

GAO@100 Highlights

Highlights of [GAO-21-269](#), a report to congressional committees

Why GAO Did This Study

Millions of poor families throughout the developing world derive income from MSME activities. For decades, USAID has sought to use MSME assistance as a tool to achieve economic growth and poverty reduction in low-income countries. To improve programs and activities relating to women's entrepreneurship and economic empowerment, Congress passed the Women's Entrepreneurship and Economic Empowerment (WEEE) Act of 2018. Congress included a provision in this statute for GAO to assess USAID's MSME assistance. This report examines (1) USAID's planned MSME assistance for fiscal years 2015–2020; (2) the extent to which USAID targeted its MSME assistance to women and the very poor and developed a targeting process that it uses to comply with statutory requirements; and (3) the extent to which USAID has an appropriate process for monitoring its MSME assistance. GAO analyzed USAID documents and planned spending levels and interviewed USAID officials in Washington, D.C., and at 10 missions in regions in which USAID operates.

What GAO Recommends

GAO is making six recommendations, including that USAID identify the total funding subject to WEEE Act requirements; establish a definition of enterprises owned, managed, and controlled by women; disaggregate its data by enterprise size; and ensure the reliability of its MSME obligations data, among others. USAID accepted all six recommendations.

View [GAO-21-269](#). For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

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MICRO, SMALL, AND MEDIUM-SIZED ENTERPRISE DEVELOPMENT

USAID Needs to Develop a Targeting Process and Improve the Reliability of Its Monitoring

What GAO Found

For fiscal years 2015 through 2020, the U.S. Agency for International Development (USAID) generally planned to spend at least \$265 million annually on micro, small, and medium-sized enterprise (MSME) assistance, according to annual reports to Congress known as Section 653(a) reports. We found that planned spending amounts for MSME assistance in operational plans differed from the spending plans in the Section 653(a) reports, with the total planned spending exceeding the annual Section 653(a) report levels.

USAID has not developed a process to support compliance with statutory requirements to target MSME resources to activities that reach the very poor and to small and medium-sized enterprise resources to activities that reach enterprises owned, managed, and controlled by women. We identified three key gaps that impair USAID's ability to develop such a process. First, USAID has not identified the total funding subject to the targeting requirements. Second, although USAID has programs designed to help the very poor, it is unable to determine the amount of funding that reaches this group. Third, although USAID has MSME activities that benefit women, it has not defined enterprises owned, managed, and controlled by women and does not collect data by enterprise size. These gaps leave USAID unable to determine what percentage of its MSME resources is going to the very poor and enterprises owned, managed, and controlled by women.

USAID-Funded Small Enterprise Activities in Georgia, Afghanistan, and Ghana



Sources (left to right): U.S. Agency for International Development (USAID) Georgia, FHI 360, and University of Rhode Island Coastal Resources Center. | GAO-21-269

USAID collected and reported incomplete and inconsistent data in its process for monitoring MSME assistance. USAID surveys its missions and bureaus annually to collect data on the amounts and results of MSME assistance. However, USAID collected and reported incomplete data on its MSME assistance in fiscal year 2019, the year of the most recent report. It did not send the survey to all relevant missions and bureaus, and fewer than half of those that received the survey responded. Moreover, USAID's fiscal year 2019 reporting on assistance that reached the very poor included activities from only three of 21 missions that responded to its survey. USAID guidance states that its data should clearly and adequately represent the intended result. Without complete and consistent data, USAID cannot ensure that it is reporting accurate information to Congress on its MSME assistance.