



**USAID**  
FROM THE AMERICAN PEOPLE



# MICROENTERPRISE RESULTS REPORTING

Annual Microenterprise Results Report  
to Congress Fiscal Year 2014

**August 2015**

This report presents the progress of USAID's microenterprise development efforts for fiscal year 2014.

**Date of Publication: June 2015**

*Cover Photo:*

*Karungi Jauline hauls bananas from Western Uganda to Kalangala once a week to sell to the hotels and shops.*

*PHOTO CREDIT: USAID*

# TABLE OF CONTENTS

List of Acronyms .....	2
About the Report .....	4
Sources of Funding .....	7
Program Areas .....	7
Development Approaches .....	7
Where we Work .....	8
Engaging Markets .....	10
Development Credit Authority (DCA) .....	11
Cost-Effectiveness and Sustainability .....	11
The Better than Cash Alliance .....	11
How USAID Implements Microenterprise Programming .....	12
Sub-Recipients .....	12
Ending Extreme Poverty .....	14
Victims of Human Trafficking .....	15
Poverty, Race and Ethnicity .....	16
Additional Information .....	18
Annex A: MRAA Reporting Requirements .....	19



I am pleased to share with you USAID's FY 2014 Microenterprise Results Reporting. As the global community establishes a new set of sustainable development goals, there is keen recognition that inclusive economic growth is essential to reducing extreme poverty. Microenterprise development plays an important role in USAID efforts to accelerate growth that engages and benefits all of society--regardless of economic class, gender, sex, disability or religion.

Over the course of more than 30 years USAID's microenterprise efforts have evolved from a focus on microfinance to the provision of a much broader array of interventions aimed at expanding access not only to finance, but also to markets, services and other resources for poor and marginalized populations. As highlighted in this year's report, USAID puts this into practice through a wide range of activities in a number of sectors.

As a result of USAID support, smallholder farmers growing avocados in Tanzania, where two-thirds of the population lives on less than \$1.25 a day, now have greater access to planting materials, post-harvest services and other types of support needed to connect to global markets and increase incomes. In Haiti, residents of poor neighborhoods in Port-au-Prince, that are often subject to high crime, are now able to save money and transfer funds without worrying about theft due to USAID support for the use of mobile wallets in a Village Savings and Loan Association program. And in Kenya, as a result of a Development Credit Authority guarantee, the Kenya Women Finance Trust has provided more than 20,000 micro-loans to women entrepreneurs to support their agricultural and clean energy ventures.

Moving forward, USAID will further the integration of microenterprise development into other sector programs, and pursue a multi-pronged approach to strengthen the environment for microenterprise development. This new approach will focus on mobilizing private sector capital, engaging a wider set of institutions in providing financial services and products, and using digital technologies, such as mobile banking, to lower costs and reach women and remote populations.

In all these efforts, we will embrace local leadership, private investment, innovation and partnerships, while relentlessly focusing on achieving results that will contribute to our global commitment to eradicate extreme poverty by 2030.

Sincerely,

**Charles North**

Senior Deputy Assistant Administrator  
Bureau for Economic Growth, Education and Environment (E3)  
U.S. Agency for International Development

# LIST OF ACRONYMS

<b>DCA</b>	Development Credit Authority
<b>E3</b>	Bureau for Economic Growth, Education and Environment
<b>FY</b>	Fiscal Year
<b>MFI</b>	Microfinance Institution
<b>MPEP</b>	Office of Microenterprise and Private Enterprise Promotion
<b>MRAA</b>	Microenterprise Results and Accountability Act
<b>MRR</b>	Microenterprise Results Reporting
<b>MSME</b>	Micro, Small and Medium Enterprise
<b>NGO</b>	Non-Governmental Organization
<b>PAT</b>	Poverty Assessment Tool
<b>PPI</b>	Progress out of Poverty Index
<b>PPP</b>	Purchasing Power Parity
<b>QDDR</b>	Quadrennial Diplomacy and Development Review
<b>SME</b>	Small and Medium Enterprise
<b>USAID</b>	U.S. Agency for International Development
<b>USG</b>	U.S. Government
<b>VSLA</b>	Village Savings and Loan Association

*Women farmers in the Banka District of Bihar, India. PHOTO CREDIT: LWR / Jake Lyell*



*“USAID will continue working with our allies to end extreme poverty through a new model of development. Our strategies emphasize sustained inclusive economic growth, which promotes political and economic stability and expands the middle class worldwide. Inclusive growth does not simply add to a nation’s GDP; it decreases youth unemployment and wealth inequality, promotes gender equality, increases access to electricity, provides pathways out of poverty, and increases government accountability.*

*[...]*

*Because new businesses, which are often small, produce the majority of new jobs, expanding the number of entrepreneurs abroad leads to social and economic stability and provides new markets for U.S. exports. Building on successful programs in this area, the Department [of State] and USAID, in collaboration with other [US] government agencies, are supporting entrepreneurship ecosystems and enabling policy environments.”*

2015 Quadrennial Diplomacy and Development Review



Ssegguja Gerald runs a hardware shop in Kalangala. PHOTO CREDIT: USAID

## ABOUT THE REPORT

The Fiscal Year 2014 (FY 2014) USAID Microenterprise Results Reporting (MRR) responds to the annual reporting requirements of the Microenterprise Results and Accountability Act (MRAA) of 2004 (Public Law 108-484). The MRAA directs the Administrator of the U.S. Agency for International Development (USAID) to “submit to the appropriate congressional committees a report that contains a detailed description of the implementation of this title for the previous year.” Specifically, this report summarizes USAID’s investments and reach in microfinance and microenterprise development, and addresses the 12 reporting requirements included in the MRAA.<sup>1</sup>

The report was authored by the Office of Microenterprise and Private Enterprise Promotion (MPEP) in the Bureau for Economic Growth, Education, and Environment (E3).

