

MONITORING AND EVALUATION SUPPORT ACTIVITY II (MEASURE II)

*Ex Post Evaluation Of USAID/BIH's Grant Assistance To
Micro, Small, and Medium Enterprises in BIH (2012–
2022)*

Final Report

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ABSTRACT

The United States Agency for International Development Mission in Bosnia and Herzegovina (USAID/BiH) commissioned the USAID/BiH's Monitoring and Evaluation Support Activity to conduct an impact and performance evaluation of grant assistance provided to micro, small, and medium enterprises (MSMEs) from 2012 through 2022. The purpose of the evaluation was to provide evidence to improve the impact of grants on MSMEs' business performance and USAID's grant administration and documentation procedures. The evaluation encompassed seven USAID/BiH Activities implemented during this time frame and provides overall findings about the portfolio of grants. Primary data collection took place from June to October 2023. Secondary data was collected by the evaluation team (ET) from the financial database for registered BiH firms. The evaluation results conclude that grants were generally an effective mechanism for improving MSMEs' business performance across supported industries. Grants for equipment, training, and certification were effective, whereas the effects of grants for fair attendance were not statistically significant. Grantees shared positive views on USAID's grant administration procedures, noting that the funds helped them accelerate their investments and improve their business operations and overall image. The evaluation found that micro and small companies need grant assistance more than medium companies. The evaluation concludes that USAID should continue supporting MSMEs through small grants, focusing on export-oriented sectors and companies with value-added products, and startups (micro and small businesses). USAID should consider expected results, sectors, and company size when tailoring the assistance to specific MSMEs' needs. USAID should consider digitizing its grant application and administration procedures, standardizing rules around site visits and requests for applications, introducing advanced payments, and assisting its grantees in dealing with market disruptions. USAID should develop a comprehensive database with detailed information on its grantees and use it when making funding decisions.

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The team for the Impact and Performance Evaluation of USAID/BiH's Grant Assistance to Micro, Small, and Medium Enterprises in BiH included the impact evaluation lead, Mitchell Morey, senior economist at the American Institutes for Research and MEASURE II technical director; the performance evaluation co-lead, Salminka Vizin, MEASURE II deputy chief of party; the performance evaluation co-lead, Mirza Kulenović, MEASURE II senior research analyst; and team members Erma Kurtović, Aldin Čeković, and Emina Abuannab, MEASURE II analysts.

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ACRONYMS

ADS	Automated Directives System
AOR	Agreement Officer's Representative
BAM	Bosnia and Herzegovina Convertible Mark
BiH	Bosnia and Herzegovina
CITS	Comparative Interrupted Time Series
CO	Contracting Officer
COR	Contracting Officer's Representative
DI	Diaspora Invest
EQ	Evaluation Question
ET	Evaluation Team
EU	European Union
FARMA	Fostering Agricultural Markets Activity
FBiH	Federation of Bosnia and Herzegovina
FIRMA	Fostering Interventions for Rapid Market Advancements
ICT	Information and Communication Technology
ID	Company Identification Number
IP	Implementing Partner
IT	Information Technology
KII	Key Informant Interview
MEASURE II	Monitoring and Evaluation Support Activity
MSME	Micro, Small, and Medium Enterprises
OTI	Office of Transition Initiatives
RS	Republika Srpska
USAID/BiH	United States Agency for International Development Mission in Bosnia and Herzegovina
WHAM	Workforce and Higher Access to Markets Activity

EXECUTIVE SUMMARY

INTRODUCTION AND BACKGROUND

The United States Agency for International Development Mission in Bosnia and Herzegovina (USAID/BiH) commissioned the Monitoring and Evaluation Support Activity (MEASURE II) to evaluate the impact and performance of grant assistance to micro, small, and medium enterprises (MSMEs) from 2012 through 2022. The evaluation provides overarching impact estimates and evaluative findings for seven USAID/BiH Activities with a grant component for the MSME sector integrated into their respective contracts/agreements during that time frame, including (a) Fostering Interventions for Rapid Market Advancements (FIRMA), (b) Fostering Agricultural Markets Activity (FARMA), (c) Fostering Agricultural Markets Activity II (FARMA II), (d) Diaspora Invest (DI), (e) Via Dinarica, (f) Via Dinarica II, and (g) Workforce and Higher Access to Markets Activity (WHAM). An assessment of grant support provided to MSMEs by other donors provided information about different grant implementation practices that informed this evaluation.

METHODS

To assess the efficacy and efficiency of using the small grant mechanism for delivering development assistance, the evaluation employed a comprehensive mixed-methods data collection and analysis approach that integrated different data sources and types through methodological triangulation. The evaluation design encompassed both impact and performance evaluation components. Qualitative and quantitative methods were combined for data collection: a desk review of Activities' documents and secondary data sources, thematic coding of 56 individual and group key informant interviews (KIIs), regression analysis of existing financial data, and descriptive analysis of an online survey of USAID's grant recipients (hereinafter, survey of USAID's grantees).¹ Through the data collection process, the evaluation team reached individuals from USAID, other donors, USAID implementing partners (IPs), other USAID and non-USAID IPs, and grantees (MSMEs and development agencies).² The team triangulated data to develop credible findings, conclusions, and recommendations. Primary data was collected from June to October 2023.

FINDINGS AND CONCLUSION

EVALUATION QUESTION 1: TO WHAT EXTENT HAS THE GRANT ASSISTANCE PROVIDED BY USAID/BIH CONTRIBUTED TO MSME'S SUSTAINED BUSINESS PERFORMANCE?

EQ 1.1. HOW DO THE EFFECTS OF USAID/BIH'S SMALL GRANTS PROGRAMS VARY DEPENDING ON THE TYPE OF GRANTS PROVIDED AND THE SECTOR/INDUSTRY THAT HAS BEEN SUPPORTED?

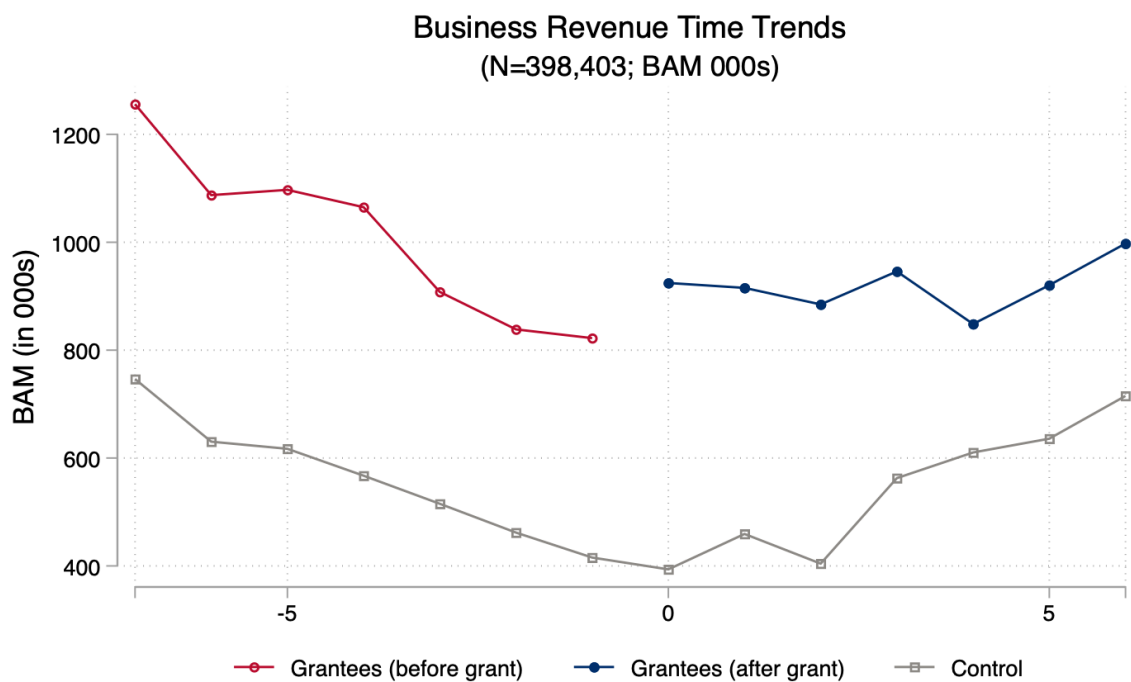
Impact analysis. The analysis of the impact of grants distributed between 2012 and 2022 found that small grants positively affected MSME business performance, contributing to the growth of fixed assets by more than 100 percent and business revenue by more than 50 percent. The impact evaluation relied on a Comparative Interrupted Time Series (CITS) methodology to compare trends in business outcomes before and after firms received grants to the trends for non-recipients over the same time period. These impacts were more robust for recipients' fixed assets and business revenue. Exhibit 1 depicts the impact on firms' business revenue: Non-recipient firms follow a

¹ The survey response rate was 46 percent.

² Development agencies typically received grants either to receive capacity building or to deliver training sessions to MSMEs.

consistent trend (gray line), whereas the trend for recipients (red before the grant, light blue afterward) shows a statistically significant jump upon receipt. Grants produced positive effects on various business performance indicators across supported industries. Assistance for equipment purchases proved most effective, contributing to three of four business performance indicators. Certification and training provided some positive effects, although grants for fair attendance did not. Also, grants to manufacturing companies negatively affected employment.

Exhibit 1. Firms experience a jump in business revenue upon receiving a grant



Note: Year 0 for grantees represents the year of grant; Year 0 for non-grantees represents the median year of financial reports. 5% outliers dropped from upper tail.

Clear differences suggest that the trends in key business outcomes from before receiving a grant are different than the trends from after receiving a grant. Exhibit 2 shows the year-to-year change in the average outcomes for grantees. These trends do not show causal impacts of the grants but characterize the changes over time for these firms. The pre-post trends are most stark for fixed assets, which had a statistically significant annual decrease of roughly 17,600 convertible marks (BAM) in value before firms received the grant and a statistically significant annual increase of roughly 15,400 BAM after firms received the grants. Similarly, firms’ average net profit changed annually by about 7,750 BAM before receiving a grant, whereas the annual change increased to about 11,900 BAM after the grant. These trends show that the business outcomes improved after grants relative to how they changed before grants.

Exhibit 2. Trends in business outcomes over time

Activity Name	Overall Yearly Change	Pre-Grant Yearly Change	Post-Grant Yearly Change
Fixed Assets (Thousand BAM)	-4.00	-17.61**	15.39*
Business Revenue (Thousand BAM)	-7.42	-14.94	9.73
Net Profit (Thousand BAM)	8.90***	7.75**	11.93***
Number of Employees	-0.03	-0.09	0.24***

Note: Statistical significance of yearly change is denoted by * 10 percent, ** 5 percent, *** 1 percent.

Grantee perception of grants. Grantees perceived USAID's grants as valuable, especially in accelerating investments and expanding their business operations (developing new products, accessing new markets, strengthening relationships with cooperatives, and enhancing marketing capabilities). Grantees said the fact that they received a USAID grant, regardless of type, helped them promote their companies and improve their image. Grantees also noted the value of grants for equipment more than other types of assistance, but they consider all grant types useful.

Prioritizing micro and small companies. Micro and small companies (including startups) need grant assistance more than medium companies. Smaller and younger companies usually do not have access to bank loans, and they need more time to invest on their own compared to medium companies. These companies usually need larger or multiple grants before they can obtain other funding sources.

FINDINGS EQ2. HOW HAS THE USAID/BIH GRANT SUPPORT TO MSMES BEEN ADMINISTERED AND DOCUMENTED BY IMPLEMENTING PARTNERS (IPS) AND THE MISSION?

Distribution and administration of grants. USAID's grant administration procedures were regulated through grant manuals and distributed through requests for applications (RfAs). Grant applications were reviewed and scored with the approval of USAID's Agreement Officer's Representative (AOR)/ Contracting Officer's Representative (COR) or Contracting Officer (CO). Grantees praised USAID's grant applications and consider them less onerous than those of other donors, primarily due to the less complex paperwork and requiring what grantees referred to as "standard documentation." However, some grantees needed third-party assistance in preparing the application due to the lack of in-house capacity. All USAID Activities strongly encouraged grant applications from female-owned or -managed businesses or projects supporting women employment.

Grant implementation. Most grantees who received funds before the pandemic did not report any issues during the grant implementation. The COVID-19 pandemic and other market disruptions negatively affected implementation in recent years, primarily through delays in equipment delivery and raising transportation and cost of equipment. Grantees were required to cover the additional costs caused by market distortions, but most of them said this was not a major burden for their companies.

Grant payment. IPs mostly use reimbursement when executing payments and consider this payment type the safest. Grantees noted they had no issues with the payments but would prefer advanced payments. Advanced payments would allow smaller companies, without sufficient funds to cover the project costs on their own and wait for reimbursement, to apply for grant assistance.

Grant reporting. Grantees were requested to submit regular progress reports and final reports upon completion of the grant. IPs compiled and summarized the information from grantees' reports and presented them in their progress reports for the Mission. USAID Activities are obligated to keep all grant documentation for three years after the final payment or the date of submission of the final expenditure report. Grantees considered USAID's reporting procedures as more straightforward and simpler than those of other donors.

FINDINGS EQ3. WHAT ARE THE GOOD PRACTICES DEPLOYED AND KEY LESSONS LEARNED BY OTHER ORGANIZATIONS IN PROVIDING SIMILAR SUPPORT TO MSMES?

Digitalization of grant applications. Most non-USAID implementers digitalized grant application procedures in recent years. With the digitalization of grant applications, the process is more efficient, transparent, and suitable for monitoring. Grantees usually are required to scan and upload documents without sharing any hardcopies.

Grant monitoring. Conducting site visits before signing the grant agreement is considered beneficial for funding decisions. This practice helps verify and validate the information from the grant application, explain the requirements, and establish effective communication. Most USAID implementers conducted such visits prior to finalizing grant agreements.

Payment procedures. Even though most non-USAID implementers preferred executing payments through reimbursements, some offered advanced payments with a bank guarantee, and one enabled this payment option without any guarantee. Some donors were flexible regarding market disruptions, approving additional funding to grantees to cover the additional costs. In contrast, others approved purchasing less expensive or used equipment.

Reporting and storing grant documentation. All donors employ similar reporting procedures: Grantees must report on their progress to IPs, and IPs are obligated to submit regular progress and financial reports to donors. Most donors require final reports with aggregated information on grants. Unlike donors, all implementers have detailed databases with information on grantees.

Donor coordination. Although realizing the importance of coordination, most donors agreed that there is no structured coordination among donors distributing grants to MSMEs. However, there were several positive examples of donor cooperation. The Ministry of Foreign Trade and Economic Relations had initiated facilitating donor coordination meetings in 2019 and early 2020, but this practice was discontinued after a couple of meetings due to the pandemic. However, the general coordination meetings left no time to discuss specific issues such as coordinating assistance to MSMEs.

Supporting women's entrepreneurship and economic activity. All donors and implementers supported female entrepreneurship (and often other vulnerable groups' businesses) through their grant schemes, primarily through application scoring by giving additional points to the female-owned or -managed companies or those planning to employ women through their projects. The biggest obstacle in fostering women's employment is sectoral since most export-oriented sectors are considered male-oriented. This obstacle may have contributed to the finding that the grants had a smaller impact on increasing female-owned or -managed firms' fixed assets. Also, women sometimes do not have the real decision-making power, even when registered as company owners and managers.

