



# U.S.AGENCY FOR INTERNATIONAL DEVELOPMENT MICRO, SMALL AND MEDIUM-SIZED ENTERPRISE

Fiscal Year 2021 Results Report to Congress



*Pictured: Women processing a coconut in Kenya. USAID and partners AlphaMundi Foundation and Value for Women supported Kentaste to access capital and provide expertise needed to realize its gender inclusion and growth goals while improving their performance and supporting women employees, customers, and suppliers.*

[Story](#)

## OVERVIEW

Pursuant to the requirements of Section 258(b) of the Foreign Assistance Act (FAA) of 1961, as amended by Section 4 of the Women’s Entrepreneurship and Economic Empowerment (WEEE) Act of 2018 (Public Law 115-428), the United States Agency for International Development (USAID) submits this report to Congress. The report summarizes the Agency’s activities supporting micro, small, and medium enterprises (MSMEs), covering Fiscal Year (FY) 2021 planned resources<sup>1</sup> for MSME activities and results reported in FY 2021 (October 1, 2020 to September 30, 2021).

## CHANGES TO THIS YEAR’S REPORT

As noted from the FY 2020 report, USAID has begun to transition its data collection, definitions and reporting methodologies in response to the changes requested through the WEEE Act and the recommendations from the Government Accountability Office (GAO) Report, [Micro, Small, and Medium-Sized Enterprise Development: USAID Needs to Develop a Targeting Process and Improve the Reliability of Its Monitoring](#). Those reforms were fully implemented. However, given the programming cycle at USAID, it will take time for these reforms to be reflected in this report. Therefore, this report likely does not capture the full suite of the work that USAID is doing to promote inclusive development for the very poor, the empowerment of women, and the advancement of economic development through MSMEs. As the standard foreign assistance indicators are adopted more widely and systematically, this report will provide a more accurate portrait of MSME activity in USAID.

## RESULTS REPORTING\*

The WEEE Act requires that the report contains, to the extent practicable, information on the five elements (and sub-elements) below:

1. Information on assistance provided under Section 252, including:
  - a. The amount of each grant or other form of assistance;
  - b. The name and type of each intermediary and implementing partner organization receiving assistance;
  - c. The name of each country receiving assistance; and
  - d. The methodology used to ensure compliance with targeted assistance requirements.
2. Percentage of [MSME] assistance, disaggregated by gender and income level.
3. Estimated number of individuals that received assistance, disaggregated by income level, gender, and type of assistance.
4. Measuring progress on MSME activities.
5. Information on poverty assessment methodologies.

\*As noted in the [FY 2020 report](#), USAID uses a prospective methodology funding approach (i.e., what is planned) to respond to elements 1 and 2, and a retrospective approach (i.e., what occurred) for elements 3 and 4. Further details are found in the Annex to this report.

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<sup>1</sup> Unless otherwise specified, the words “resources”, “assistance”, and “funding” are referring to USAID operating unit’s planned obligations using appropriated resources.

## I) INFORMATION ON ASSISTANCE PROVIDED UNDER SECTION 252

All of the USAID’s MSME spending data have been posted in a table on the webpage <https://mrr.usaid.gov/data.html>, which lists all planned FY 2021 awards with MSME assistance. This table captures information on planned MSME programming levels by activity, implementing partner, USAID operating unit or country, and planned FY 2021 MSME obligation amounts disaggregated by enterprise size, beneficiary income level, and sex.

The WEEE Act requires that 50 percent of MSME resources target the very poor; and 50 percent of those resources of small and medium-sized enterprise (SME) to target activities that reach enterprises owned, managed, and controlled by women. For the purposes of setting these targets, USAID sets the overall MSME resource level at the appropriated amount of the directive for MSME. In FY 2021, the MSME directive was \$265 million. Therefore, USAID’s funding targets in FY 2021 were \$132.5 million of MSME for the very poor (50 percent of \$265 million) and \$66.25 million of SME resources for enterprises owned, managed and controlled by women<sup>2</sup> (50 percent of \$132.5 million).

USAID MSME assistance amounts were determined using self-selected attributions from operating units in the FY 2021 Operational Plan. These figures (Table 1) represent the planned obligation levels of funding for FY 2021 resources: \$99,839,274 to reach the very poor (75 percent of the target), and \$77,239,959 was planned to reach enterprises owned, managed and controlled by women (17 percent above the target).