From November 2014 through January 2015, the survey team collected data from 76 USAID Missions and three USAID/Washington Bureaus. From January to May 2015, the survey team collected project data from 84 implementing partners. The survey captures data on approximately 90 percent of the funding, or \$223.6 million of the approximately \$255 million that USAID invested in microenterprise development activities in FY 2014.

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<sup>1</sup> Summarized in table form in Annex A



Women prepping to sell homegrown tomatoes, Khatlon Province, Tajikistan. PHOTO CREDIT: USAID / Sayora Khalimova

## OVERVIEW

USAID promotes inclusive local markets by integrating the poor and marginalized into formal financial systems and by unlocking private capital flows. As a result of USAID's continuing efforts to promote microenterprise development, millions of micro-entrepreneurs who were once locked out of financial systems are now accessing finance. Nonetheless, approximately half of the world's poor remain without access to formal financial services, and are thus constrained in their ability to contribute to and benefit from economic growth.

### THE PAST

USAID was one of the first major donors to recognize the importance of microenterprise as a means for advancing inclusive economic growth in the early 1980s. Over the past three decades, USAID supported the establishment of some of the most significant actors in the microfinance industry and helped transition this industry to a financially sustainable, market-based model. Not only has this increased the efficiency of development programming, it also demonstrates the importance of engaging private sector investors in achieving sustainable and inclusive economic growth.<sup>2</sup>

### TODAY

The microenterprise world has significantly changed since USAID's first involvement in this sector more than 30 years ago, with the transformation of former NGOs and Microfinance Institutions (MFIs) into fully regulated banks, and the introduction of modern retail banking to low-income populations. Branchless banking is widespread and small financial institutions increasingly are filling the space between big banks and small customers. Digital technologies have substantially lowered the delivery cost for a wide range of financial products and services.

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<sup>2</sup> For a more detailed discussion on USAID's historic legacy in promoting microenterprise, see 'From Microenterprise to Financial Inclusion' produced by USAID's Bureau for Education, the Environment and Economic Growth (E3).

## GOING FORWARD

The global economy has evolved substantially since USAID first began promoting microenterprises. Today, 82 percent of all capital flows to the developing world come from the private sector and demand for private investment and financing from developing country businesses and governments continues to grow. The Agency is now moving toward a multi-pronged approach to building a stronger ecosystem for microenterprise development:

### Mobilizing Private Capital

USAID seeks to catalyze private capital investment that support financial institutions serving the poor, engage microentrepreneurs, and promote the growth and productivity of microenterprises. Access to finance is critical to the ability of micro and small enterprises (MSEs) to grow and support their communities.

### Promoting Digital Financial Services

Digital platforms enable financial institutions to reach a greater number of microenterprise customers more cost-effectively, particularly in remote locations. Digital delivery can also catalyze the emergence of a more diverse set of financial products, such as savings, remittances and insurance. Digital platforms also promote transparency and accountability, which can help protect women, the poor and the most vulnerable.

### Advancing Financial Inclusion

USAID microenterprise activities balance profit with an emphasis on improving access to quality financial services through customer centered design, consumer protection, and social performance. This is particularly important for ensuring that microenterprise development benefits women and the extreme poor.

*Making a living from dairy, Amhara, Ethiopia. PHOTO CREDIT: USAID / Kelley Lynch*



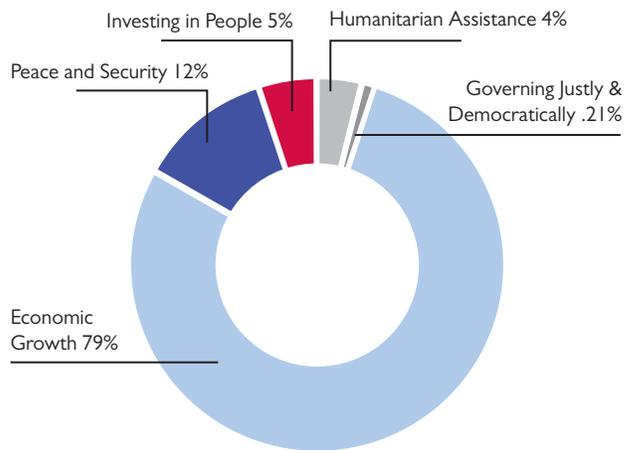
## SOURCES OF FUNDING

Microenterprise promotion is integrated throughout USAID programs as a means of achieving broader development objectives, in areas such as food security, health, and economic growth, while at the same time advancing the Agency's microenterprise goals.