RECOMMENDATIONS

USAID should consider the following recommendations to improve its grant schemes:

1. Continue supporting MSMEs through grants if the objectives are to facilitate improvements in MSME's fixed assets, revenue, and profit, but be cautious about possible unintended consequences for employment.
2. Continue distributing grants primarily to startups—micro and small companies—especially those whose application suggests they are unlikely to invest imminently without USAID's funding; when strengthened, help them obtain bank loans if needed.

3. Consider supporting medium-size businesses in cases when they want to make a large investment and they cannot afford it in the near future. Perform careful scrutiny of grant applicants' records to determine their capacity to invest in the near future.
4. Given that USAID identified private sector growth as its strategic interest, focus grant assistance on export-oriented MSMEs with value-added products; as suggested by experts, these companies can positively affect small economies.
5. Consider a thorough sector assessment when planning large investments in a specific sector.
6. Improve grant administration by introducing digital grant application and reporting procedures; conducting site visits prior to signing grant agreements, and follow up after implementation; abandon the practice of giving more points to projects with higher cost-share; allowing for advanced payments when needed; flexibly responding to market changes burdening the companies.
7. Develop a comprehensive database with information on all past and future grantees and use it when making funding decisions. Use the data prepared by the evaluation team to establish a database on former grantees.
8. Continue using the grant mechanism to support women's economic empowerment through grants to firms with active female management.
9. Promote successful grantees to improve their visibility and to help them establish new business partnerships and sources of funding.
10. Consider establishing coordination mechanisms for IPs distributing grants to MSMEs.

INTRODUCTION

Upon request of the United States Agency for International Development Mission in Bosnia and Herzegovina (USAID/BiH), the Monitoring and Evaluation Support Activity (MEASURE II) evaluated the impact and performance of grant assistance to micro, small, and medium enterprises (MSMEs) from 2012 through 2022. The evaluation investigated whether and how the small grants' assistance to MSMEs provided by USAID/BiH in Bosnia and Herzegovina (BiH) during that period affected their business performance, and potential variations in effects across industries and grant types. The evaluation also explored small grants distribution and documentation practices employed and lessons learned by USAID/BiH and other donor organizations. This report reflects data collected and analyzed by the evaluation team from June to October 2023.

BACKGROUND

MSMEs are the backbone of the BiH economy. According to the BiH Agency for Statistics, the total number of BiH companies in 2020 exceeded 27,000, 99 percent of which were MSMEs.^{3,4} Such businesses are a major contributor to job creation in BiH: The sector employed more than 400,000 people in 2020.⁵ Despite strengthening economic growth and providing a considerable share of employment, the business environment remains a challenge for accelerating MSME sector development. According to the *Economic Reform Programme 2022–2024*, MSMEs face challenging and unfavorable policy and enforcement environments as well as complex, unclear, and sometimes contradictory legal and regulatory frameworks.⁶ In 2021, BiH was ranked 144th out of 167 countries in the Enterprise Conditions Pillar of the Prosperity Index, which measures the degree to which regulations enable businesses to start, compete and expand.⁷ Extremely limited accessibility of financial resources is another challenge. Getting funding from banks is almost impossible without a perfect borrower profile—a prerequisite that most startup enterprises cannot meet.⁸ Moreover, there is a substantial gap in the supply of leasing and equity products.⁹ As a result, the majority of MSMEs use internal sources to finance their business needs.¹⁰ At the same time, economic reforms have slowed in the past couple of years, primarily due to the unstable political situation and the COVID-19 pandemic that severely affected economic activity.

USAID/BiH has supported BiH economic development for more than 20 years with the aim to assist the country in mitigating the challenges described above and fostering more accelerated economic growth. As part of its development assistance, USAID/BiH has provided targeted, demand-driven support to MSMEs with a focus on sectors and sub-sectors where BiH has a competitive advantage, including agriculture, tourism, manufacturing, information and communication technology (ICT), wood processing, metal processing, and related sub-sectors. Exhibit 3 provides an overview of

³ Agency for Statistics 2020. *Structural business statistics*.

https://bhas.gov.ba/data/Publikacije/Bilteni/2022/SBS_00_2020_TB_I_BS.pdf

⁴ The Agency classifies enterprises as small or medium-size companies based on the number of their employees; small enterprises employ fewer than 50 persons, and medium-size enterprises employ fewer than 250 persons.

⁵ Ibid.

⁶ BiH Directorate for Economic Planning. (2022). *Economic reform programme 2022–2024* (ERP BiH 2022–2024).

<http://www.dep.gov.ba/naslovna?id=2581>

⁷ Legatum Institute. (2023). *The Legatum Prosperity Index: Bosnia and Herzegovina*. <https://www.prosperity.com/globe/bosnia-and-herzegovina>

⁸ European Investment Bank. (2016). *Bosnia and Herzegovina: Assessment of financing needs of SMEs in the Western Balkans countries*. https://www.eib.org/attachments/efs/assessment_of_financing_needs_of_smes_bosnia_herzegovina_en.pdf

⁹ Ibid.

¹⁰ World Bank Group. (2018). *Access to finance for MSMEs in BiH with a focus on gender: A survey report*.

<https://openknowledge.worldbank.org/bitstream/handle/10986/29529/124353-REVISED-BiH-Access-to-Finance-Gender-Full-Report-FINAL-formatted.pdf>

USAID/BiH-supported Activities implemented between 2012 and 2022 that focused on increasing BiH enterprises' productivity, profits, and employment opportunities. All these Activities had a grant component integrated into their respective agreements/contracts. The awarded grants were intended to further help MSMEs in promoting innovative ideas or new technologies, support the purchase of equipment or technology necessary to meet export market requirements, strengthen market linkages, and contribute to sector growth.

Exhibit 3. Basic information on the USAID/BIH activities with grant component

Activity Name	Co-funder	Implementing Partner (IP)	Life of Activity	Assisted Sector
Fostering Interventions for Rapid Market Advancements (FIRMA)	Swedish International Development Cooperation Agency (SIDA)	Cardno Emerging Markets	2009–2015	1. Wood processing 2. Tourism 3. Light Manufacturing/ Metal processing
Fostering Agricultural Markets Activity (FARMA)	Swedish International Development Cooperation Agency (SIDA)	Chemonics International, Inc.	2009–2015	1. Dairy 2. Fruits and vegetables 3. Medicinal and aromatic plants (MAP) and honey
Fostering Agricultural Markets Activity II (FARMA II)	Swedish International Development Cooperation Agency (SIDA)	Cardno Emerging Markets	2016–2021	1. Dairy 2. Fruits and vegetables 3. MAP and honey 4. Poultry
Diaspora Invest (DI)	N/A	Financial Markets International, Inc. (FMI)	2017–2022	1. Manufacturing (metal processing, wood processing, and other manufacturing) 2. Agribusiness 3. ICT 4. Tourism 5. Energy
Via Dinarica I / II	N/A	United Nations Development Programme (UNDP)	2018–2021	1. Tourism
Workforce and Higher Access to Markets Activity (WHAM)	N/A	International Executive Service Corps. (IECS)	2017–2022	1. Wood processing 2. Metal processing 3. Textile/Apparel 4. ICT

EX POST EVALUATION PURPOSE AND QUESTIONS

EVALUATION PURPOSE: The evaluation was intended to inform future USAID/BiH practices in delivering development assistance through the small grant mechanism. The evaluation investigated whether and how the small grants' assistance provided to MSMEs by USAID/BiH in 2012–2022 affected the businesses' performance and potential variations in effects across grant types and industries. The evaluation explored small grants distribution and documentation practices employed and lessons learned by USAID/BiH and other donors.

Evaluation findings, conclusions, and recommendations will help the Mission improve its grant monitoring, administration, and documentation systems and maximize the effectiveness of grant assistance. The evaluation also will provide the Mission with a comprehensive overview of best practices and lessons learned by other donors distributing grant assistance to MSMEs.

EVALUATION QUESTIONS

This report addressed the following research questions:

1. To what extent has the grant assistance provided by USAID/BiH contributed to MSME's sustained business performance?
 - 1.1. How do the effects of USAID/BiH's small grants programs vary depending on the type of grants provided and the sector/industry that has been supported?
2. How has the USAID/BiH's grant support to MSMEs been administered and documented by Implementing Partners (Ips) and the Mission?
3. What are the good practices deployed and key lessons learned by other organizations in providing similar support to MSMEs?

EX POST EVALUATION METHODS AND LIMITATIONS

CONSOLIDATED GRANT DATABASE

MEASURE II consolidated a database with information on grants USAID/BiH distributed to MSMEs from 2012 to 2022, excluding ongoing Activities. The database included responsible Activity, grant recipients data (company identification number; company name; company activity status; contact information; sector; male/female ownership; municipality; entity; size of company before/after grant, growth/decline of company size); and grants data (number of grants received; grant amount; grants start/end dates, co-funding; grant description; grant type). The database, which was prepared based on documents available to the evaluation team (ET),¹¹ was a starting point for the evaluation.

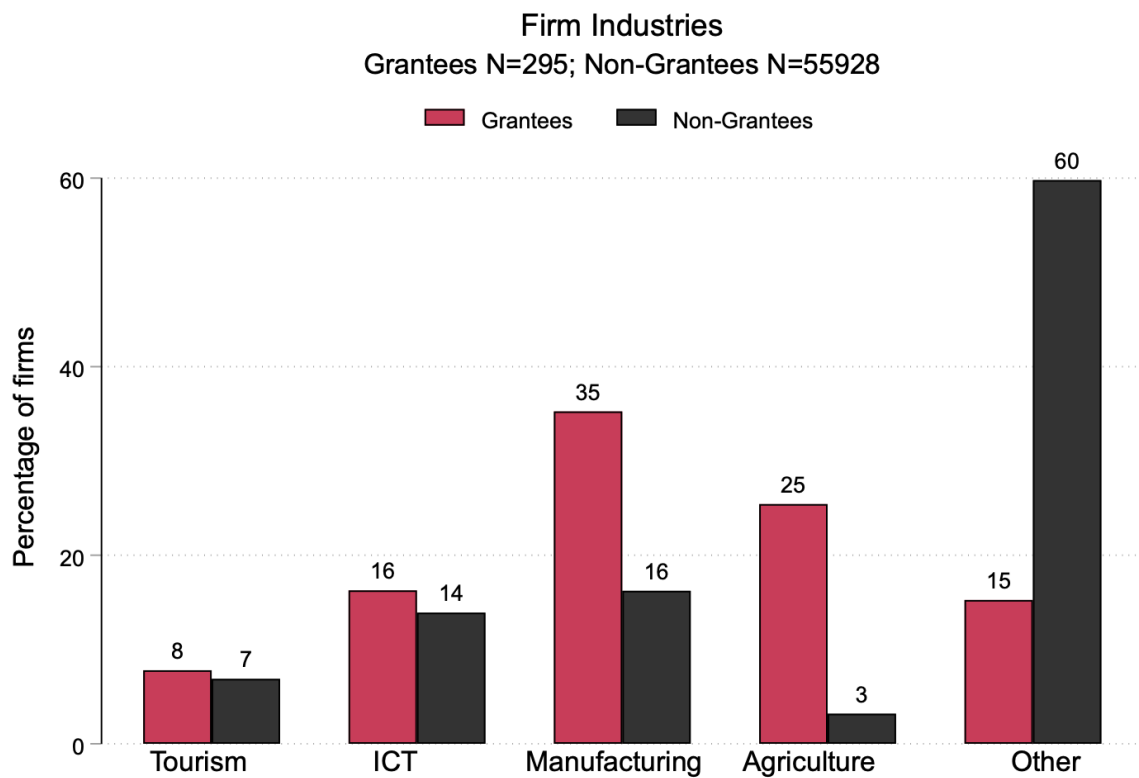
MEASURE II possesses official financial data for all legal entities in the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) from 2008 through 2021. Data was collected regularly from the financial portal MEASURE and MEASURE II had access to. MEASURE II merged the selected financial data into the compiled grantee database, which represented 0.5 percent of all firms in BiH. The ET focused on key financial indicators¹² within this evaluation: fixed assets, business revenue, net profit, and number of employees due to their connection with sustained business performance and the quality of those indicators. The available database was primarily used for the impact evaluation and for performance evaluation sampling purposes.

The most common sectors among firms receiving grants include manufacturing and agriculture, reflecting the specific focuses of the portfolio of grant programs. Exhibit 4 shows the share of firms whose financial reports show them to be in key sectors of interest. The grantees are more likely to be in the manufacturing or agriculture sectors and less likely to be in other sectors, such as sales, than the broader BiH economy.

¹¹ According to the FBiH Law on Crafts and Related Activities (Official Gazette of FBiH, np. 75/2021), a craft is an independent and permanent work of permitted and registered economic activities as a basic, supplementary, or additional occupation by natural persons with the aim of achieving profit that is realized through production, trade, or provision of services on the market. Because crafts are not obligated to report their financial data to entity financial agencies, they were not included in the database or impact analysis.

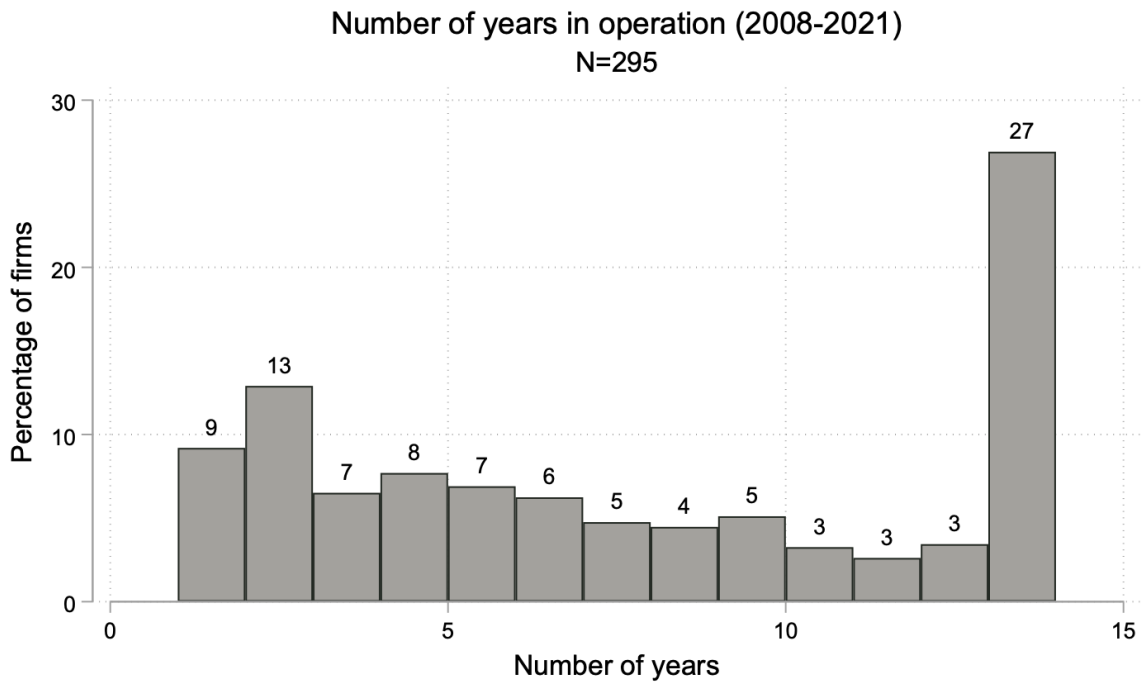
¹² The category of Exports, as a single indicator, was not used because the ET did not have the information in databases for all years inspected in the evaluation. However, business revenue comprises all revenues that a company generates, including revenue from exports.