**Table 1: FY 2021 Targets and Planned Obligations**

FY 2021 MSME Obligations	FY 2021 Target	FY 2021 Planned Obligations
FY 2021 MSME directive <sup>3</sup>	\$265,000,000	\$292,393,639
<i>Of which 50% of MSME resources for the very poor</i>	\$132,500,000	\$99,839,274
<i>Of which 50% of SME resources for enterprises owned, managed and controlled by women</i>	\$66,250,000	\$77,239,959

## 2) PERCENTAGE OF [MSME] ASSISTANCE<sup>4</sup>, DISAGGREGATED BY GENDER AND INCOME LEVEL

In total, USAID operating units reported planned FY 2021 obligations of \$292 million for MSME activities. As detailed below in Table 2, of this funding, \$99 million (34 percent) is planned to support

<sup>2</sup> USAID defines SME resources as half of the annual MSME directive, or \$132.5 million for FY 2021. Therefore, fifty percent of SME resources is equal to \$66.25 million. Annex C has additional details.

<sup>3</sup> The disaggregates of the directive (i.e. “of which”) are not found in the appropriation language. The disaggregates are intended to illustrate how the Agency establishes its resource targets as required by the WEEE Act (FAA Section 252(c)). Additional details on methodology are found in the annex.

<sup>4</sup> For the purposes of the percent calculations in Element 2, USAID takes into account the total planned MSME obligations for the year. For Element 1, USAID uses the annual directive to establish the targeted obligation amounts.

activities that target women<sup>5</sup> and \$100 million (34 percent) is planned to support activities that target the very poor.

**Table 2: Percentage of MSME Assistance**

Percentage of assistance by sex		FY 2021 Planned	Percentage of Assistance
MSME assistance (obligations) that target women		<b>\$99,151,793</b>	<b>34%</b>
	<i>Of which, Microenterprise activities also attributed to a Gender Key Issue</i>	<b>\$21,911,834</b>	
	<i>Of which, Women-owned Small and Medium-size Enterprise activities</i>	<b>\$77,239,959</b>	
Total planned MSME assistance (obligations)		<b>\$292,393,639</b>	
Percentage of assistance by income		FY 2021 Planned	Percentage of Assistance
MSME assistance (obligations) that target the very poor		<b>\$99,839,274</b>	<b>34%</b>
Total planned MSME assistance (obligations)		<b>\$292,393,639</b>	

### 3) ESTIMATED NUMBER OF INDIVIDUALS<sup>6</sup> THAT RECEIVED ASSISTANCE, DISAGGREGATED BY INCOME LEVEL, GENDER, AND TYPE OF ASSISTANCE

Tables 3 and 4 below present the results of USAID programming in FY 2021, without regard to the fiscal year that funds were appropriated<sup>7</sup>. For FY 2021, USAID established a new foreign assistance standard indicator to directly count the number of very poor beneficiaries. For FY 2021 USAID operating units reported 87,989 very poor beneficiaries reached using MSME funds<sup>8</sup>.

USAID supported 179,036 microenterprises of which 26 percent were led by women. In FY 2021, USAID supported 4,536 small and medium-sized enterprises, of which 28 percent were led by women. As these are recently introduced indicators, USAID expects that the reporting will increase as the indicator is incorporated into new programming over the next few years (Table 4).

<sup>5</sup> The calculation includes attributions from the Women-owned Small and Medium-sized Enterprise key issue plus the total attributions by mechanism that includes the microenterprise and one of the four gender key issues (Gender Based Violence-GBV), GBV Child, Early and Forced Marriage, Gender Equality Women's Empowerment (GEWE) Primary, and GEWE Secondary)

<sup>6</sup> USAID interprets "individuals" as representative of both the singular people reached, including the very poor, and as the number of enterprises benefiting from USAID MSME programming.

<sup>7</sup> As noted, USAID is using the planned FY 2021 amounts (usually obligated in FY 22) to respond to elements 1 and 2 and the reported results that occurred in FY 2021 to respond to elements 3 and 4. The results in elements 3 and 4 are provided without attribution to the original fiscal year and account.

<sup>8</sup> USAID requires sex disaggregation for all indicators that count people where known. However in FY 2021, no operating units reported a disaggregation.