Chart 1 details the numerous Program Objectives that contributed to microenterprise development in FY 2014. While USAID funds microenterprise development under nearly all of its major Program Objectives, Economic Growth is the predominant source, representing 79 percent of funding.

## CHART 1:

Microenterprise Funding By Program Objective

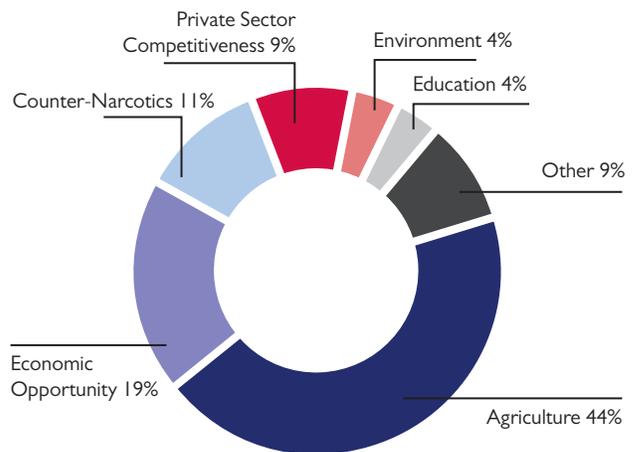


## PROGRAM AREAS

Within the Economic Growth Program Objective, several Program Areas significantly contributed to the Agency's microenterprise development efforts (see Chart 2). Agriculture (44 percent) represents a significant portion of economic growth programming. This reflects the substantial impact the Feed the Future Initiative (FtF) has had on USAID reaching its microenterprise objectives.<sup>3</sup>

## CHART 2:

FY 2014 Microenterprise Obligations by Program Area

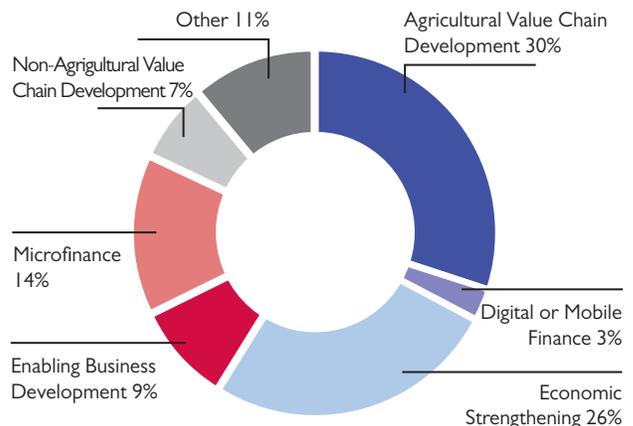


## DEVELOPMENT APPROACHES

USAID utilizes numerous approaches to promote microenterprise development (see Chart 3). This includes a range of activities designed to promote access to micro-finance, markets, and resources for the poor. In FY 2014, agricultural value chain development remained the most prevalent approach. Nearly one-third of USAID's microenterprise activities fell within this area. An additional 26 percent of the Agency's microenterprise development activities occurred within economic strengthening, including establishing and supporting savings groups and developing entrepreneurial capabilities.

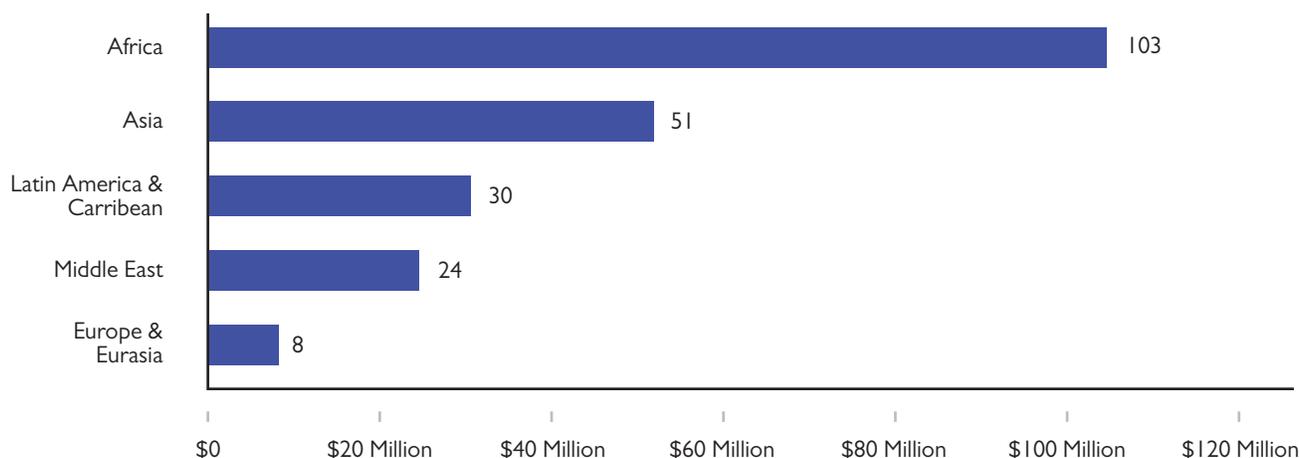
## CHART 3:

FY 2014 Obligations by Approaches to Microenterprise Development



<sup>3</sup> See page 18 for an example on how Feed the Future has advanced microenterprise objectives in Tanzania

## CHART 4: FY 2014 Funding by Region



## WHERE WE WORK

In FY 2014, 74 USAID Missions and three USAID/Washington Bureaus reported microenterprise development programming. This funding was programmed through 143 new and existing agreements—including grants, cooperative agreements, and contracts—with 167 active implementing partners.<sup>4</sup> Of this funding, \$1 million was programmed through USAID/Washington’s Office of Microenterprise and Private Enterprise Promotion (MPEP).<sup>5</sup> The majority of microenterprise programming (\$223 million) occurred through USAID Mission-level obligations.