Exhibit 4. Number of firms by sector



Most firms receiving grants remained in operations for a long period of time, including 26.9 percent who operated for the 14 years that the evaluation covered. Exhibit 5 displays the share of firms that operated across the range of possible durations. Among the 73.1 percent of firms that were only in the sample for some of the years, 84.2 percent of them were founded between 2008 and 2020 and remained in operations through at least 2021. This observation suggests that relatively few firms received a grant and subsequently ceased operations (roughly 11.5 percent of all grantees). This high rate of persistence is statistically significantly different from the overall rate of 49.7 percent of firms who operated during the period but ceased operations before 2021.

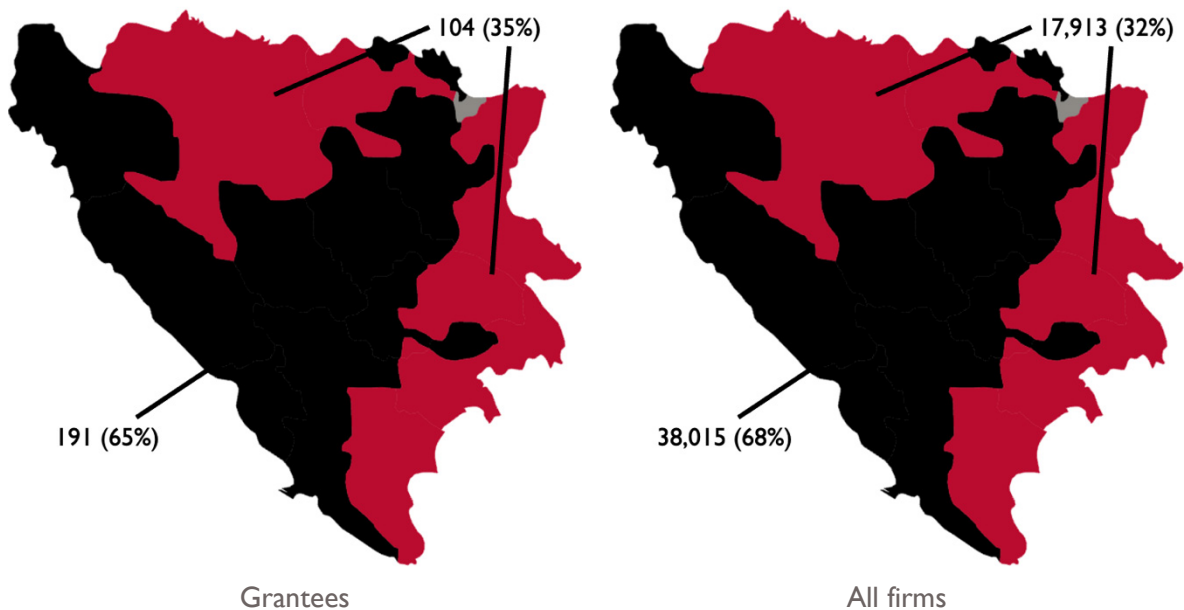
Exhibit 5. Number of firms by sector



Note: 84.2 percent of grantees that operated for only some of the years covered by the evaluation remained in operations through at least 2021

The firms receiving grants are roughly representative of the broader economies of FBiH and RS. Roughly two-thirds of the grantees (65 percent) and about two-thirds of all non-grantee firms (68 percent) operate in FBiH (Exhibit 6). The remaining sample comes from RS, with the impact evaluation database having no data on Brčko District.

Exhibit 6. Number of firms by entity



EX POST IMPACT EVALUATION

For the impact evaluation, the ET performed a comparative interrupted time series (CITS) analysis. The CITS approach compares a single unit of observation—in this case, a company—over time to compare how the level of their outcome differs before and after receiving a grant. CITS also uses observations that never received treatment (i.e., grant) to account for general trends that would have still affected grantees had they not received the grant. The full details of the CITS methodology can be found in Annex 3. The ET covered a 13-year timespan, from 2008 to 2021. Since the evaluation includes grants received from 2012, the ET was able to encompass financial data from at least four years before the grantees received the first grant and years after the treatment. In parallel, ET included non-grantees for comparison over the entire 13-year period. The analysis accounts for certain characteristics that differ across treatment and comparison groups, such as firm sector and location so that the impact estimates provide precise, valid estimate of the impact of the grant. This way, the ET examined whether grantees had achieved better financial results (in terms of fixed assets, business revenue, net profit, and the number of employees) compared to the counterfactual of what financial results would have been had they not received the grant.

To ensure the results are consistent across model specifications, the ET used the ordinary least squares regressions to estimate two different CITS models:

Baseline Mean Model

$$\text{Outcome}_{YF} = \alpha + \beta_1 \cdot \text{Post}_{YF} \cdot \text{Treat}_F + \beta_2 \cdot \text{Post}_{YF} + \beta_3 \cdot \text{Treat}_F + \gamma \cdot Z_{YF} + \delta \cdot \text{Persistence}_F + \varepsilon_{YF}$$

Linear Trend Model

$$\text{Outcome}_{YF} = \alpha + \beta_1 \cdot \text{Post}_{YF} \cdot \text{Treat}_F + \beta_2 \cdot \text{Post}_{YF} + \beta_3 \cdot \text{Treat}_F + \beta_4 \cdot \text{Year}_Y + \beta_5 \cdot \text{Year}_Y \cdot \text{Treat}_F + \gamma \cdot Z_{YF} + \delta \cdot \text{Persistence}_F + \varepsilon_{YF}$$

Where the variables represent the following:

- Post_{YF} is an indicator variable equal to one if firm F received a grant and if Year Y was after the grant.
 - Note: We index Post by both Y and F because grant disbursement took place over time so the Post variable begins to equal 1 in different years for different firms.
 - We take a conservative approach to the Post period for comparison firms by assuming it begins (Post = 1) in 2010 when the first grants were issued.
- Treat_F is an indicator variable equal to 1 for all firms F that ever received a grant.
- Z_{YF} is a vector of firm-specific covariates including sector and location.
- Year_Y is a variable capturing the year of the observation.
- Persistence_F is a measure of how long-lived the firm is by measuring the number of financial reports this firms provides over 2008–2021.

The Baseline Mean Model is the simpler of the two models, assuming that there is a single increase or decrease in outcome levels when the firm received the grant. The Linear Trend Model is slightly more complex: It also allows firms outcome levels to increase or decrease over time.

Business performance indicators (fixed assets, business revenue, net profit, and the number of employees) in the analyses were presented in logarithmically transformed values. The logarithmically transformed values are used in the regression analysis for financial data because of the data's issue with skewness. Skewed data entail a dataset or distribution that is asymmetrical and does not have equal numbers of observations above and below the mean.¹³ Such data violate the assumption of linear regression models, and the data had to be logarithmically transformed so that it could be used for the regression analysis. Further, regressions on logarithmically transformed variables allow us to interpret the impacts as percentage changes in the outcomes.

PERFORMANCE EVALUATION

To examine the effectiveness of delivering development assistance through the small grant mechanism, the evaluation encompassed a mixed-methods data collection approach and triangulation across the data sources. The analytical triangulation approaches were used to develop the evaluation findings. Triangulation enabled the team to cross-check and validate the findings that emerged from using different data collection methods and data sources. Evaluation data were obtained systematically and efficiently from the following sources:

- **Activity documents**, including primarily Activity Awards and modifications; Automated Directives System (ADS) 303; Activity Monitoring, Evaluation, and Learning Plans; Activity work plans; grant documentation RfAs, grant manuals, grant agreements, evaluation reports, progress reports.
- **Secondary documentation** relevant to grant implementation, primarily documents developed by donors and international organizations, as well as scientific research articles.
- **Key informant interviews (KIIs)**. Qualitative data collection encompassed interviews with USAID/BiH staff, implementers of Activities included in the evaluation, other USAID IPs, other donors, international organizations distributing grants to MSMEs (non-USAID IPs), MSME experts, grant recipients, and development agencies. A total of 56 individual and group interviews were conducted.

The randomly selected MSMEs included all Activities and industries (categorized as agriculture, manufacturing, tourism, and ICT) that received USAID support. A sufficient number of interviews per industry was chosen for the purpose of reliable conclusions to sub-question EQ 1.1.

Exhibit 7. Individuals reached through interviews

USAID/ BiH	Implementing Partners	Other USAID IPs	Non- USAID IPs	Donors	Experts	MSMEs	Development agencies	All
7	6	2	4	4	3	34	4	63

ONLINE SURVEY OF USAID GRANTEES was created to validate and substantiate the findings discovered through desk review and KIIs. A survey was sent to 294 MSMEs in the last week of May, followed by a reminder email seven days later. Ultimately, the evaluation team received 134 responses, for a response rate of 46 percent. More than eight of ten respondents were from micro and small companies (82 percent), 14 percent from medium companies, and three percent from large companies. Most respondents operated in manufacturing (35 percent) and agriculture sector (32 percent), and almost a quarter of respondents (23 percent) selected their sector as other. Fewer

¹³ Field, A. (2009). *Discovering statistics using SPSS* (Third edit). SAGE.

respondents were from tourism (5 percent) and ICT sector (2 percent), and development agencies (4 percent). More information on survey results is available in Annex 7.

LIMITATIONS

IMPACT EVALUATION LIMITATIONS

SELECTION BIAS. Companies individually choose if they will apply for a grant, and the reason to apply cannot be measured in the data. The ET mitigated this limitation by having multiple rounds of pre/post-data which captures pre-existing differences and gave additional explanations through the performance evaluation.

SURVIVOR BIAS. Given that the analysis covered a 13-year timespan, some of the companies ceased operation during the observed period. The ET only has data on companies (treated and comparison) that operated during the analyzed period, which means that the ET observed outcomes of more successful firms that prevailed in the market and did not observe less successful firms that failed.

MISSING DATA. The Mission had difficulty acquiring all necessary documentation since certain Activities ended seven years ago. These mostly refer to a lack of documentation referred to grant implementation reports. Additionally, some of the documents received from the Mission could not be obtained (the file was damaged). These issues caused 11 percent of missing information on grant types since the ET could not find the information on what the grant was distributed for. The ET also had issues with missing data. Specifically, for nine percent of the companies, the ET did not have access to the data on the number of employees that the grantee had before receiving the grant.

CAUTION IN INTERPRETING RESULTS FOR SOME INDUSTRIES AND TYPES OF GRANTS. Some industries and types of grants analyzed in the impact evaluation are not represented in large numbers, and their results should be interpreted with caution. In the total impact evaluation sample of grantees (295 total), 48 MSMEs were from the tourism sector, and 23 were from the ICT sector. On the other hand, 13 companies received grants for fair attendance and 26 for certification.

PERFORMANCE EVALUATION LIMITATIONS

RECALL BIAS. Some beneficiaries who received grants several years ago had difficulties remembering the details of the interventions. Before every interview, the evaluation team members reviewed Activity documents and prepared for the interviews. When needed, the ET reminded the participants about interventions to help them recall their experiences and impressions.

SELECTION (SURVIVAL) BIAS. Given that the survey of USAID's grantees was primarily conducted online, the response rate was entirely dependent on respondents' willingness to participate. The survey response rate was below 35 percent upon survey dissemination for the first week of dissemination. The evaluation team reminded the grantees about completing the survey via email and telephone. The evaluation team paid particular attention to explaining the purpose of the survey and the importance of the grantees' feedback. Grantees were reminded that completing the survey would not take more than 10 minutes. The lower response rate of grantees was also explained by the fact that several grantees experienced technical difficulty completing the survey on the SurveyMonkey platform. The evaluation team assisted those grantees who experienced technical problems and increased the response rate to 46 percent. Also, in some cases individuals who were

involved in grant implementation left the MSMEs for which they worked when they received the grant and the ET could not reach them for interviews. In such cases, they were replaced with other randomly selected grant recipients.

RESPONSE BIAS. A response bias refers to informants' intentional or accidental provision of inaccurate, false, or misleading responses to questions in interviews and surveys. The ET compared findings from different data sources (Activity documents, ADS 303, RfAs, KIs, survey of USAID's grantees, financial and other secondary data and documentation) to cross-validate the data, establish corroborating evidence, and enrich the understanding of each Evaluation Question (EQ) by capturing perceptions of different groups of key informants (KIs).

UNAVAILABILITY OR UNWILLINGNESS OF BENEFICIARIES TO RESPOND.

Considering the time that passed between program implementation and evaluation, the team faced minor issues such as the unavailability or unwillingness of beneficiaries to cooperate. The ET tried to solve this issue by encouraging them to participate in the research by contacting them by phone or email and presenting them with precise information about the purpose of the evaluation.

INTERVIEWER BIAS. Interviewers' behaviors and actions may increase the likelihood that KIs provide specific answers, such as the answers the respondent thinks the interviewer wants to hear (social desirability bias) or answering the first prompt they receive (order bias). Therefore, the interviewers asked questions in a non-leading way. In addition to avoiding any leading questions, the ET ensured that respondents understood that their candid opinions are the most appreciated. The ET also ensured that respondents knew that their responses will not be attributed to them and that their identity will not be revealed.

INCOMPLETE ACTIVITIES DOCUMENTATION. Since some Activities ended seven years ago, the ET and the Mission had issues retrieving all the relevant Activity documentation. The ET conducted an in-depth desk review of available documentation and relied on KIs' reports to fill out the gaps.

