPECIFIC INFORMATION:

{A} GEMINI: THE GEMINI PROJECT {936-5448} IS THE PRINCIPAL AGENCY RESOURCE, FOR EASY MISSION BUY-IN, FOR SUPPORT FOR PROJECT DESIGN, SECTOR SURVEYS, TRAINING, AND EVALUATION. THIS PROJECT HAS ALREADY ASSISTED A SCORE OF MISSIONS DURING ITS FIRST TWO YEARS OF OPERATION. GEMINI ALSO CONTINUES RESEARCH ON THE LIFE CYCLE OF VERY SMALL ENTERPRISES, SUBSECTORAL {SPECIFIC INDUSTRY} STUDIES, AND APPROACHES TO FINANCIAL AND LOAN GUARANTEES. CONTACT GEMINI PROJECT OFFICER, IN APRE/SMIE, BETH RHYNE {202-647-2727} OR DAI PROJECT MANAGER, JIM BOOMGARD {301-718-8699}.

{B} ARIES PRODUCTS: TRAINING AND ORGANIZATIONAL MANAGEMENT MATERIALS PRODUCED BY THE ASSISTANCE TO RESOURCE INSTITUTIONS FOR ENTERPRISE SUPPORT PROJECT {931-1090 - ARIES} ARE AVAILABLE FROM CDIE OR APRE/SMIE. ARIES GENERATED A WEALTH OF TRAINING RESOURCES TO STRENGTHEN THE MANAGEMENT OF INSTITUTIONS PROMOTING SMALL ENTERPRISE PROGRAMS IN DEVELOPING COUNTRIES {1985-90}. CONTACT ROSS BIGELOW IN APRE/SMIE {202-647-2727} OR DANA WICHTERMAN IN CDIE/APRE {202-647-5624}.

{C} GENESYS PROJECT. CONTACT TULIN PULLEY, PPC/WID {202-647-3992}. {MORE DETAIL TO BE PROVIDED BY WID}

{D} INSTITUTIONAL REFORM FOR THE INFORMAL SECTOR {IRIS}. CONTACT CATHERINE GORDON, APRE/SMIE {202-647-2727}. {MORE FROM CATHY}

{E} MICROENTERPRISE MONITORING SYSTEM {MEMS}. CONTACT LISA REATEGUI, APRE/SMIE {202-647-2727}. {MORE FROM LISA}

{F} MATCHING GRANTS FOR PVOS IN MICROENTERPRISE ARENA. CONTACT SALLY MONTGOMERY, DAA/FVA/PVC {202-647-2636}. {MORE FROM FVA}

{G} REGIONAL BUREAU SUPPORT FOR MICROENTERPRISE: FOR AFRICA, CONTACT FRED O'REGAN, AFR/OSI {202-647-7615}; FOR

LAC, CONTACT SUSAN BUGG, LAC/DR {202-647-5246}; FOR EUR AND NE, CONTACT GARY VAUGHAN, EUR/PSDS {202-647-6988}. FOR ASIA, CONTACT MICHAEL FARBMAN, APRE/SMIE {202-647-2727}.

{H} PEACE CORPS COLLABORATION. THROUGH THE MICROENTERPRISE DEVELOPMENT PROGRAM PASA {MEDP-PASA}, A.I.D. CHANNELS DOLLAR SUPPORT TO SELECTED COUNTRY PROGRAMS FOR TRAINING, MATERIALS AND OTHER PURPOSES THAT PROMOTE PEACE CORPS-A.I.D. COOPERATION IN MICROENTERPRISE DEVELOPMENT. CONTACT ROSS BIGELOW, APRE/SMIE {202-647-2727}, OR BARBARA BROWN, PEACE CORPS/OTAPS {202-606-3890}.