**TABLE 1: TOP 20 MISSIONS IN FY 2014**

Rank	Mission	Total
1	Afghanistan	\$21,573,924
2	Tanzania	17,999,000
3	Ethiopia	11,465,000
4	Colombia	10,913,400
5	Haiti	9,955,307
6	West Bank and Gaza	9,400,000
7	Rwanda	7,574,421
8	Liberia	7,266,851
9	South Sudan	7,260,271
10	Malawi	7,189,710
11	Peru	7,116,000
12	Mozambique	6,972,613
13	Cambodia	6,468,942
14	Somalia	6,295,888
15	Kyrgyzstan	5,885,107
16	Uganda	4,945,800
17	Lebanon	4,862,025
18	Iraq	4,802,037
19	DR Congo	4,758,065
20	Kenya	4,743,954
21	USAID/Washington	7,400,000

<sup>4</sup> *Microenterprise Results Reporting Requirement (MRR) 1*. See Annex A for a list of all MRR Requirements. A list of all microenterprise recipients is provided in Annex I at [www.mrrreporting.org](http://www.mrrreporting.org).

<sup>5</sup> MRR requirement 2.



*Lameck Vehankira displays his Hass avocados, set to be exported through the Kilimanjaro-based Africado. PHOTO CREDIT: Fintrac Inc.*

## PROJECT SPOTLIGHT

# Catalyzing Inclusive Growth by Linking Smallholder Farmers to Export Markets

Tanzania is a country in which two-thirds of the population lives on less than \$1.25 per day, and 73 percent live in rural areas and rely on agricultural production for nutrition, food security, and livelihoods. It is also a very young country—with 64 percent of the population under 25 years of age. Thus, broad-based economic growth that is inclusive of women and youth is a significant priority for USAID/Tanzania.

With support from the U.S. Government's Feed the Future (FTF) initiative, thousands of smallholder farmers in Tanzania—including women and youth—are now producing and selling high-quality avocados to large markets throughout Europe. This has been possible through the development of a market system that engages and benefits smallholder farmers and creates jobs. USAID has catalyzed this process by working closely with two fast-growing, local private sector companies.

USAID Tanzania started working with Africado in West Kilimanjaro in 2010 to strengthen extension services and initiate a planting program for smallholder farmers. As a result of these initial successes, Africado has made a large investment in a new packaging facility which has created

many jobs for women and youth. Since 2009, Africado has expanded to 2,400 outgrowers, with a total of 110,000 trees. Fruit exports are expected to reach more than 2,000 tons by 2019.

In Mbeya Region, the Rungwe Avocado Company ("Rungwe") started with a 100-hectare farm in 2009 and within two years grew to become a network of 2,000 smallholder farmers. In 2012, FTF began improving smallholder access to planting materials, postharvest services, and logistical support to ensure the delivery of high-quality produce. In 2014 alone, Rungwe exported 200 tons from more than 3,000 smallholder farmers. For Lameck Vehankira, a farmer in Kilimanjaro Region, the increased demand has convinced him to transition from banana and coffee plants to more avocado trees. "Avocados have given me extra income from the sales of the fruit to Africado, and this provides food for the family," says Vehankira. He has harvested 200 kilograms from his small plot during the past two years.

# ENGAGING MARKETS

USAID's new model for development encourages forging new ways of investing in development, as countries require investments from multiple sources to achieve sustained and inclusive economic growth. This new approach is reflected in initiatives combining local ownership, private investment, innovation, multi-stakeholder partnerships and mutual accountability.

## DEVELOPMENT CREDIT AUTHORITY (DCA)

USAID's Office of Development Credit expands and mobilizes the private capital for microfinance-lending by providing partial credit guarantees to financial institutions. Some of these guarantees encourage lenders (i.e., banks) to extend credit to microfinance institutions (MFIs) by mitigating a portion of the real or perceived risk. In so doing, these guarantees help MFIs to expand their portfolios and to provide new products and services. In other partnerships, DCA guarantees a portion of the portfolio of micro-loans made by MFIs, which ultimately helps increase access to credit for micro-entrepreneurs.