FINDINGS AND CONCLUSIONS

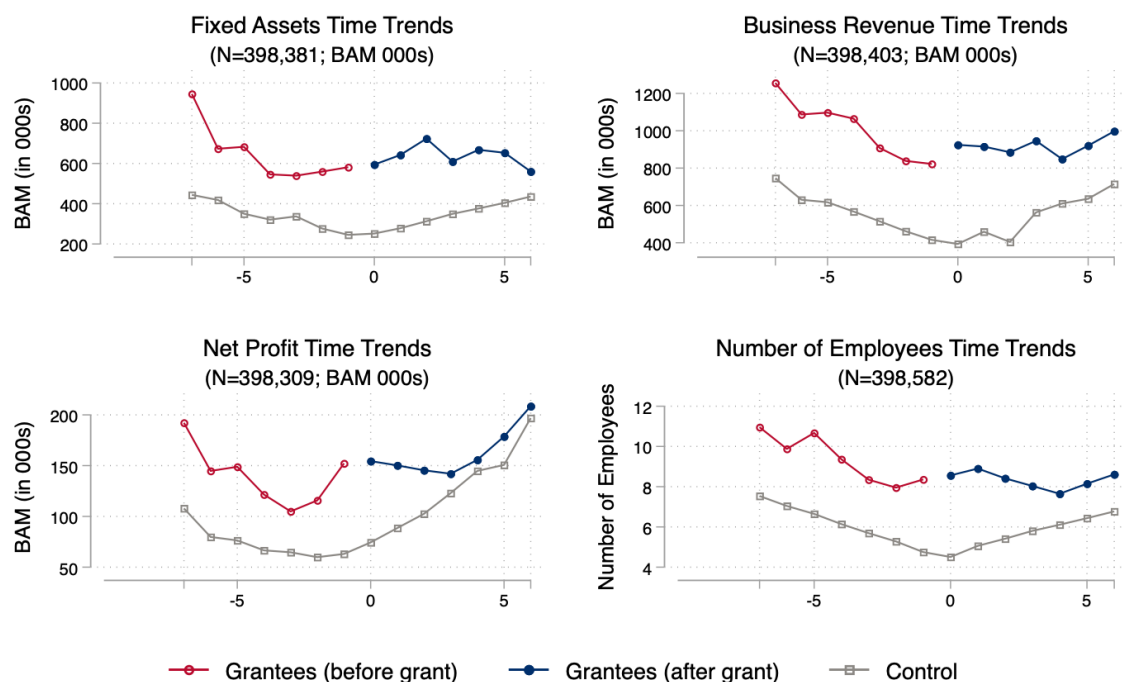
FINDINGS EQ1. TO WHAT EXTENT HAS THE GRANT ASSISTANCE PROVIDED BY USAID/BIH CONTRIBUTED TO MSMEs' SUSTAINED BUSINESS PERFORMANCE? AND EQ1.I. HOW DO THE EFFECTS OF USAID/BIH'S SMALL GRANTS PROGRAMS VARY DEPENDING ON THE TYPE OF GRANTS PROVIDED AND THE SECTOR/INDUSTRY THAT HAS BEEN SUPPORTED?

FI. An impact analysis revealed that USAID's grants had positive effects on MSMEs' fixed assets and business revenue, but they did not affect the companies' net profit or number of employees. Impact results provide a measure of whether and the extent to which the grant increased business outcomes over the years following their grant, which included 2010–2021 for the earliest grant recipients. Exhibit 8 provides a descriptive analysis of the four business performance indicators considered in the impact analysis: fixed assets, business revenue, net profit, and the number of employees. We plotted the data in a graph over time to see whether the beneficiary firms' business

performance indicators improved after receiving the grant.¹⁴ Red and blue lines represent the key performance indicators among the USAID-assisted MSMEs. Red data points present the indicator values before receiving USAID’s grants, and blue data points represent the values after receiving the grants. The grey lines represent the business performance indicators in the comparison group of MSMEs, which did not receive USAID’s small grants.

The descriptive analysis presented in Exhibit 8 shows four inspected business performance indicators—business revenue, fixed assets, net profit, and number of employees—have a higher baseline for grantees than non-grantees. This finding suggests that, on average, the grant assistance was directed toward higher-performing firms.¹⁵ However, the CITS model accounts for these pre-existing differences by comparing grantee data from before and after the grant so the findings would not be biased due to these pre-existing differences. After receiving the grant, three out of the four indicators (business revenue, net profit, and number of employees) in the treatment group grew over time. All business performance indicators of the control group also tend to grow over time but remain lower compared to the treatment group. Exhibit 8 depicts a possible convergence of comparison firms’ business outcomes to more similar levels. This conjecture would call into question the durability of the impacts. However, the results show no statistically significant convergence of outcome levels over time following grant receipt.

Exhibit 8. Time trends for fixed assets, business revenue, net profit, and number of employees



Note: Year 0 for grantees represents the year of grant; Year 0 for non-grantees represents the median year of financial reports. 5% outliers dropped from upper tail.

¹⁴ Given that different firms received grants at different time points, in order to fit all data on a single graph we normalized the x-axis so that “Year 0” represents the year when a treatment firm received the grant. For the comparison firms, we normalized the years so that “Year 0” represents that firm’s median observation year.

¹⁵ Taking into account that most of the Activities required cost-share and executed grant payments through reimbursements, companies had to have the funds in advance to be able to meet the conditions for applying for the grant. Additional information can be found in findings 8 and 11.

There are clear differences to suggest that the trends in key business outcomes from before receiving a grant are different than the trends from after receiving a grant. Exhibit 9 shows the year-to-year change in the average outcomes for grantees. These trends do not show causal impacts of the grants but characterize the changes happening over time for these firms. The pre-post trends are most stark for fixed assets, which had a statistically significant annual decrease of roughly 17,600 BAM in value before firms received the grant and a statistically significant annual increase of roughly 15,400 BAM after firms received the grants. Similarly, firms' average net profit changed annually by about 7,750 BAM before receiving a grant, whereas the annual change increased to about 11,900 BAM after the grant. These trends show that the business outcomes improved after grants relative to how they changed before grants.

Exhibit 9. Trends in business outcomes over time

Activity Name	Overall Yearly Change	Pre-Grant Yearly Change	Post-Grant Yearly Change
Fixed Assets (Thousand BAM)	-4.00	-17.61**	15.39*
Business Revenue (Thousand BAM)	-7.42	-14.94	9.73
Net Profit (Thousand BAM)	8.90***	7.75**	11.93***
Number of Employees	-0.03	-0.09	0.24***

Note: Statistical significance of yearly change is denoted by * 10 percent, ** 5 percent, *** 1 percent.

Exhibit 10 shows the results of the analysis of the impact of small grants on four business performance indicators. The Baseline Mean Impact and Linear Trends Impact columns show the results of the regression analyses for the parameters of interest,¹⁶ whereas the Percentage columns show the change in indicators after receiving the grant. The remaining columns present the mean values, number of observations for treatment firms before and after receiving the grant(s), and corresponding values for comparison firms.

Overall, the impact analysis implies that small grants had positive and statistically significant effects on the growth of MSMEs' fixed assets and business revenue, but not on net profit or the number of employees. Specifically, after receiving the grant, fixed assets of treated companies increased by more than 100 percent (197 percent in the Baseline Mean Model and 114 percent in the Linear Trends Model), and business revenue by more than 50 percent (94 percent in the baseline mean impact model and 48 percent in the linear trends impact model). The large impact on fixed assets likely follows from the fact that more than 55 percent of grants in the evaluation's sample were directed for purchase of equipment. Thus, the impact on fixed assets should be interpreted with caution as it represents more of an intermediate output than a final outcome. Even though the analysis indicates an increase in the net profit among the supported companies compared to the baseline (refer to the post-treatment grantees' mean value compared to pre-treatment grantees' mean values in Exhibit 10), the effect on profit was not statistically significant. The distinction lies in the fact that increase for grantees was similar enough to what happened for control firms over that period that there is no statistical evidence that grants caused this increase in net profits; rather, it could have been an economywide trend toward profitability. The results show that USAID's small grants may have increased the number of employees by about 14 percent among the MSMEs receiving USAID's grants, although these results do not hold for the Linear Trend Model.

¹⁶ Statistically significant "baseline mean impact" and "linear trends impact" are interpreted as strong evidence of significant effects. If, however, only one of these parameters is significant, that suggests less robust evidence of significance.

Exhibit 10. Overall impact estimate results

Outcome	Impact Estimation				Pre-Treatment Grantees		Post-Treatment Grantees		Control Firms	
	Baseline Mean Impact (β_1)	Percentage	Linear Trends Impact (β_1)	Percentage	Mean (μ)	N	Mean (μ)	N	Mean (μ)	N
Fixed Assets	1.09***	197%	0.76***	114%	5.01	1,131	5.35	1,288	3.64	397,043
Business Revenue	0.66***	94%	0.39***	48%	5.69	1,112	5.74	1,260	4.52	397,098
Net Profit	0.00	-	0.11	-	3.39	1,130	3.58	1,244	2.67	303,757
Number of Employees	0.13***	14%	-0.04	-	1.86	1,089	1.81	1,268	1.44	397,280

Note: Statistical significance is denoted by * 10 percent, ** 5 percent, *** 1 percent. Upper and lower 5 percentiles dropped due to outliers.

F2. Most grantees perceive USAID’s grants as useful, particularly in accelerating investments. Nearly all grantees reached through the KIs shared favorable views of the grant assistance they received, describing the grants as very useful. According to the survey of USAID’s grantees, 94 percent of the respondents perceive USAID’s grant assistance as important for their company.

The vast majority of KIs—donors, USAID implementers, experts, and grantees—see the acceleration of investments as the primary benefit of grants. Although most grantees said they would make an investment for which they received the grant even without USAID’s assistance, they also noted that the grant helped them invest earlier. The performance evaluation of the DI Activity reported the same finding.¹⁷ Among the surveyed USAID’s grantees, almost nine out of ten (88 percent) confirmed that the grant helped them invest sooner than they would have without the grant. Specifically, one out of five respondents said they would invest the same year they received the grant (19 percent); more than half (52 percent) would invest in one to two years; almost a quarter (23 percent) would invest in three to five years; and about one out of 20 (six percent) said it would take them more than five years to invest (see Exhibit 11). In addition to accelerating investments, for some grantees investing in equipment the grant enabled acquiring better equipment (newer or more advanced model), although they would have settled for lower quality machines without the grant.

“USAID helped us with the two facilities we have. We have farms with a total of 14 buildings. Without USAID, it would take 3–4 years longer, because you cannot allocate so much money to do it in a shorter period.”

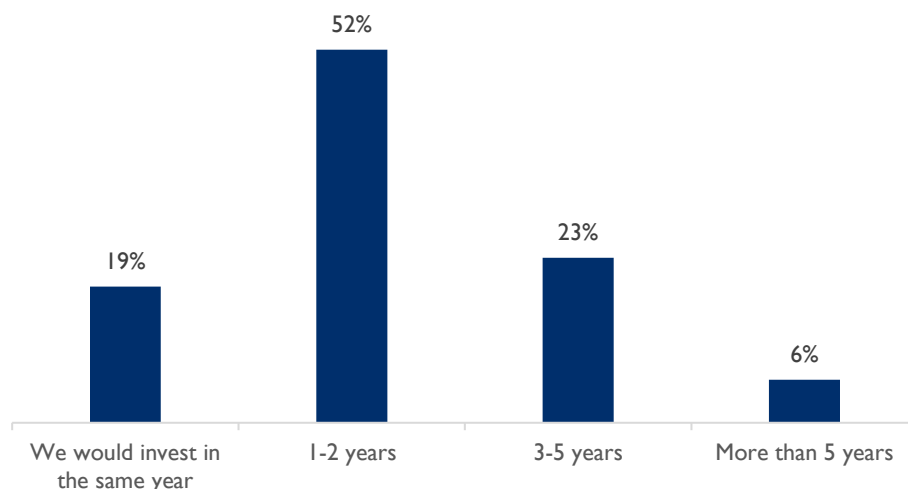
– A grant recipient

“With the funds I had, I would probably invest in a second-hand machine, and you know that a second-hand machine immediately breaks down. Thank God, since the (new) machine was put into operation we have had no problems and it works flawlessly.”

– A grant recipient

¹⁷ DIASPORA20INVEST20EVALUATION20Final20Report.pdf (measurebih.com)

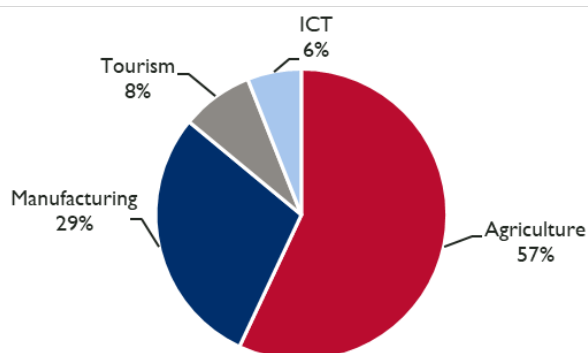
Exhibit 11. About 70 percent of grantees would have invested in the project supported through USAID’s grant on their own in up to two years



F3. Most grant recipients perceived that grants helped them expand their business operations. Many grant recipients believe that grants had a positive effect on their MSMEs’ business operations. For instance, grants helped them develop new products, enter new markets, strengthen relationships with cooperatives, and enhance marketing capabilities.¹⁸ For some KIs, cooperation with USAID helped raise their company’s profile in the business world (e.g., through USAID’s or IPs’ PR activities) and served as a stepping stone to entering new markets and new business partnerships, and obtaining other funding sources. According to the survey of grant recipients, nine out of ten respondents agreed that cooperation with USAID helped them promote their company (92 percent) and improve the company’s image as a reliable partner for cooperation (91 percent). Grant recipients noted that business partners see their cooperation with USAID as proof of the company’s quality and professionalism.

“...the very symbolism of USAID’s support was very important. I think it helped us when talking to the market chains where we wanted to sell our product. I think it was like a seal of the company’s quality and the professionalism of the team. So, I think that was very important for us.”
 – A grant recipient

Exhibit 12. USAID grants distributed by industry



F4. The impact analysis shows that USAID’s grants produced positive effects across supported industries, particularly in the agriculture and ICT sectors. According to the database of all MSMEs which received USAID’s financial aid from 2012 to 2022, as shown in Exhibit 12. USAID distributed more than half of all grants to companies in the agriculture sector (57 percent), followed by manufacturing (29 percent). Considerably

¹⁸ Most USAID Activities under evaluation combined grants with technical assistance. The evaluation team focused the questions solely on grants. However, it is unclear to what extent the key informants were able to distinguish the effects of grants versus technical assistance.

fewer grants were allocated for tourism (8 percent) and ICT (6 percent). Thus, the impacts of the grant portfolio reflect the population of firms targeted by USAID activities rather than the economy as a whole.

Most donors and IPs did not expect the variation in the effects of grants across supported industries, and the impact analysis results presented in Exhibit 13 confirm their perceptions to some extent. The results show that grants had positive and significant effects on all business performance indicators under evaluation among companies in the agricultural and ICT sectors and on some indicators in the remaining sectors. Companies from the manufacturing sector benefited from the grants in terms of improvements in fixed assets and business revenue, but the grants seem to have negative effects on the number of employees in these companies. The grants distributed to companies from the tourism sector improved the companies' business revenue and net profit but did not significantly affect fixed assets or number of employees in these MSMEs.

Exhibit 13. Impact estimate results by sector subgroup

Outcomes	Baseline Mean Impact (β_1)	Percentage	Linear Trends Impact (β_1)	Percentage	Baseline Mean Impact (β_1)	Percentage	Linear Trends Impact (β_1)	Percentage
	Agriculture				ICT			
Fixed Assets	1.63***	411%	1.62***	406%	0.71***	104%	0.38	-
Business Revenue	0.84***	132%	0.98***	166%	0.55**	73%	0.33	-
Net Profit	0.16	-	0.45**	57%	0.07	-	0.54**	72%
Number of Employees	0.25***	28%	0.22***	25%	0.22***	25%	0.10	-
	Manufacturing				Tourism			
Fixed Assets	1.09***	197%	0.60***	82%	0.59	-	0.55	-
Business Revenue	0.78***	118%	0.41**	51%	1.06***	189%	1.29***	263%
Net Profit	0.13	-	-0.04	-	0.45	-	1.02***	177%
Number of Employees	0.04	-	-0.23***	-21%	0.20	-	0.15	-

Note: Statistical significance is denoted by * 10 percent, ** 5 percent, *** 1 percent. Upper and lower 5 percentiles dropped due to outliers.