**Table 3: Number of Very Poor Individuals Reached**

Very Poor Reached	FY 2021 Target	FY 2021 Actual	FY 2022 Target <sup>9</sup>
Number of individual very poor people reached, as a result of USG assistance	88,512	<b>87,989</b>	2,518 <sup>10</sup>

**Table 4: Number of Enterprises Supported<sup>11</sup>**

Enterprises Supported	FY 2021 Target	FY 2021 Actual	FY 2022 Target
Number of microenterprises supported by USG assistance	114,155	<b>179,036</b>	177,740
Male entrepreneurs	51,345	<b>66,716</b>	68,944
Female entrepreneurs	55,891	<b>47,721</b>	64,698
Unknown, Not reported	6,919	<b>64,599</b>	44,098
Number of SMEs supported by USG assistance	2,424	<b>4,536</b>	8,418
Male-led	1,294	<b>2,148</b>	3,741
Female-led	771	<b>1,260</b>	2,073
Unknown/Not reported	359	<b>1,128</b>	265

#### 4) MEASURING PROGRESS ON MSME ACTIVITIES

This is the first year where the Agency's MSME data was obtained from existing data collection systems rather than direct survey, as had been previous practice. As such, the numbers reported in the MSME monitoring system are lower than prior reports. USAID expects improved reporting on these indicators as additional guidance and system controls are implemented.

<sup>9</sup> Targets are aggregated across USAID operating units from annual data collection reporting established based on the conditions on the ground, and the programmatic objectives for the upcoming year. MSME programming in general has a wide variety of interventions, outcomes, and results year to year and for each metric. USAID continues efforts to ensure accurate and more widespread adoption of MSME related indicators in programmatic reporting. As internal Mission awareness and reporting capacity is built, the variance on targets should decrease from year to year. Counting the very poor is a new standard indicator and will take time to incorporate into agreements and contracts as they are procured.

<sup>10</sup> The large drop off is due to activities ending in FY 2021. New activities are under procurement and targets are not available until after the procurement is finalized.

<sup>11</sup> Sex disaggregation is represented where available. Differences in the total and the sex disaggregates isbe counted as "unknown."

**Table 5: Results from the USAID Monitoring System on MSME activities<sup>12</sup>**

Improvements in Employment		FY 2021 Target	FY 2021 Actual	FY 2022 Target
Number of individuals with improved employment		3,636	<b>4,847</b>	740
	Male	858	<b>868</b>	150
	Female	768	<b>3,875</b>	500
	Unknown/Not Reported	2,020	<b>104</b>	90

Access to Financial Services		FY 2021 Target	FY 2021 Actual	FY 2022 Target <sup>13</sup>
Number of private sector enterprises with increased access to finance due to USG assistance		3,730	<b>1,649</b>	3,409
Number of individuals participating in USG-assisted group-based savings, micro-finance or lending programs		1,436,660	<b>1,393,892</b>	1,209,517
	Male	344,710	<b>377,013</b>	293,493
	Female	515,253	<b>863,121</b>	410,200
	Unknown/Not Reported	576,697	<b>153,758</b>	505,824

Workforce Development		FY 2021 Target	FY 2021 Actual	FY 2022 Target <sup>14</sup>
Total number of individuals with new employment following participation in USG-assisted workforce development programs		10,001	<b>12,515</b>	18,502
	Male	1,269	<b>4,736</b>	1,947
	Female	3,210	<b>7,011</b>	3,286
	Unknown/Not Reported	5,522	<b>768</b>	13,269

<sup>12</sup>As specified in FAA Section 253, the monitoring system covers the areas specified with the exception of “earnings and control of over income.” It is not feasible to include this indicator given the variability of such potential indicators, which significantly weakens their reliability, and the high costs to collect such data across Agency-wide MSME programming. Earnings often vary depending on the time of year or the day of the week. Control over income often is complicated further due to household dynamics, as well as the social and cultural norms between the person asking and the person being asked.

<sup>13</sup> As shown when comparing the FY 2021 target to the FY 2021 actuals, in many USAID activities, the gender of the participant cannot be reasonably forecasted unless it is specifically targeting males or females. However it is a requirement that sex-disaggregated data should be captured when the results are reported for the reporting period.

<sup>14</sup> As shown when comparing the FY 2021 target to the FY 2021 actuals, in many USAID activities, the gender of the participant cannot be reasonably forecasted unless it is specifically targeting males or females, as explained above.