USAID's active microfinance credit guarantees (active in FY 2014) have the potential to leverage up to \$651 million in private sector credit to MFIs and microenterprises (through 113 guarantees).<sup>6</sup> In FY 2014, USAID Missions

reported two new guarantees.<sup>7</sup> These guarantees have the potential to leverage an additional \$21,048,545 in private sector credit to MFIs and microenterprises.<sup>8</sup>

## MATCHING ASSISTANCE

USAID also partners with other entities to leverage resources for microenterprise development. In FY 2014, an additional \$17.3 million was leveraged from other sources, such as private donations, multilateral funding, commercial and concessional borrowing, savings, and program income.<sup>9</sup>

## COST-EFFECTIVENESS AND SUSTAINABILITY

For this report, USAID analyzed cost-effectiveness and sustainability by reviewing the financial sustainability of partner institutions that implement microfinance programs. Financial sustainability is defined as an organization being able to cover the full cost of its activities so that it can continue operating at a stable or growing scale without being overly reliant upon any single source. Of the 40 USAID-supported MFIs that reported sustainability measures for FY 2014, 37.5 percent were self-sustaining. Financial sustainability results did not vary in any significant manner across implementing mechanism types (contracts, grants, and cooperative agreements)<sup>10</sup>

## BETTER THAN CASH ALLIANCE

The shift from cash to electronic financial transactions—particularly in a way that expands the benefits of financial inclusion and savings for the poor—is a complex process requiring leadership, resources and technical expertise. As a founding member of the Better Than Cash Alliance, USAID facilitates the transition for governments, the development community and the private sector through advocacy; providing policy, technical and financial assistance; and developing cutting-edge research products, best practices and case studies. Electronic payments benefits include achieving cost savings, transparency, security, and the reduction of transaction costs. Thirteen governments have made commitments to digital payments to encourage growth and increase transparency. Other member organizations include the Bill & Melinda Gates Foundation, Citi Bank, the Ford Foundation, MasterCard, Visa, Coca-Cola, numerous international NGOs and development organizations.



PHOTO CREDIT: Bill & Melinda Gates Foundation / Barbara Kinney

<sup>6</sup> A list of all DCA guarantees related to microenterprise development is provided in Annex T, located online at [www.mrrreporting.org](http://www.mrrreporting.org)

<sup>7</sup> The MRR reports on DCA guarantees that USAID Missions identify as primarily serving MFIs. The Office of Development Credit reports that 22 guarantees issued in FY 2014 contain a microfinance component; these guarantees have the potential to leverage up to \$132.9 million in private sector credit to MFIs and microenterprises. For more data from USAID's Office of Development Credit, see <http://www.usaid.gov/results-and-data/progress-data/data/dca>

<sup>8</sup> MRR requirement 3

<sup>9</sup> MRR requirement 5

<sup>10</sup> MRR requirement 4



Entrepreneur, Jemimah Wagathare, Embu, Kenya. PHOTO CREDIT: USAID

## PROJECT SPOTLIGHT

# DCA Supports Kenyan Female Entrepreneurs

A \$5 million Development Credit Authority (DCA) loan portfolio guarantee issued to Kenya Women Finance Trust (KWFT) in 2012 was fully utilized in 2014. The guarantee was issued to encourage KWFT to provide micro-loans to women active in the agriculture and clean energy sectors in Kenya.

Like many Kenyan financial institutions, KWFT has historically been reluctant to lend to the agriculture and clean energy sectors due to the high perception of risk. The result was a lack of finance available for projects that could develop the sectors and demonstrate their profitability. The limited finance that was available for agriculture and clean energy projects was on unfavorable terms (i.e., high collateral requirements, short loan tenors).

However, with the support of the DCA guarantee, KWFT was able to provide more than 20,000 micro-loans to Kenyan women entrepreneurs to support their agricultural and clean energy activities, including greenhouse farming, rain-fed agriculture, dairy farming, horticulture, beekeeping, biogas, bio-digesters, cook stoves, solar panels, and electricity.

## HOW USAID IMPLEMENTS MICROFINANCE PROGRAMMING

USAID carries out its microenterprise assistance through a wide array of implementing partners and funding mechanisms. Table 2 summarizes FY 2014 microenterprise development funding by partner type. Of the \$224 million in microenterprise development funding recorded in the FY 2014 survey, 31.8 percent (\$71 million) was obligated through contracts. The remaining 68.2 percent (\$153 million) was obligated through noncontract mechanisms (i.e., cooperative agreements and grants).

Nonprofit partners were the direct recipients of 41 percent of total obligated funding. For-profit implementing partners were the direct recipients of 38 percent of total obligated microenterprise funding. Other for-profit institutions, such as

banks and non-bank financial institutions, received 16 percent. Combined, for-profit entities received 54 percent of FY 2014 obligated funding for microenterprise development.<sup>11</sup>

## SUB-RECIPIENTS

USAID's implementing partners frequently make sub-awards in the form of grants or contracts. These types of awards enhance USAID's ability to involve smaller partners and local organizations that offer valuable skills and expertise but may not be appropriate for implementing a large activity. These sub-recipients frequently have strong ties to local communities and a deep understanding of the cultural context in which they operate. In FY 2014, \$220 million was sub-obligated to 578 institutions, of which \$66.6 million was provided in the form of grants under contract.