Most donors, USAID and non-USAID implementers, and experts, perceived that USAID's sectors were well-selected. Feedback from a few USAID IPs suggests that narrow sectoral restrictions introduced by some Activities were unnecessary and that such approaches could be more detrimental than beneficial to the effectiveness of grants. Most USAID and non-USAID implementers and experts think that, to foster private sector growth, donors should support the growth of export-oriented companies across sectors rather than focusing on specific sectors, and one expert prioritized the importance of supporting the MSMEs exporting value-added products. On the other hand, some experts noted that decisions about sectors should be made based on a rigorous sectoral needs analysis. Also, experts emphasized that the selection of sectors should be based on the results donors want to achieve. For instance, two experts referred to supporting agriculture as a social measure, although supporting manufacturing and ICT will more likely lead to private sector growth.

“Basically, we should conduct an assessment at the level of each sector in order to have a comprehensive overview and then design projects, with the advisory role of representatives from successful parts of our private sector.”

– Economic expert

In addition to the differences seen across industries, we find evidence that the grants were less effective for promoting investment in fixed assets among female-owned firms compared to male-owned firms. Exhibit 14 shows the difference in the impact between female- and male-owned firms in the first two columns, as measured in thousands of BAM. Both CITS impact models show that female-owned firms increased their fixed assets by almost 200,000 BAM less than male-owned firms increased their fixed assets. These changes did not carry over to the regression on the log-transformed values of the business outcomes, suggesting that the impacts are concentrated on the changes of the largest female- and male-owned firms. There is no evidence that the grants increased business revenue, net profit, or the number of employees any differently between female- and male-owned firms.

Exhibit 14. Differential impacts estimate results for female-owned firms

Outcome	Differential Impact Estimation		Female-Owned Grantees		Male-Owned Grantees	
	Baseline Mean Impact (β_1)	Linear Trends Impact (β_1)	Mean (μ)	N	Mean (μ)	N
Fixed Assets (000 BAM)	-197.15*	-194.35*	455.27	156	667.19	2263
Business Revenue (000 BAM)	-203.12	-185.07	912.57	153	5.26	2263
Net Profit (000 BAM)	-13.26	-5.73	106.99	178	952.45	2219
Number of Employees	-0.09	0.13	8.08	149	5.73	2219

Note: Statistical significance is denoted by * 10 percent, ** 5 percent, *** 1 percent. Upper and lower 5 percentiles dropped due to outliers.

F5. Grants for equipment, perceived as the most favorable among the KIs across the stakeholder groups, had positive effects on several MSMEs’ business performance indicators. Grants for training improved the grantees’ fixed assets and business revenue. Certification had mixed effects on MSMEs’ business performance, whereas supporting fair attendance correlated with negative business outcomes.

Most KIs perceive that MSMEs benefit the most from grants for equipment. According to the database of USAID’s grant recipients, almost half of the grantees (49 percent) received grants to purchase equipment.¹⁹ A substantially lower percentage of grants was distributed for training/education (13 percent), certification (11 percent),²⁰ and attendance in fairs (5 percent). Eight percent of grant recipients received multiple grants varying in type.^{21,22}

¹⁹ The database includes Combination and No information options for the type of grant, so the percentage of grants received for equipment may differ if taking into consideration the mentioned.

²⁰ “Other” refers to promotional costs, employment costs, procurement of materials, and others.

²¹ “Combination” refers to multiple types of grants given within one grant (e.g., for equipment and training).

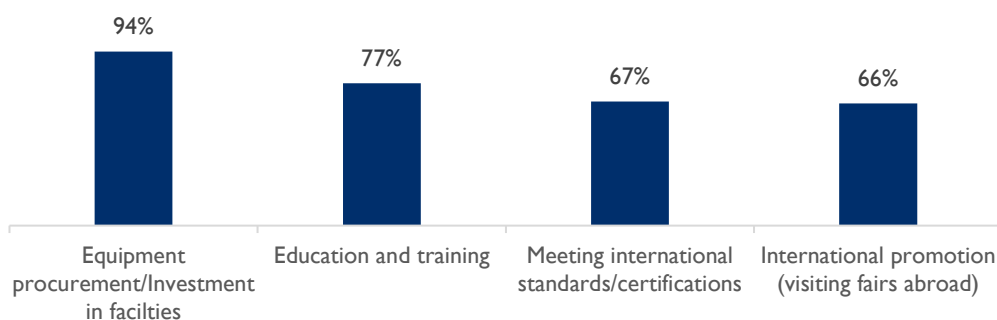
²² Information about grant types was unavailable for 14 percent of grant recipients.

“Equipment is really important in manufacturing. It will modernize and improve all products in any field, whether it is meat processing, fruit, or vegetable processing. It doesn’t matter what, any equipment in that area will really help that company to better position itself on the market.”

– A grant recipient

Interviewed grantees considered all types of grants (grants for equipment, certification, education, and visiting international fairs) important and useful, but rated grants for equipment higher compared to other grant types. This preference was confirmed in the survey of USAID’s grantees. Specifically, the overwhelming majority of survey respondents (94 percent) believe purchasing equipment/ investment in facilities would be useful for their company (see Exhibit 15). In addition to other reasons, the preference for equipment could be because investments in equipment are generally larger compared to other grant types.²³ About three of four (77 percent) considered education and training useful, compared to two out of three who thought the same about international standards/ certifications and international fair attendance (67 percent and 66 percent, respectively).

Exhibit 15. Equipment procurement/Investment in facilities is perceived as the most useful grant assistance to MSMEs



The impact analysis suggests that some grant types may be more effective than others. The impact estimates show that the grants for equipment have a wide range of positive effects. Such grants had a positive and statistically significant effect on three out of four business performance indicators examined: fixed assets, business revenue, and net profit. Grants for education produced beneficial impacts on fixed assets and business revenue. Certification grants produced mixed results, with positive effects on the MSMEs’ net profit but negative effects on the number of employees. Fair attendance grants had a negative impact on fixed assets, business revenue, and number of employees (Exhibit 16).

²³ The average value of grants for equipment was 43,981 BAM, compared to 10,526 BAM for certification, 26,982 BAM for training, and 18,844 BAM for fair attendance.

Exhibit 16. Impact estimate results by grant purpose subgroup

Outcome	Equipment				Certification			
	Baseline Mean Impact (β_1)	Percentage	Linear Trends Impact (β_1)	Percentage	Baseline Mean Impact (β_1)	Percentage	Linear Trends Impact (β_1)	Percentage
Fixed Assets	0.97***	164%	0.52***	68%	0.11	-	-0.29	-
Business Revenue	0.59***	81%	0.24	-	-0.05	-	-0.17	-
Net Profit	0.44***	55%	-0.04	-	0.93***	153%	0.82**	127%
Number of Employees	0.10**	11%	-0.16**	-15%	-0.24*	-21%	-0.46**	-37%
	EDUCATION				FAIR			
Fixed Assets	0.88***	141%	0.69**	99%	-0.77*	-54%	-1.39***	-75%
Business Revenue	0.50*	65%	0.32	-	-0.85*	-57%	-0.91*	-60%
Net Profit	0.29	-	-0.05	-	-0.29	-	-0.71	-
Number of Employees	0.11	-	-0.01	-	-0.60***	-45%	-0.82***	-56%

Note: Statistical significance is denoted by * 10 percent, ** 5 percent, *** 1 percent. Upper and lower 5 percentiles dropped due to outliers.

Two-thirds of grants for equipment were distributed to MSMEs from the agricultural sector (66 percent), followed by MSMEs from manufacturing (21 percent). Considerably fewer grants for equipment were distributed to companies from the ICT (8 percent) and tourism (6 percent) sectors. More than seven out of ten grants for certification were allocated to companies from the manufacturing sector (71 percent), and the rest were distributed to companies from the agriculture sector (29 percent). Companies from the manufacturing sector received half of the grants for education (50 percent). Almost one-third of companies from the agriculture sector received this type of grant (29 percent). MSMEs from the ICT and tourism sectors received 11 percent each. Half of the grants for fair attendance were distributed to MSMEs from the manufacturing sector (50 percent), followed by companies from tourism (33 percent) and agriculture (17 percent).

Several KIs (donors, USAID and non-USAID, IPs and experts) thought that type of assistance given to any MSME should be determined based on its industry, development level, and expected results. For example, industries such as information and communication technology tend to have higher training costs than sectors like textile, and they might need more grants directed at education and training. Conversely, more labor-intensive sectors might benefit more from purchasing equipment, as their output depends largely on the technologies they employ. Smaller companies and startups, with low access to loans, may benefit from equipment more than medium companies which can afford the equipment but may need specific expertise and networking. Regarding the expected results, new equipment may not lead to hiring (new digital machines may even decrease the need for workers and lead to layoffs), but vocational training for companies lacking a skilled workforce is more likely to lead to increased employment.

F6. Most USAID and non-USAID implementors and experts consider grants more beneficial for micro and small companies than for medium businesses. According to most KIs among donors, USAID and non-USAID implementors, and experts, micro and small companies need grant assistance more than medium and large companies. Based on the database of USAID's grant recipients, eight out of ten companies that received grants (80 percent) were micro and small companies (55 percent micro and 25 percent, respectively). Considerably fewer grants were given to

medium (9 percent) and large companies (2 percent)²⁴. A grant, given its size, represents relatively more capital for micro and small enterprises than medium or large ones. Smaller companies usually have lower turnover; given that the average grant amount provided to MSMEs was 40,377 BAM; ranging from 800 BAM to 160,000 BAM), the KIs perceived this assistance type as more significant for micro and small companies. Micro and small companies usually lack access to bank loans and grants may represent the only funding source they can receive. They also are perceived as more willing to invest significant effort in grant implementation. Medium companies have higher turnover, business revenues, and profits and usually have greater financial needs, above the range USAID provided in the ten-year period.

“Let’s just say that these small ones are always more interested, and the bigger companies, depending on the grant, will not spend energy unless it is a generous grant.”

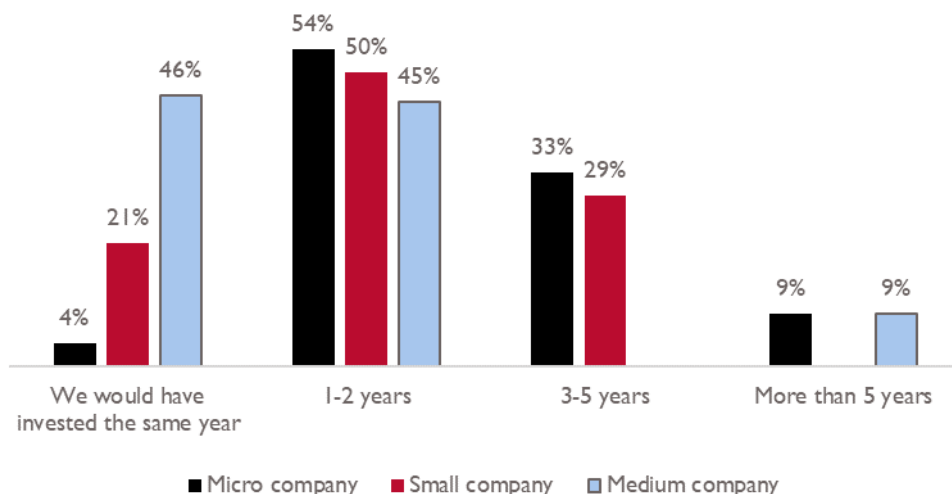
– USAID’s implementor

“If you measure 50,000 (grant – in BAM) compared to 150,000 or 50 million (company’s revenue – in BAM), I think the numbers speak for themselves, so I really think that the emphasis should be on micro and small businesses, that is something where the impact of that money can be much greater compared to what it is the case with medium and large companies.”

– Expert

According to the survey of USAID’s grantees, the time the companies assessed it would take them to invest in the project had they not received the grant is longer for micro and small companies compared to medium ones (see Exhibit 17.). Most of the survey respondents from medium-size companies said they would invest in the same year they received the grant (46 percent) or one to two years after (45 percent). On the other hand, about half of the respondents from micro and small companies would invest in one to two years (54 percent and 50 percent, respectively), whereas around a third of them would invest in the three- to five-year period (33 percent and 29 percent, respectively).

Exhibit 17. The time of investment without a grant is longer for micro and small companies compared to medium companies



²⁴ For 9 percent of the companies, ET did not have the data on the number of employees that the grantee had before receiving the grant.

However, few USAID and non-USAID implementers believe allocating grants larger companies leads to larger investments, more substantial effects, and can produce spillover effects on smaller businesses. Also, supporting larger, well-established companies is considered less risky.

F7. Most KIs (donors, USAID and non-USAID implementers, and experts) would not exclude the option of awarding multiple grants to a single company.

Most USAID and non-USAID implementers and experts approve of awarding multiple grants for different purposes. Also, companies’ needs may differ depending on their development level, and it is unlikely that a single grant can resolve all the deficiencies in those underdeveloped while they might fill out the gaps in those well-developed. According to the database of USAID’s grant recipients, 52 firms received multiple grants, which were predominantly distributed to micro (69 percent) and small companies (25 percent). Several KIs (an expert and a few non-USAID and USAID IPs) proposed that donors should focus their funds on fewer companies and support them through multiple grants or a single, large, comprehensive grant until the company’s potential is fully exploited, then cease further assistance. Some non-USAID implementers also noted that, in some industries, a limited number of companies are eligible for grants, so working in these sectors requires providing multiple grants to the same companies.

There is some evidence that the issue of multiple grants leads to larger increases in fixed assets and business revenue compared with the issue of a single grant. Exhibit 18 shows the results for firms that received multiple grants versus a single grant: Issuing multiple grants increases fixed assets by nearly 200,000 BAM relative to the increase for firms receiving a single grant. Firms also reported increased business revenue of almost 225,000 BAM per year compared to those receiving a single grant. Firms could spread out their investments over time, better enabling them to increase fixed assets and business revenue.

Exhibit 18. Differential impacts estimate results for female-owned firms

Outcome	Differential Impact Estimation		Female-Owned Grantees		Male-Owned Grantees	
	Baseline Mean Impact (β_1)	Linear Trends Impact (β_1)	Mean (μ)	N	Mean (μ)	N
Fixed Assets (000 BAM)	199.17***	195.05***	455.27	156	669.79	2263
Business Revenue (000 BAM)	224.87***	214.47**	4.24	156	5.27	2263
Net Profit (000 BAM)	64.05	56.68	912.57	153	953.80	2219
Number of Employees	1.18	1.14	5.59	153	5.74	2219

Note: Statistical significance is denoted by * 10 percent, ** 5 percent, *** 1 percent. Upper and lower 5 percentiles dropped due to outliers.