Property and Land Rights	FY 2021 Target	FY 2021 Actual	FY 2022 Target
Number of adults provided with legally recognized and documented tenure rights to land or marine areas, as a result of USG assistance	482,345	<b>26,765</b>	91,897
Document Holder Sex: Male	70,510	<b>9,772</b>	42,243
Document Holder Sex: Female	80,490	<b>12,201</b>	36,821
Document Holder Sex: Unknown/Not Reported	331,345	<b>8,868</b>	12,833
Number of adults who perceive their tenure rights to land or marine areas as secure with USG assistance	78,739	<b>254</b>	2,790
Document Holder Sex: Male	0	<b>238</b>	0
Document Holder Sex: Female	0	<b>16</b>	1,530
Document Holder Sex: Unknown/Not Reported	78,739	<b>0</b>	1,260

## 5) INFORMATION ON POVERTY ASSESSMENT METHODOLOGIES

Activities covered in this report used data gathered through a variety of poverty assessment methodologies, including:

- household vulnerability assessments;
- PAT plus (a Poverty Assessment Tool);
- Feed the Future’s Living Standards Measurement Survey;
- Asset-Based Wealth Survey,
- the Poverty Probability Index;
- poverty prevalence and depth of poverty data in specific areas; and
- proxies such as the size of a farm, ability to provide three meals per day throughout the year to all family members, certain occupations (like waste collecting or sorting), and/or general living conditions.

As part of the internal reforms undertaken following the GAO Report<sup>15</sup>, specifically in response to recommendation two, USAID will be updating standards, tools, and monitoring to identify and report activities that benefit the very poor. USAID is updating guidance on poverty assessment methodologies and plans to commission an analysis of existing tools and methodologies that will inform revisions to Agency policy and guidance. Work has already commenced to update Agency policy and research<sup>16</sup> on poverty. These updates to policy and poverty assessment methodologies are expected to be completed in FY 2023.

Some Missions do not use a poverty assessment methodology to explicitly target the very poor, but do specifically target marginalized and vulnerable populations that frequently experience higher levels of

<sup>15</sup> <https://www.gao.gov/products/gao-21-269>

<sup>16</sup> <https://www.marketlinks.org/post/report-microenterprise-and-pathways-out-poverty>



poverty, such as the disabled, female-headed households, elderly, and households with young children (first 1000 days/5 years). Others focus in post-conflict areas or working with displaced persons, where poverty is assumed via observation--but not yet quantified via a structured methodology.

## ANNEX: METHODOLOGY FOR COMPLIANCE WITH THE WEEE ACT

For cross-sectoral programming like MSME support, it is most practicable and accurate to use Agency planning systems (looking forward) to capture MSME funding in accordance with the mandates in the law for elements 1 and 2, as many activities span several years and may utilize funding from many FY appropriations.

For impact and outcome reporting, required in Elements 3 and 4, this report utilizes Agency reporting systems (looking backwards). This approach is more cost efficient and it also increases the reach, reliability and timeliness of the data given the regularity and controls in place for official reporting through Agency systems. Additionally, this approach provides clear and consistent year-to-year comparison over time on the [USAID MSME webpage](#).

For this year, USAID fully utilized available indicator and planned obligation data as intended in the Agency's response to the Government Accountability Office (GAO) on their findings in GAO-21-269, released March 30, 2021. Work remains to be done to further educate USAID operating units and implementing partners on changed definitions and practices in regards to reporting. For example, in the Microenterprise and Livelihoods key issue definition, operating units are newly required only to report on activities supporting and benefiting the very poor. The data from FY 2021 reveals that it is likely many operating units are recording support for any enterprise with less than 10 employees, which is a common but now replaced definition.

### Why USAID is using the MSME directive for the WEE Act

The FY 2020 MSME Report incorporated a new approach to representing the MSME results that is different from USAID's past practice on MSME and microenterprise reports. The approach to this report was changed after analysis of prior procedures, lessons from the FY 2019 report, USAID's collaboration with the GAO report on MSME assistance<sup>17</sup>, and discussions with Congress. In addition, changes in process are beginning to be systematically instituted that will bring greater transparency and accuracy to the mandates in the WEEE Act. Through an internal analysis of existing USAID systems and processes, review of the WEEE Act, and from the GAO recommendations, USAID has taken steps to ensure a clearer picture of MSME activities, increase the reliability of the data, and present a transparent method for meeting requirements of the WEEE Act. The new reporting approach and procedures are highlighted by three major changes:

1. The report elements under FAA Section 258(b) are reported as **planned** FY 2021 obligations for subparts one and two, and **actual** results for subparts three and four;
2. Compliance with the provisions in FAA Section 252(c) will be **explicitly linked** to the MSME directive in USAID's annual appropriation (the FY 2020 MSME directive was \$265 million); and
3. Progress toward full **integration** of MSME results and funding data into existing Agency systems.

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<sup>17</sup> <https://www.gao.gov/products/gao-21-269>