**TABLE 2: Reported Obligations and Sub-Obligations by Institution Type, FY 2014**

Partner Type	Number of Partner Institution Types	Number of Sub-recipient Institution Types	Amounts obligated	Amounts Sub-obligated via Sub-Grants, Subcontracts, and other Sub-mechanisms
Bank, Credit Union, or Financial Institution—Private For-Profit	15	6	\$0	\$481,161
Bank, Credit Union, or Financial Institution—Private Non-Profit	1	9	\$0	\$434,657
Bank, Credit Union, or Financial Institution—Public	1	0	\$0	\$0
For-profit Implementing Partners	15	79	\$84,173,566	\$6,912,182
Cooperative or Producer Association	4	130	\$0	\$19,240,891
Education or Research Institution—Private	2	13	\$90,000	\$2,312,046
Education or Research Institution—Public	5	12	\$1,665,999	\$2,746,202
Government or Governmental Agency	9	4	\$1,662,824	\$139,435
Other For-Profit Enterprise or Firm	8	143	\$34,842,341	\$72,023,955
Other Non-Profit Organization	72	234	\$89,045,333	\$112,900,878
Type Not Reported	35	6	\$12,205,807	\$2,105,624

<sup>11</sup> MRR requirement 4



Merchant Belleus Pierre with mobile phone in Haiti. PHOTO CREDIT: Mercy Corps

## PROJECT SPOTLIGHT

# Improving Savings through Mobile Technology in Haiti

The Carrefour Commune in Port-au-Prince, Haiti is an impoverished area with very few services and high crime that was severely affected by the 2010 earthquake. Already the poorest country in the Western Hemisphere, with 80 percent of the population living under the poverty line and 54 percent considered extreme poor, the earthquake killed an estimated 230 thousand people and left 1.5 million homeless.

Although about half of Haitians save, nearly five years after the earthquake, many families still lack the resources to rebuild their homes. USAID has helped introduce Village Savings and Loan Associations (VSLAs) throughout Carrefour and other communes. Through the VSLAs, members have been able to start reconstruction and increase their incomes through small business ventures. VSLAs are a particularly useful tool for the 15 percent of Haitian women who utilize savings to start or grow a business.

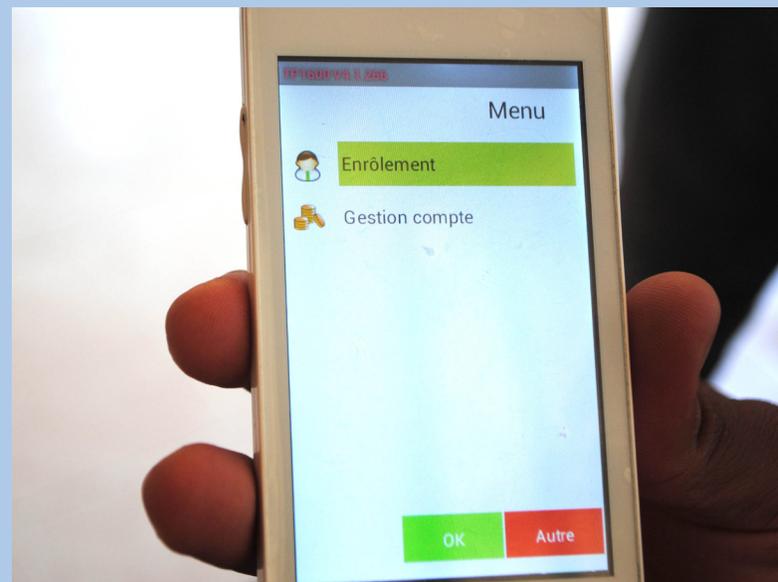
However, a major challenge the VSLAs face is that they collect cash during meetings, which places members at a great risk for being robbed. To address this challenge, USAID Haiti's Integrated Finance for Value Chains and Enterprises (HIFIVE) program is piloting the use of mobile wallets for 20 VSLAs using LajanCash, a mobile money service by HaitiPay/ Banque Nationale de Crédit (BNC).

By using mobile wallets, members of the VSLAs will be able to safely deposit and receive money without worrying about theft. Mobile phones used to make transactions are locked

in a safe box, but if they were to be stolen the money would still be safe, as the mobile accounts are password protected.

Beneficiaries also note that the introduction of LajanCash to their VSLAs has provided a secure way to access money. Members have completed construction projects and have been able to put food on the table through the use of savings and loans to buy and sell merchandise.

The phone display for a LajanCash account used by the pilot VSLAs  
PHOTO CREDIT: World Council of Credit Unions





Mary Ngok, 31, a farmer in Bor County receives sorghum, oil, and lentils, South Sudan. PHOTO CREDIT: Catholic Relief Services

## ENDING EXTREME POVERTY

As one of the four pillars to the 2015 QDDR, advancing inclusive economic growth remains central to USAID's Mission. Vital to this effort is measuring how the Agency is helping the very poor.<sup>12</sup> USAID-approved poverty measurement tools help provide this evidence by providing standardized best practices for implementing partners to assess the poverty levels of microenterprise beneficiaries. The results can be used to evaluate implementing partners' success in reaching the poor and very poor, to compare poverty levels in different areas or to track changes in poverty level over time.