A USAID IP suggested that donors and implementers consider the overall grant value awarded to organizations over time rather than the number of grants when deciding whether to provide more assistance to an MSME. The non-USAID IP shared that the European Union (EU) funds in BiH have been awarded according to the *de minimis rule*,²⁵ meaning that companies can receive up to €200,000

²⁵ European Commission Regulation (EU) No. 1407/2013 on de minimis aid: <https://eur-lex.europa.eu/EN/legal-content/summary/de-minimis-rule-exemption-of-small-amounts-of-state-aid-from-notification.html>.

over three years; when they reach this ceiling, they become ineligible for grant assistance until the three-year period expires.

In contrast, a few KIs (USAID and non-USAID IPs and an expert) disagreed that companies should be allowed to receive multiple grants. They argued that donors should support as many companies as possible. A USAID implementer suggested that an initial grant cannot be considered successful if the company needs to apply for another one. A non-USAID implementer said the initial grant should prepare a recipient for implementing larger grants and obtaining other funding sources such as bank loans.

EQI CONCLUSIONS

The impact evaluation of USAID's portfolio of grants to MSMEs from 2012 to 2022 indicate that grants can be an effective instrument for improving MSMEs' business performance, but their effectiveness varies across sectors and grant types. The impact analysis for all grant recipients showed improvements in grant recipients' business revenue and fixed assets. The effects on fixed assets were expected given that about one-half of grant recipients received grants for equipment which directly increases the value of fixed assets. But the grants also positively affected business revenue, meaning that grants facilitated their business operations. Increased revenue and fixed assets should yield increased profit, but there is no indication of increased profit for the total sample of companies included in the evaluation, although there was some evidence of increased profits for certain sectors. Although it is possible that grants did not increase profit, another explanation could be that company owners were incentivized by BiH tax laws to invest some of their profit in fixed assets to decrease their corporate tax, which entity tax laws allow. The finding that grants affected profit for three sectors—agriculture, ICT, and tourism—but not among the manufacturing companies requiring specific machinery for their primary operations, suggests that this might be the case with this sector. When it comes to facilitating employment, grants were effective only in agriculture and ICT sectors; however, the analysis across grant types revealed negative effects on employment, with some grant types even leading to a reduced number of workers.

Grants for equipment were the most effective in that they improved more business performance indicators than other grant types under evaluation (all but employment); these grants also received the most favorable ratings from grantees, possibly because equipment usually implied a larger investment compared to other grant types; the results of the assistance were visible immediately (as opposed to results of trainings and fairs); the company ended up owning the equipment for a longer period (although workers trained can leave, and certifications must be renewed); and equipment could be used as collateral and help companies obtain loans. On the other hand, data indicate that grants distributed for international fair attendance resulted in negative effects rather than improved business performance.

Most grantees perceived USAID's grants as helpful in accelerating investments and expanding their business operations. Micro and small companies have lower access to other funding sources, and they are less likely to invest on their own; USAID provided most grants to these types of companies. Most donors and IPs justify giving multiple grants to the same MSMEs to address their multiple needs.

FINDINGS EQ2. HOW HAS THE USAID/BIH'S GRANT SUPPORT TO MSMEs BEEN ADMINISTERED AND DOCUMENTED BY IMPLEMENTING PARTNERS (IPS) AND THE MISSION?

F8. USAID's grant administration procedures were regulated through grant manuals, in accordance with ADS 303, and grants were distributed through RfAs. According to USAID and its IPs, IPs were in charge of developing grant manuals, which were subsequently approved by the Mission. Based on the review of grant manuals, the manuals usually prescribed procedures such as the following:

- General eligibility criteria: sectors and types of organizations eligible for assistance.
- Information about grants: number of grants, grant size, expected duration of grant implementation, etc.
- Grant administration procedures: grant application, approval, and implementation procedures, and grant monitoring and close-out procedures and practices.

In terms of eligibility criteria, all grant manuals outlined a set of general criteria, namely legal registration, sectors to be supported, compliance with USAID environmental requirements, and documents regarding the company's capacity to implement USAID's grants.²⁶ All grant recipients said they clearly understood the eligibility criteria, stating that USAID's criteria were less stringent compared to those of other international donors in terms of requiring what they referred to "standard documentation."

All USAID's Activities included in this evaluation distributed grants through RfAs. In addition to standard means of dissemination (websites and, more recently, social media), many activities organized presentations, workshops, training sessions, roundtables, and conferences to promote their grant schemes and attract good applicants, which is considered a good practice.

A few Activities included an additional step in the grantee selection process, requiring applicants to first apply with a concept note and develop grant applications only if their concept notes are approved. One Activity abandoned this practice after it was determined that the concept notes did not offer sufficient information to assess applicant suitability. However, another USAID IP praised the concept note approach, saying it allows them to help grantees with good project ideas to prepare quality applications and improves the quality of funded projects, although it expands the time required for grant approval. The IP concluded this approach may be particularly useful in sectors with applicants who have low capacity to develop project proposals.

In most cases, grantees submitted their applications online, typically via email, and as hard copies. Most grantees said they prefer online options for application and document submission. Recently, some Activities turned to online grant applications. KIs with grantees revealed that grant applications usually required information about applicants, company size, number of employees, a detailed description of the proposed project—including its main objectives, goals, and indicators—an action plan, and a detailed budget.

According to KIs and documentation review, upon closure of grant application, IPs formed evaluation committees whose members reviewed and scored grant applications. When scoring, the evaluation committees focused on the fit of proposed projects with Activity objectives, project

²⁶ Including but not limited to audit reports, financial statements, organizational policies, positive references, proof of previous engagement with USAID, and other relevant documents.

costs, and compliance with environmental requirements. They also assessed the appropriateness of investment, organizational capacity to implement the project, the amount of cost-share contribution, and the soundness of the proposed business model. Most Activities stated they notified unsuccessful applicants about the outcome of their applications.

Applications approved by IPs were subject to COR/AOR or CO/AO approval, depending on USAID policy, which changed multiple times during the evaluated period and the Mission's internal policies for each award. In cases when other donors co-funded the Activity alongside USAID, they also participated in the final grant approval process.²⁷

According to grant manuals, all Activities under evaluation were required to conduct pre-award risk assessment of grantees in line with ADS 303 requirements. These assessments included various verifications such as the potential grantees' history of performance, legal status, and security risks. Although most Activities conducted site visits to grantees as part of this procedure, these visits sometimes were postponed or canceled because of circumstances such as the COVID-19 pandemic. According to an IP, some Activities excluded site visits from the pre-award stage when possessing sufficient evidence that the grant applicant has enough organizational and financial capacity to implement USAID grant based on audit reports, financial statements and organizational policies.

All Activities but certain FARMA grantees requested that the MSMEs invest their own funds to increase the overall investments.²⁸ Most Activities recommended at least 50 percent cost-share. Almost all grant recipients confirmed they had no issues meeting the cost-share requirements. Grant recipients mostly allocated funds from their own assets, and only a few used bank loans to secure the cost-share.

All grant manuals and RFAs strongly encouraged applications from female-owned or -managed companies or projects supporting employment of women. For instance, WHAM and DI were giving additional points in evaluation to female-owned companies or those aiming to employ women. Three out of four respondents (75 percent) in the survey of USAID's grantees agreed that donors should allocate additional points to projects employing women, and more than half of the respondents support giving additional points to companies owned (54 percent) or managed by women (55 percent).

F9. Grantees praised USAID's grant application and administration procedures and considered them simpler than approaches employed by other donors. Most grantees did not report any significant issues with USAID's grant application procedures and requirements, but some used third-party assistance when preparing the application.

Most grantees agreed that USAID's grant application and administration procedures are notably simpler compared to other donors. Grantees noted that the paperwork was not complicated and that USAID required standard documentation from grant applicants. According to the survey of USAID's grantees, seven out of ten grant recipients perceive USAID application procedures as simple. In comparison, two out of ten described grant application procedures of other donors with whom they had experience as simple. Experts and IPs with relevant experience with USAID and other donor projects also confirmed that USAID's grant application procedures are less complex compared to those of other donors (see Exhibit 19). Most grantees praised the communication with

²⁷ Although most donors reserve the right to approve the grants selected by their IPs, few donors completely rely on IPs when it comes to grant distribution.

²⁸ In most cases, RFAs explicitly requested cost-share; in some cases cost-share was requested only for some grant mechanisms (e.g. for simplified grants, but not fixed-award amounts).

the IPs during grant implementation and said that the contact person from the Activity was at their disposal via email or phone at all times.

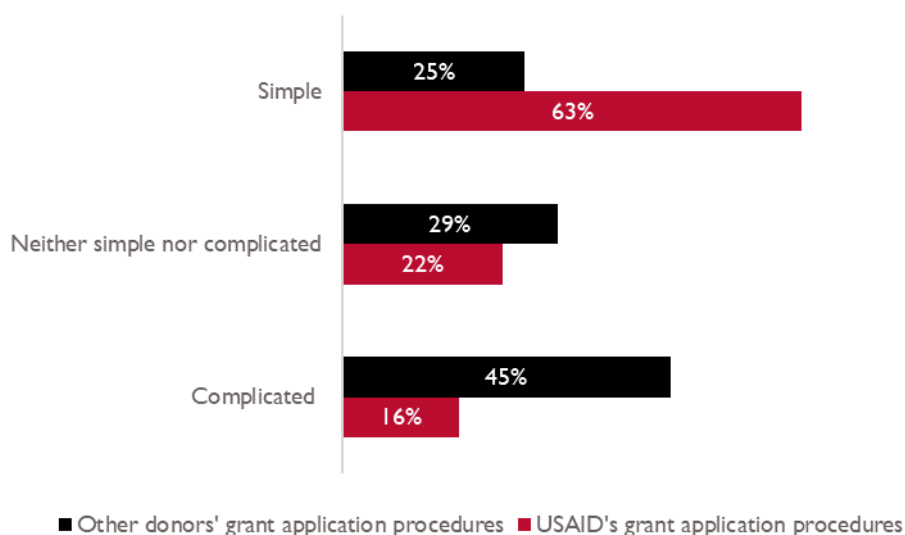
“We wrote it (grant application) ourselves. I can only say that the process of writing and applying was not difficult at all. We had good cooperation, I worked directly with your colleague. So, I have no objections in that process in relation to what we are experiencing now with another project. The process of writing and everything is much more difficult.”

– Grant recipient

“The personnel we interacted with during the application period were exceptionally helpful and supportive. It was our first time participating in a grant, and we received comprehensive information, instructions... The individuals we communicated with were always available to assist us, providing explanations and delving into the specifics whenever needed.”

– Grant recipient

Exhibit 19. Survey respondents described USAID’s grant application procedures considerably simpler than those of other donors



Although most grantees completed the grant application independently, some reported using third-party assistance to help them. Regarding the period from grant application to its final approval, most grantees agreed that the time was reasonable and lasted from two to three months.

F10. Most grantees who received grants before COVID-19 noted they did not face any obstacles during grant implementation, whereas the pandemic caused difficulties for some grant recipients. Most grantees stated they did not face any issues with the grant implementation. Interviewed grantees praised their communication with IPs and their points of contact during grant implementation, and nearly all online survey respondents (99 percent) agreed that USAID staff was at their disposal for all questions during the implementation of the grant.

Few grantees encountered problems during implementation. Specifically, two grantees noted communication issues due to staff changes in IP organizations. Several grantees and USAID’s IPs brought up issues with delays in grant implementation caused by the changes in USAID regulations, particularly regarding the environmental compliance.

Market disruptions caused by the COVID-19 pandemic, inflation, and increased oil prices affected grant implementation in some cases. According to the survey of USAID’s grantees, almost one-third

of respondents (26 percent) said COVID-19 had a negative effect on their grant implementation. For instance, some grantees reported delays in equipment delivery, and one reported issues with increased transportation costs. After the pandemic, inflation led to an increase in prices of equipment, goods, and interest rates for a few grantees. The higher costs of the grant brought about by these external factors were borne by grantees. In a few cases, grantees decided not to implement their projects as they were unable to account for increased project costs or could not guarantee they would be able to implement the projects due to an unpredictable business environment.

Most grantees confirmed that IPs conducted site visits, and several grantees mentioned that IPs' site visits were organized before the grant approval, during implementation, as well as after the grant completion to ensure that grantees fulfilled their obligations. The COVID-19 pandemic prevented regular site visits; during the lockdowns, grantees were required to send pictures and videos to document the grant implementation.

F11. Most USAID Activities executed payments to grant recipients through reimbursements.

According to the grant manuals, most Activities offered reimbursements of costs upon completion of grant implementation or (occasionally) milestones/deliverables as the only payment option.²⁹ Although ADS 303 approves advanced payments of the grant funds, most USAID IPs did not use this payment option. USAID IPs stated that reimbursements were the safest payment option, especially for those working with newly established companies. A Mission representative explained that reimbursements are considered the default payment option, whereas advanced payments require a more thorough screening of grantees to ensure they meet requirements for advanced payments. These requirements include organizations/companies having various policies in place (e.g., financial, procurement, human resource policies, separation of duties). Grantees said they did not have any major issues with the payments. However, grantees preferred advanced payments: According to the online survey of USAID's grantees, eight out of ten respondents (80 percent) agreed that advanced payments would facilitate the implementation of their grants.

"Then we got, I think the grant assistance came through the reimbursement of those expenses. We knew that would be the case and we had no problems. Our experience was really very positive."

– Grant recipient

"This is always a better option for us (advanced payment), we always insist that if at all possible we get some advance part, not 100 percent, but that some advance part be paid. This is the practice of some organizations. It is easier to implement the project when you receive an advanced payment"

– Grant recipient

A combination of reimbursements and required cost-share (mentioned under Finding 8) may make the companies that really need assistance but do not have the funds to cover the whole project and wait for reimbursement less likely to apply. In these situations, grants will more likely be awarded to the companies that can fund the projects themselves. As noted by a USAID implementer, donors need to find a way to work with the companies which need grants the most, rather than with those with high capacity and business performance. On one hand, larger companies have the capacity to apply and implement the grants but may not need the funds; on the other hand, small companies that could benefit from the funds oftentimes lack the capacity (e.g., technical, human) to write applications, develop budgets, and implement grant requirements. This was confirmed by a non-USAID IP who stated that, due to this, most of their grantees were medium-sized companies. According to Strhoj et al., donors could use the dose-response functions—that is, estimate the share

²⁹ ET did not receive grant manuals from FARMA and VIA DINARICA I and II.

of grant amount in firm profit—to determine whether the grant is high enough to be useful/effective.³⁰

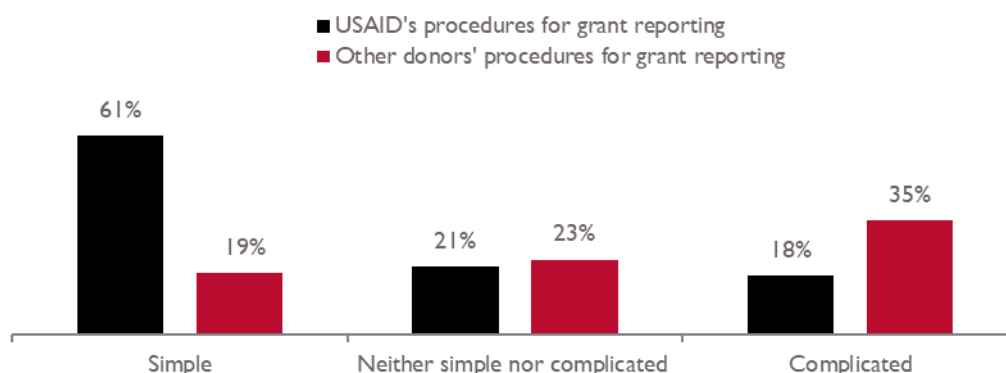
“Successful companies have capacities and have people in positions that absolutely have capacities, even much higher than what is needed to implement a USAID grant, but these firms do not want to invest their resources to implement a grant of 20,000 dollars. These companies do not apply for our grants at all. Companies for whom \$20,000 is significant and apply have absolutely no capacity. We have to find a way to work with companies that need it and can meet the demands.”

