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PERU

NOTE FROM THE FIELD

Peruvians Fight Poverty, Create Jobs

USAID initiative helps Peruvians create nearly 40,000 jobs



Chemonics

USAID's PRA project is helping to lift rural Peruvians out of poverty.

"As of March 2005 the Proyecto de Reduccion y Alivio a la Pobreza has helped entrepreneurs in the interior of Peru boost sales of their products by \$78 million, creating 39,272 Peruvian jobs," summarized Matt Felice of Chemonics, which is implementing this remarkable eight-year USAID/Peru-funded project..

A Chemonics project has helped entrepreneurs in Peru's interior boost sales of their products by \$78 million, helping create almost 40,000 jobs.

Jim Riordan, former chief of party of the Proyecto de Reduccion y Alivio a la Pobreza (PRA) project and a senior manager in Chemonics' Latin America and Caribbean division, credits the success to an innovative poverty alleviation approach that creates demand for local products.

"The key to reducing poverty is to generate income," says Riordan. "For rural entrepreneurs, that means finding people to buy their wares."

The logic is simple enough. But in many areas, donor funds increase the number of entrepreneurs without necessarily raising their incomes.

Challenging conventional thinking about development, PRA focused on "demanders" — urban consumers and large businesses in Peru and beyond.

"By linking small businesses and entrepreneurs with that kind of purchasing power, we wanted to make a dramatic dent in rural poverty," says Riordan.

PRA worked with local producers to showcase red quinoa, a high-protein staple of the Andean diet, at a U.S. restaurant association trade show. The project also brought Peruvian ceramics makers to the High Point Furniture Market in North Carolina, an industry market attracting new products, designs, and vendors.

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The result? The Peruvian products were a hit, landing lucrative contracts worth millions of dollars for local businesses and entrepreneurs. That was the dramatic effect Riordan was after, and it prompted USAID to double the project's lifespan and scope.

Doug Tinsler, who was senior vice president of Chemonics' Asia division, is now serving as PRA chief of party during this four-year extension period.

The PRA experience is spelled out in a book, co-authored by Riordan, Carlos Figueroa A., Fred L. Mann, Roberta van Haeften and Enrique Vásquez H., entitled "Attacking Poverty: A Market Approach." The book was published in Spanish and English by Universidad del Pacífico press.

Although it focuses on Peru, the book offers a model for poverty reduction activities worldwide. "The development paradigm one brings to a task is essential, as is the willingness to follow that paradigm to its logical consequences," Riordan writes in the introduction.

"Most of us spend the bulk of our careers running around answering the wrong questions," he said. "This book is about getting the questions right, about finding the best way to attack poverty."

"In our case, what we learned is that the place one finds a problem is not necessarily the best place to attack it," Riordan added.

But Riordan stresses that the book goes beyond identifying the right questions to ask.

"Most treatments of poverty are diagnostic, and what decision makers need is strategic," he said.

The book also offers practical suggestions to help policy makers invest in physical and human capital and measure the effects of social spending. Suggestions include improving rural roads to create access to urban markets, removing obstacles to export, and securing land tenure for agricultural producers.

The policy tools and the larger approach are not only being incorporated into Chemonics' proposals, they're now appearing in RFPs, a sure sign that PRA is having an impact beyond Peru.

"Through Jim's book, the PRA experience is helping policy makers in Peru understand and attack poverty; but, as important, it is changing the way donors and development practitioners conceive of their projects," Chemonics President and CEO Ashraf Rizk said. "That's a critical contribution—to our industry, our client, and our counterparts worldwide."

Building on the PRA experience, a second book focusing on the project's methodology is due out this summer."

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