A Poverty Assessment Tool (PAT) measures the prevalence of poverty among a population based upon twenty-five indicators that best predict poverty levels. Each PAT includes country-specific questions, which collect information including household member characteristics, housing conditions, and ownership of durable assets. In FY2014 USAID had 37 approved PATs for assessing the poverty level of microenterprise beneficiaries. Each PAT is unique to the country for which it was designed, as the form poverty takes varies due to local conditions.<sup>13</sup>

No new PATs were developed in FY2014, but USAID continued to support the application of existing PATs by making available to implementers a wide variety of free resources, including country guides, an implementation manual, and a help desk.<sup>14</sup>

In FY2014, twelve USAID implementing partners used poverty assessment tools. Of these, 55 percent of their funding was programmed for activities focused on reaching the very poor. By multiplying the share of funds benefiting the very poor by the total number of beneficiaries in FY2014 (6,364,554), USAID estimates 3,500,505 very poor people benefited from microenterprise development assistance in FY2014.<sup>15</sup>

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<sup>12</sup> Very poor is defined as being the poorest 50 percent of populations living below the poverty line established by a given country, or those living on less than \$1.25 per day.

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<sup>13</sup> MRR requirement 8

<sup>14</sup> MRR requirement 6

<sup>15</sup> MRR requirement 7



Village Savings and Loan Association. Bensonville, Liberia. PHOTO CREDIT: USAID / Nico Parkinson

## VICTIMS OF HUMAN TRAFFICKING

Promoting growth that is inclusive of the most vulnerable is critical to USAID's efforts to eliminate extreme poverty. Inclusive finance and microenterprise development enable the very vulnerable and marginalized to contribute to and benefit from economic growth. USAID's microenterprise development assistance supports victims of human trafficking, potential victims, and women who are susceptible to other forms of exploitation and violence. In FY 2014, \$16.2 million was reported as targeted towards victims and potential victims of human trafficking and women who are victims of, or are susceptible to, other forms of exploitation and violence.<sup>16</sup>

<sup>16</sup> MRR requirement 9

## POVERTY, RACE AND ETHNICITY

Throughout much of the world, social exclusion due to race or ethnicity is strongly associated with socioeconomic status and economic opportunity. One pathway for socially excluded groups to advance their economic well-being is through the operation of microenterprises.

Much of USAID's microenterprise programming in FY 2014 worked towards removing the close tie between poverty and race/ethnicity.<sup>17</sup> In FY 2014, an estimated 69.9 percent of beneficiaries of USAID microenterprise development activities lived in countries where there was a strong relationship between social exclusion due to race or ethnicity and poverty.<sup>18</sup>

<sup>17</sup> This figure represents both indirect and direct beneficiaries. Visit [www.mrrreporting.org](http://www.mrrreporting.org) for a full list of annexes and information on how significant relationships between poverty and race / ethnicity were determined.

<sup>18</sup> MRR requirement 10



*Sylvia Awuni records mobile money transactions in a paper ledger. PHOTO CREDIT: USAID*

## PROJECT SPOTLIGHT

# Promoting Financial Inclusion through Digital Financial Services

As the first female mobile money agent in Tongu, Ghana, Sylvia Awuni frequently has people waiting outside her shop to “cash in” or “cash out” using mobile money. Awuni helps Tongu’s residents send and receive money, facilitate transfers for small business owners, and assist villagers in paying their utility bills—all through her phone. By making financial transactions cheaper, more secure and transparent, mobile money gives poor families access to affordable financial tools that help them lead more resilient and productive lives.

USAID is improving Ghana’s regulatory environment to enable the growth of digital financial services. Mobile network operators and service providers are connecting communities like Tongu to a range of financial services, from savings products to pay-as-you-go electricity. While

nearly 70 percent of the population has never used a formal financial service, the rapid growth of mobile phones and mobile money is allowing Ghanaians long shut out of the formal economy to contribute to and benefit from economic growth.

A recent study conducted by the USAID-funded GSMA Connected Women Program shows women are 14 percent less likely than men to own a mobile phone and use it for financial services. This mirrors the gender gap in access to finance, where women are 15 percent less likely than men to have a bank account. Female mobile money agents like Awuni are closing the financial inclusion gender gap by providing support to women interested in using digital financial services.

## FY 2014 PERFORMANCE RESULTS

	FY 2014 Goals	FY 2014 Results
Number of microenterprise clients who are borrowers (Out of 47 Projects)	1,250,000	643,949
% Women	60%	78%
% Rural	40%	77%
Number of microenterprise clients who are savers (Out of 36 Projects)	1,750,000	497,449
% Women	60%	89%
% Rural	40%	82%
Total number of microenterprise borrowers and savers	1,750,000	1,141,398
Number of microenterprises supported directly by Partners (Out of 106 Projects)	400,000	1,274,575
% Women	40%	33%
% Rural	75%	90%
Total number of microenterprise employees	500,000	6,364,554
Total number of microenterprise beneficiaries <sup>2</sup>	2,650,000	6,770,361
% USAID microfinance partners that achieved sustainability (Out of 17 partners)	50%	88%
% Funds benefiting the very poor (representing \$123,027,229 FY 2014 funding) <sup>3</sup>	50%	55%
Number of very poor microenterprise beneficiaries	3,000,000	3,500,505

*\*Goals are based on programmatic information from the Missions included in the FY 2014 reporting cycle. <sup>19</sup>*

In FY 2014, USAID met many of its performance goals for microenterprise promotion, while in a few areas the Agency fell short. Trends captured in recent years' Microenterprise Results Reporting reflect the progress and evolution of many developing economies and the resulting shift in the role for USAID in microenterprise development. As a result, many programs that advance microenterprises no longer focus exclusively on microfinance. Many activities prioritize systems-level change, the results of which are not fully captured in the reporting requirements (for instance, value-chain development is employed within many sectors to benefit microentrepreneurs).