– USAID Implementer

FI2. USAID’s grantees were required to submit regular progress reports and final reports upon completion of grants. These reports were summarized and compiled in IPs’ progress reports for donors, and they were not shared with USAID, except (in some cases) as part of Activity closeout documentation. Most grantees stated they were required to submit progress reports to IPs during grant implementation and a final report upon completion of the grant.³¹ Progress reports were submitted to IPs periodically, and the reporting frequency depended on the duration of the grant implementation. The grantees needed to report on the progress toward targets set in the grant agreement (e.g., regarding hiring new employees, sales, exports, number of women employed) and send relevant documentation used to verify their achievements (e.g., employee contracts, payrolls, bills for material costs). Some grantees were required to send justification of expenditure of funds and an explanation in the event of implementation delays or extension of work. Most grantees submitted the progress reports via email and the final report by post, although in some cases all deliverables were submitted via email.

In terms of the complexity of reporting, six out of ten survey respondents (61 percent) believed that USAID’s reporting procedures were simple, which is three times higher than the same opinion about reporting procedures of other donors (19 percent). Nearly one out of five respondents (18 percent) considered USAID’s reporting procedures complicated (Exhibit 20).

Exhibit 20. USAID’s grant reporting procedures have been perceived as simpler than those of other donors



On the other hand, a few grantees stated that the reporting was time-consuming. Their main complaint was abundant documentation they needed to submit frequently, especially the documents regarding the employment of new employees and justification of expenditures.

³⁰ Srhoj, S., Lapinski, M., & Walde, J. (2021). Impact evaluation of business development grants on SME performance. *Small Business Economics*, 57, 1285–1301.

³¹ Some grantees whose grants were implemented years ago could not remember their reporting requirements.

“[Reporting took] a lot of time and something that did not justify my work. I mean, not in the sense that someone didn’t understand it, but it can simply be reduced to less time spent by people reporting on the other side of the documentation, which was really too much.”

– Grant recipient

“I was absolutely in favor of all justifications of funds, but justifications on a monthly basis, then again on a quarterly basis, and again on a 6-month basis, and at the end of the project implementation, where the same things are repeated all the time, is total nonsense”

– Grant recipient

EQ2 CONCLUSIONS

USAID’s grant administration procedures were regulated through grant manuals developed in accordance with ADS 303. USAID’s grant administration procedures included thorough pre-award assessments; monitoring site visits before, during, and (in some cases) after grant implementation; and reporting. All Activities distributed grants through RfAs. IPs scored and ranked the applications according to the criteria defined in grant manuals, and the AOR/CORs or CO/AOs gave final approvals for funding.

Even though USAID and IPs employed complex grant administration procedures, MSMEs shared favorable opinions about USAID grant administration and were satisfied with support from the IPs during application and implementation. An approach requiring a concept note before submitting the entire grant application may not be valuable if the application itself is not very demanding (and this was the case with USAID grants, according to KIs) and can expand the grant approval procedure. Both IPs and grantees praised digitizing grant applications and document submissions. The COVID-19 pandemic, inflation, and increased oil prices impeded the implementation of several grant projects, but most companies managed to adapt to such obstacles without USAID’s additional funding. All Activities encouraged applications for projects empowering women, although female-owned firms actually may have had male leaders and decisionmakers.

USAID IPs were required to keep all grant-related documentation in their archives for three years. Nevertheless, USAID did not request this documentation, meaning that the Mission does not have comprehensive information on MSMEs they supported over the years.

Even though USAID directed most of its support to micro and small companies, most of these recipients had sufficient funds to make whole investments on their own without loans. Because USAID IPs allocated higher scores to projects with larger cost-share, and executed payments through reimbursements, they increased the chances of MSMEs with better business performance to receive assistance. But as noted under EQ1, although USAID grant beneficiaries had sufficient funds to cover the costs of their projects on their own, most of them would not invest as soon, or they would have made lower investments. However, the USAID/BiH grant administration procedures could be improved to be more inclusive toward the micro and small companies that cannot make investments without grants with advanced payments. Even the grant beneficiaries that were able to cover the costs of their projects thought that advanced payments would be more convenient than reimbursements. Advanced payments also might encourage smaller companies that need the grants for growth to apply.

FINDINGS EQ3. WHAT ARE THE GOOD PRACTICES DEPLOYED AND KEY LESSONS LEARNED BY OTHER ORGANIZATIONS IN PROVIDING SIMILAR SUPPORT TO MSMES?

Although MSME representatives appreciate donors' grant assistance and find it invaluable for their business development, donors believed their community should turn to supporting MSME access to bank loans. For instance, a donor representative opposes grants because they cause market distortions. Another donor representative contends that grants are justified only for startups, which they argue should be supported until they grow enough to access bank loans.

F13. All non-USAID implementers recently digitalized the grant application procedures. In recent years, all non-USAID IPs³² introduced digital grant application procedures, although this is not the case with local institutions distributing grant assistance. Digital grant application usually requires applicants to respond to sets of questions about their company and upload supporting documentation. As noticed by non-USAID IPs, the benefits of digitalization are many. Monitoring and completing documents is much easier, and the application process is more transparent, efficient, and suitable for analysis. The application limits the input of information and documents and prevents the submission of incomplete documentation by guiding the applicants

through the application process. Grantees usually must scan and upload the original documents. According to non-USAID IPs, another advantage of digital applications is that in the case of an audit, databases and all the documents are easy to obtain, and implementers do not need to search for documentation or keep huge hard-copy archives. Non-USAID IPs using digital grant application procedures mentioned that grantees did not report any major issues regarding application usage.

“So the complete system for submitting applications and later monitoring and approving or monitoring the implementation of various projects is fully digitized and everything goes through one system, including communication with users, and I think it's a win-win situation for us, users and partners.”

– Non-USAID Implementer

“It was always a concern whether our users would be able to use such a system due to the degree of digitization, especially for companies, it is quite inconvenient because they are used to everything being a hard copy. We really didn't have any problems, we tried to adapt to the individual needs of organizations or companies, so it's a very good system.”

– Non-USAID Implementer

F14. Some donors keep applications open throughout the year, which allows MSMEs to apply for grants when they need assistance rather than rushing with preparing projects when funding opportunities arise. Experts and international donors recognized keeping RfAs open throughout the year as a good practice in grant distribution. Grantees usually apply for grants to help them fund their upcoming projects, and timing is often an important factor, especially for sectors with seasonal operations like agriculture and tourism. An expert and IP said calls for applications at the peak of agricultural season make it hard for potential applicants to commit time and effort to prepare. A strict deadline also can be problematic from a technical standpoint: A non-USAID IP described one instance when a single deadline for submission of applications resulted in the application system crashing due to an overwhelming volume of submissions near the deadline, inconveniencing the IP and applicants.

F15. Most non-USAID implementers (as well as USAID's IPs) conduct site visits before signing grant agreements to verify the information presented in grant applications. Most

³² A USAID's IP the ET interviewed also digitalized its grant application forms and procedures. Other IPs we interviewed partially digitalized their grant administration procedures.

donors conducted site visits before signing a grant agreement; this was one practice they considered essential. This practice helps donors verify and validate the information from grant applications. Such pre-grant site visits can serve as initial introductory meetings and opportunities to establish effective communication channels between donor and grantee and screen the premises and documentation of the recipient. Non-USAID implementers and donors praised this practice, describing it as beneficial for preventing potential problems with inaccurate information in the application. An expert also recommended pre-grant site visits, noting they can be used to explain the expectations and purpose of the grant and to ensure the grantees take the grant implementation seriously. Several KIs emphasized the importance of follow-up site visits to verify the sustainability of the results.

“We had one case where everything looked great on paper, however, when we went to the actual visit, it turned out that the company did not have an adequate office space where such a thing could be realized. It is of key importance that the implementing partner conducts these visits and that he gets to know and see all the procedures. And then they use that opportunity to review the company's documentation and everything else.”

– Donor

FI6. Even though most non-USAID implementers prefer reimbursement of grant funds rather than advanced payments, some are more flexible in their funding practices. Most USAID implementers pay grant funds through reimbursements after the completion of grant implementation or a milestone, considering this a safer, less risky option. However, few non-USAID implementers mentioned they offer advanced payments to grant recipients. These IPs usually require a guarantee, such as a promissory note insurance or bank guarantee. However, most grantees found bank guarantees costly, whereas in the survey of USAID’s grantees, 46 percent of respondents agreed that bank guarantees are a good mechanism to secure an advanced payment. Furthermore, due to a lack of financial resources, smaller and younger businesses are unable to obtain bank guarantees, meaning that those needing the funds the most are ineligible to apply for grants with such a requirement.

A non-USAID IP, offering advanced payments to its grantees without any guarantee, said they never faced any issues with grant implementation. This IP examines the applicants’ financial data in detail and conducts site visits before signing the grant agreement. They also transfer the funds in phases upon receiving progress reports.

“When we talk about grants, they get an advance for two quarters. An advance for the first quarter, then after 3 months of delivery, without a report, they only submit a request for a second advance, and after that, before the third advance, they must submit a report. That is our practice. We don't change that, we stick to it.”

– Non-USAID Implementer

Donors and non-USAID IPs employed different practices to adapt to market disruptions appearing during grant implementation (e.g., COVID-19, inflation, fuel price increase) and leading to additional, unforeseen costs for grantees. Although most donors offered no assistance in covering such costs, some approved additional funds to cover those costs, whereas others approved purchasing cheaper or used equipment. One donor established an agreement that both the donor and grantee would increase the investment to overcome this issue.

FI7. Non-USAID implementers are obligated to keep all grant documentation, whereas donors require only final IP reports with aggregated information on grants. Implementers are obligated to submit regular progress and financial reports to donors. These reports are usually submitted biannually or annually, and they typically summarize information on all implemented grants

and describe overall progress toward project indicators. Implementers are not required to deliver information on individual grants, grantees' individual progress reports, or monitoring reports to the donors, but they are obligated to keep the data and documentation for a specific period of time. Implementers also submit final project reports upon project completion.

"We have our annual report, which we submit to our donors, where we enter general data about the activities we had in the previous period, and as for the logical framework, we naturally enter data from the company, segmented by sector, but they do not require detailed data from us."

– Non-USAID Implementer

None of the donors possess a database with information on their grantees, but most implementers do. Databases usually include information on applications (e.g., completed application forms, amount of investment), information about grantees (e.g., financial and business data, company ownership and management disaggregated by gender), and information on indicators companies need to report on.

USAID's Office of Transition Initiatives (OTI) described a good practice for documenting information on grants involving its comprehensive database, OTI Anywhere, which contains detailed information on all grants they fund worldwide. The database includes information about grantees, their projects, theory of change and objectives, budgets, locations, achievements, and documents such as grant agreements, progress and monitoring reports. Users can search the database for information on individual projects as well as data on projects worldwide with the same objective or theme.

FI8. Donor grant assistance to MSMEs is uncoordinated, including international donors and local government assistance across different levels. Most donors agree that there is no structured coordination among donors distributing grants to MSMEs aside from some informal communication. One expert said every donor has its agenda and that there are overlaps in the field. However, most donors understand the importance of coordination and conclude it should be established. One local government donor mentioned that they do not have any information on other international or local donor activities. According to one KI, the BiH Ministry of Foreign Trade and Economic Relations attempted to organize general donor coordination meetings, but the practice was suspended due to the pandemic. The meetings were reinstated in September 2023, but the approach became more of an information exchange, where donors present their activities, rather than real coordination.

"We are not very good at that coordination, and we really need coordination. In the past, before the corona virus, we tried to hold some donor meetings in our premises, and some donors responded to us. We had maybe two meetings, then the corona threw us out of our rut."

– Non-USAID Implementer

However, some donors and a non-USAID implementer shared positive examples of donor cooperation. A local government donor shared an example of cooperation with an international donor on several projects, which were co-funded and focused on strengthening the competitiveness of companies in BiH. Also, the implementer noted cooperation with the FARMA Activity in information exchanges on grant beneficiaries to ensure they are not supporting the same MSMEs. A few donors noted good previous coordination with USAID but suggested there is room for improvement.

“What was important to us was that there is no overlap, because it very often happens that if you work in the same industry, for example a client or user goes to us and gets a grant and then with the same project goes to USAID and gets a grant and practically you have an overlap as a result of that and then, years ago, at FARMA I, we introduced the practice of sharing information about our users with USAID, in order to prevent this and that USAID simply has information about our users, and we also receive information about theirs, in order to harmonize all these things”

– Non-USAID Implementer

FI9. Most donors support improving women’s economic activity by encouraging women’s employment and female-owned or -managed businesses through their grant schemes.

Most KIs—donors, non-USAID and USAID implementers, grantees—agree that additional support to women’s employment and female-owned or -managed businesses is justified and still necessary in BiH. Donors and implementers support women primarily through application scoring. For instance, if a company is female-owned or -managed or plans to employ women through their grant, those companies get additional points in the total application score. Other donors secure additional funding for female-owned or -managed businesses (and sometimes those owned or managed by representatives of other vulnerable groups). Some implementers also employed giving extra points to the companies aiming to improve the status of marginalized populations, including women.

The biggest obstacle donors face in fostering women’s employment is a sector issue, since some industries are traditionally considered more “male-oriented” than others. This is primarily the case with export-oriented industries, such as metal and wood, where some implementers had problems finding women interested in jobs. However, implementers noted several examples where companies in these sectors employed women when men were unavailable, who proved to be very efficient and precise in their use of the equipment.

“One company, through our project, employed two women welders. These women proved to be extremely successful, meticulous, and hardworking. ... After we left, they opened the program on their own and now they tell me they only (employ) women welders... if a man and a woman come, we will consciously hire a woman over a man if we can choose...”

–USAID Implementer

“We had a couple of cases where a company finally concluded, we asked for women to be employed in some of the jobs there, and then the man said that it was good, he said that working with women is great for him. He says that after the game, the men come and talk for an hour about how the game was, what happened, and the women get ready and come to work. A man employed 7-8 women, in metalworking, where there were no women before”

– Non-USAID implementer

On the other hand, some implementers noted that some MSMEs’ official registration documents can show that a woman is the company owner, co-owner, or manager, but sometimes these women did not have actual decision-making power. Several implementers shared experiences wherein the application and documents showed a woman as the firm owner, but site visits revealed she was not involved in the business operations. Donors and implementers said it is hard to spot these cases and recommended using site visits for verification. One implementer thought that supporting businesses managed by women is safer in this regard than supporting female-owned companies, stating that female managers are more likely to be involved in business operations whereas female owners often are engaged only “on paper.”