As highlighted in this report, USAID's microenterprise investments are promoting thriving, inclusive markets by combining local ownership, private investment, innovation, multi-stakeholder partnerships, and mutual accountability. Given the complex and dynamic nature of poverty, USAID's effort to end extreme poverty by 2030 will continue to employ microenterprise development, in conjunction with a multitude of other approaches, to catalyze inclusive economic growth. As the Agency looks forward, USAID will continue to set robust targets per the MRAA requirements, and strive to reach more microenterprises and improve access to financial services.

<sup>19</sup> MRR requirement | |



*Farmer ploughs his rice field after the flood subsides, Cambodia. PHOTO CREDIT: Documentation Center of Cambodia / Makara Ouch*

## **ADDITIONAL INFORMATION**

This report responds to the annual reporting requirements of the Microenterprise Results and Accountability Act of 2004. To limit the report's length and reduce costs, supporting data, including all additional annexes beyond Annex A are available online at [www.mrreporting.org](http://www.mrreporting.org). The website enables users to explore the data, access previous reports, and compare information across years. A complete listing of implementing partners receiving microenterprise funding can be found here as well.<sup>20</sup>

To connect with microenterprise development practitioners, share knowledge, and learn about important industry events, please visit the USAID's inclusive economic growth portal, Microlinks, at <http://www.microlinks.org>.<sup>21</sup>

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<sup>20</sup> MRR requirement 12

<sup>21</sup> MRR requirement 12 (See Annex A)

## ANNEX A: MRAA REPORTING REQUIREMENTS

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- 1 Funding: The number of grants, cooperative agreements, contracts, contributions, or other forms of assistance provided under section 252 (the section of the law authorizing USAID to provide microenterprise assistance), with a listing of: A) The amount of each grant, cooperative agreement, contract, contribution, or other form of assistance. B) The name of each recipient and each developing country with respect to which projects or activities under the grant, cooperative agreement, contract, contribution, or other form of assistance were carried out. C) A listing of the number of countries receiving assistance authorized by section 252.

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  - 2 Central Mechanisms: The amount of assistance provided under section 252 through central mechanisms.

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  - 3 DCA: The name of each country that receives assistance under section 256 (the section of the law pertaining to the DCA and credit instruments) and the amount of such assistance.

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  - 4 USAID Funding Recipients: The level of funding provided through contracts; the level of funding provided through grants, contracts, and cooperative agreements that is estimated to be sub-granted or subcontracted, as the case may be, to direct service providers; and an analysis of the comparative cost-effectiveness and sustainability of projects carried out under these mechanisms.

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  - 5 Matching Assistance: It is the sense of Congress that USAID should include in the report required by section 258 of the Foreign Assistance Act of 1961 (as added by section 6 of this Act) a description of all matching assistance (as described in paragraph 1) provided for the prior year by recipients of microenterprise development assistance under such title.

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  - 6 Funds for Very Poor Clients: The percentage of assistance furnished under section 252 that was allocated to the very poor, based on the data collected using the certified methods required by section 254 (the section of the law outlining the requirement for USAID to develop client poverty assessment methods and require their use by awardees by October 2006).

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  - 7 Estimated Number of the Very Poor: This number is reached with assistance provided under section 252.

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  - 8 Poverty Assessment Methods: The process of developing and applying poverty assessment procedures required under section 254.

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  - 9 Funds to Assist Victims of Trafficking and Exploitation: Information on the efforts of the Agency to ensure that recipients of U.S. microenterprise and microfinance development assistance work closely with nongovernmental organizations and foreign governments to identify and assist victims or potential victims of severe forms of trafficking in persons, and women who are victims of or susceptible to other forms of exploitation and violence.

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  - 10 Poverty and Race/Ethnicity: An estimate of the percentage of beneficiaries of assistance under this title in countries where a strong relationship between poverty and race or ethnicity has been demonstrated.

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  - 11 Performance Monitoring System: The results of the monitoring system required under section 253 (see A-D below). A) The monitoring system shall include performance goals for the assistance, and express such goals in an objective and quantifiable form, to the extent feasible. B) The monitoring system shall include performance indicators to be used in measuring or assessing achievement of the performance goals described in paragraph 1, and the objective of the assistance authorized under section 252. C) The monitoring system provides a basis for recommendations for adjustments to the assistance to enhance the sustainability and the impact of the assistance, particularly the impact of such assistance on the very poor, particularly poor women. D) The monitoring system adopts the widespread use of proven and effective poverty assessment tools to successfully identify the very poor and ensure that they receive adequate access to microenterprise loans, savings, and assistance.

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  - 12 Additional Information: Any additional information relating to the provision of assistance authorized by this title, including the use of poverty assessment methods required by section 254, or additional information on assistance provided by the United States to support microenterprise development under this title or any other provision of law.
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