“During this initiative visit, we try to assess all these capacities, both female and other, but it happens. It happens that there really is a woman who, we had that case as well, who is the director, who was at the meeting and at the end the woman disappeared. Her husband took over all that communication, he answers her phone number. We have this option where we can terminate the contract, but it is not something valid enough to terminate the contract, so we simply reduce one number, the woman by one less and that’s it.”

– Non-USAID implementer

EQ3 CONCLUSIONS

Most non-USAID implementers recently digitized grant application procedures and shared positive experiences with this practice. Some donors keep RfAs open throughout the year so companies can apply for grants when they need them rather than rushing to prepare a project only because of the current funding opportunity. Conducting site visits before signing the grant agreement proved beneficial for most IPs, allowing them to verify information from the application, establish relationships with grantees, and explain the procedures. Most implementers execute payments through reimbursements to advanced payments. Still, companies needing the assistance the most may lack the funds to cover the entire investment on their own and wait for a refund. Most donors offering advanced payments require bank guarantees, to which startups and smaller companies do not have access and most grantees consider them costly. Some donors provided additional assistance to grantees to accommodate for market disruptions or modified their initial requirements to reduce the costs. Regarding reporting on grant schemes, donors typically require aggregated reports from IPs and do not keep records of individual grants. However, most international organizations implementing grants have comprehensive databases with information about grants they disbursed to companies, and they are obligated to keep them for a limited period of time. There is room for improvements in donor coordination, and no formal coordination mechanism is in place. Some donors support women's empowerment through grant schemes, primarily by adding points when scoring applications from female-owned or -managed MSMEs or those planning to employ women, or by securing additional funds for female-led projects.

RECOMMENDATIONS

USAID should consider the following recommendations to improve the design of its grant schemes, grant administration and documentation, and their effectiveness:

1. Continue supporting MSMEs through grants to facilitate improvements in MSMEs' fixed assets, revenue, profit, and employment, particularly in agriculture and ICT sectors, but be cautious of possible unintended consequences for employment.
2. Continue distributing grants primarily to startups, micro and small companies, especially those whose application suggests they are unlikely to invest imminently without USAID's funding; when strengthened, help them obtain bank loans if needed.
3. Consider supporting medium businesses in cases when they want to make a large investment and they cannot afford it in the near future. Perform careful scrutiny of grant applicants' records to determine their capacity to invest in the near future.
4. Given that USAID identified private sector growth as its strategic interest, focus the grant assistance on export-oriented MSMEs with value-added products; as suggested by experts, investing in these companies can positively affect small economies.
5. Consider conducting a thorough sector assessment when planning large investments in a specific sector.
6. Improve the grant administration procedures by
 - digitizing grant application and reporting procedures where hard copies are still required;
 - conducting monitoring site visits prior to signing grant agreements, during and after implementation;
 - abandoning the practice of giving more points to projects with higher cost-share;
 - allocating higher scores (and more funds) to value-added producers;
 - allowing an advanced payment as a possibility for startups, micro and small companies, noting that they will need to undergo through more strict pre-award assessments;
 - increasing funding or looking for other opportunities that help the companies when market changes cause additional project costs if the companies would struggle to cover the cost on their own.
7. Develop a comprehensive grant recipient database with information on:
 - all grantee companies (past and future)
 - their sectors and grant types
 - their ownership and management structure
 - funds they received over the years
 - their investments
 - documentation such as monitoring, progress, and final reports.

Use the data prepared by the evaluation team to archive the data on former grantees. Consider replicating the OTI Anywhere database, or integrating the database with the existing USAID's data systems (e.g., DIS, ASSIST or BIHPERFORM). Use the database when making future funding decisions.

8. Continue using the grants to support women's economic empowerment by scoring the applications of female-managed companies or those employing women higher and providing them with more funds. Use pre-award site visits to ensure that the support is provided to businesses where women have decision making power.
9. Continue and intensify promoting successful grantees to improve their image and help them establish new business partnerships and sources of funding.
10. Consider establishing a coordination mechanism for IPs distributing grants to MSMEs.

GENERAL REMARKS

This evaluation confirms that grants can effectively improve MSMEs' business performance and that the international community in BiH is moving in the right direction with their grant programs. The evaluation shows that the grant assistance is effective across agriculture, manufacturing, ICT, and tourism sectors. However, the effects of grants vary across sectors and grant types.

USAID's grant administration practices are a positive example of procedures thorough enough to ensure the quality selection of grantees without overburdening the beneficiaries.

This report outlines several positive grant administration practices. To improve the efficiency of grant administration procedures, USAID should consider standardizing the positive practices across the programs implementing grant schemes to support MSMEs. To improve the effectiveness of grant assistance, support should be focused on grant types that proved effective and on companies that really need financial assistance to further develop and obtain bank loans. Donors supporting women's economic empowerment through grants should ensure that the women are those enjoying the benefits of their assistance.

This impact and performance evaluation is prepared to serve as guidance to USAID/BiH and its implementers to improve their grant administration procedures and the effectiveness of their assistance to MSMEs. But the recommendations can be useful to other donors and implementers distributing grant assistance to businesses. Donors aiming to accelerate the growth of the BiH private sector should join their forces and collaborate to maximize the effects. To allow for evidence-based programming, planning, and effective coordination and collaboration, all donors need to establish data systems to track their beneficiaries, along with an effective information exchange mechanism.

ANNEXES

ANNEX I: STATEMENT OF WORK

INTRODUCTION

United States Agency for International Development (USAID) recognizes the potential that small and medium enterprises (SMEs) have in driving the economic growth in Bosnia and Herzegovina (BiH). USAID/BiH has been supporting BiH economic development for more than 20 years and, as outlined in the 2020-2025 Country Development Cooperation Strategy (CDCS), support to private sector development remains one of the priorities for the Mission in upcoming period. The Mission's assistance to SME development and competitiveness provided thus far has focused on increasing enterprises' productivity, profits, and employment opportunities through technical assistance and support in accessing finance, complemented with grant-based support.

To assess the outcomes of the small grants' assistance provided to SMEs in BiH and expand the Mission's knowledge base for successful administration and monitoring of any prospective grant support to the SME sector in the future, USAID/BiH requested its Monitoring and Evaluation Support Activity (MEASURE II) to conduct an evaluation of grant assistance provided to SMEs over the years 2012-2022.

The evaluation will encompass seven USAID/BiH Activities implemented during the specified time frame that had a grant component for the SME sector integrated into their respective contracts/agreements, including (i) Fostering Interventions for Rapid Market Advancements (FIRMA), (ii) Fostering Agricultural Markets Activity (FARMA), (iii) Fostering Agricultural Markets Activity II (FARMA II), (iv) Partnership for Innovation (PI), (v) Diaspora Invest (DI), (vi) Via Dinarica, and (vii) Workforce and Higher Access to Markets Activity (WHAM).

COUNTRY CONTEXT AND BACKGROUND INFORMATION

SMEs are the backbone of BiH's economy. According to BiH Agency for Statistics, the total number of companies in BiH in 2020 exceeded 27,000, 99 percent of which were SMEs. SMEs are a major contributor to job creation in BiH – the sector employed more than 400,000 people in 2020. Despite strengthening economic growth and providing a considerable share of employment, the business environment remains a challenge to a more accelerated SME-sector development. According to the Economic Reform Program 2022-2024, SMEs face challenging and unfavorable policy and enforcement environments as well as complex, unclear, and sometimes contradictory legal and regulatory frameworks. In 2021, BiH was ranked 144th out of 167 countries in the enterprise conditions pillar of the Prosperity Index, which measures the degree to which regulations enable businesses to start, compete and expand. Extremely limited accessibility of financial resources is another challenge. Getting funding from banks is almost impossible without a perfect borrower profile – a prerequisite that most startup enterprises cannot meet. Moreover, there is a substantial gap in supply of leasing and equity products. As a result, the majority of SMEs use internal sources to finance their business needs. In parallel, economic reform processes have slowed down in the past couple of years, primarily due to the unstable political situation and the COVID-19 pandemic that severely affected economic activity.

USAID/BiH has been supporting BiH economic development for more than 20 years with the aim to assist the country in mitigating the challenges described above and fostering more accelerated

economic growth. As part of its development assistance, USAID/BiH has provided targeted, demand-driven support to SMEs with a focus on sectors and sub-sectors where BiH has a competitive advantage, including agriculture, tourism, manufacturing, information and communication technology (ICT), wood processing, metal processing, and related sub-sectors. Exhibit 21 provides an overview of USAID/BiH-supported Activities implemented during the years 2012–2022 that focused on increasing BiH enterprises’ productivity, profits, and employment opportunities. All of these activities had a grant component integrated into their respective agreements/contracts. The purpose of the awarded grants was to further support SMEs in promoting innovative ideas or new technologies, support the purchase of equipment or technology necessary to meet the export market requirements, strengthen market linkages, and contribute to the sector’s growth.

Exhibit 21. Basic information on the USAID/BiH activities with grant component

Activity Name	Co-funder	Implementing Partner	Life of Activity	Assisted Sector
Fostering Interventions for Rapid Market Advancements (FIRMA)	Swedish International Development Cooperation Agency (SIDA)	Cardno Emerging Markets	2009–2015	1. Wood processing 2. Tourism 3. Light Manufacturing/ Metal processing
Fostering Agricultural Markets Activity (FARMA)	Swedish International Development Cooperation Agency (SIDA)	Chemonics International, Inc.	2009–2015	1. Dairy 2. Fruits and vegetables 3. Medicinal and aromatic plants (MAP) and honey
Fostering Agricultural Markets Activity II (FARMA II)	Swedish International Development Cooperation Agency (SIDA)	Cardno Emerging Markets	2016–2021	1. Dairy 2. Fruits and vegetables 3. MAP and honey 4. Poultry
Partnership for Innovation (PI)	N/A	Education Development Center, Inc. (EDC)	2011–2016	Information and communication technology (ICT)
Diaspora Invest (DI)	N/A	Financial Markets International, Inc. (FMI)	2017–2022	1. Manufacturing (metal processing, wood processing, and other manufacturing) 2. Agribusiness 3. ICT 4. Tourism 5. Energy
Via Dinarica	N/A	United Nations Development Programme (UNDP)	2018–2021	1. Tourism
Workforce and Higher Access to Markets Activity (WHAM)	N/A	International Executive Service Corps. (IECS)	2017–2022	1. Wood processing 2. Metal processing 3. Textile/Apparel 4. ICT

EVALUATION PURPOSE, QUESTIONS, DESIGN, AND LIMITATIONS

The purpose of the evaluation is to assess the outcomes of the small grants’ assistance provided by USAID/BiH to SMEs in BiH in the period 2012-2022 and provide a set of recommendations for addressing the monitoring and administration challenges and explore sufficient opportunities to collect and maintain grant-related data.

Evaluation findings, conclusions, and recommendations will help inform Mission’s monitoring and administration efforts, which would be expected to conform with the emphasis on strengthening small grant assistance. Additionally, the evaluation will provide the Mission, other donors, and the international community with a comprehensive overview of good practices and lessons learned in mobilizing funds for SMEs, which is expected to help them develop new or adjust existing procedures and mechanisms aimed at supporting SMEs in BiH.

EVALUATION QUESTIONS

The evaluation team will answer the following evaluation questions:

1. **To what extent has the grant assistance provided by USAID/BiH contributed to SME’s sustainable business performance?**
 - 1.1. **How do the outcomes that USAID/BiH’s small grants programs achieved vary depending on the type of grants provided and the sector/industry that has been supported?**
2. **How has the USAID/BiH’s grant support to SMEs been administered and documented by IPs and the Mission?**
3. **What are the good practices deployed and key lessons learned by other organizations in providing similar support to SMEs?**

DESIGN AND METHODOLOGY

The evaluation design will employ a mixed-methods approach and triangulate data across several sources to answer the evaluation questions. Specifically, the evaluation team will rely on collecting both qualitative and quantitative data to provide multiple perspectives to the evaluation questions. The proposed methodology will ensure systematic and efficient collection of data from the following sources:

- **Secondary documentation relevant to the USAID/BiH small grants assistance to SMEs during the 2012–2022 period**, including reports from the USAID/BiH Activities covered by this evaluation, relevant evaluation reports conducted by MEASURE-BiH and MEASURE II, documentation from international organizations, relevant BiH government/public institutions, non-governmental and civil society organizations, and the media, and grantees' official financial records.
- **Key informant interviews (KIIs)** with USAID/BiH, implementing partners, international and donor organizations, grantees, and other stakeholders. The tentative list of KIs will be presented in the evaluation work plan and subject to USAID/BiH comments. In addition to the tentative list of KIs, the evaluation team will also prepare and submit for USAID/BiH’s review semi-structured interview guides tailored to each specific group of KIs. The evaluation team will pilot the interview guides in the first two interviews for each group of KIs and revise the protocols based on experiences from the pilot interviews if needed. Interviews will be held both online and in person, depending on the preference of the KIs.
- **An online survey of USAID’s grantees** will be conducted to complement findings from the KIIs by enabling the evaluation team to reach and capture perceptions of the received assistance from as many grantees as possible. A survey questionnaire will be developed as part of the evaluation work plan and submitted to USAID/BiH for review and comments.

Selected KIIs and FGD participants will be excluded from the list of online survey respondents.

- Focus group discussions (FGDs)** with representatives of SMEs that received grant assistance. FGDs, which will be conducted online, will serve to validate and expand findings and recommendations from the online survey of USAID’s grantees, KIIs, and secondary documents. The evaluation team will organize at least seven FGDs, one for each sector that USAID/BiH supported during the period under review (agriculture {dairy, fruits and vegetables, medicinal and aromatic plants and honey, poultry}, tourism, energy, wood processing, metal processing, and textile/apparel). Additionally, when selecting FGD participants, the evaluation team will ensure equal representation of SMEs run by men and women. Such an approach is expected to maximize disclosure among FGD participants but also provide the evaluation team an opportunity to conduct a more comprehensive analysis and comparison of data across different groups of respondents and data collection methods. A tentative list of FGD participants will be presented in the evaluation work plan. A draft FGD guide will be included in the evaluation work plan and subject to USAID/BiH comments. Once approved by USAID/BiH, the evaluation team will pilot and, if needed, adjust the FGD guide prior to conducting the FGDs.

Exhibit 22 presents the evaluation matrix, which details the methodological approach to be used to answer each evaluation question. The evaluation team will use secondary documentation, as well as primary data collected through the online survey of USAID’s grantees, KIIs, and FGDs, to gather and triangulate information and best inform the evaluation findings, conclusions, and recommendations. Once the data collection is completed, the evaluation team will compare findings from different data sources to cross-validate the data, enrich the understanding of each evaluation question, and provide a comprehensive overview of the outcomes of the small grants’ assistance provided by USAID/BiH.

Exhibit 22. Evaluation matrix

Evaluation Question (EQ)	Data Sources/Data Collection Methods	Research Design
1. To what extent has the grant assistance provided by USAID/BiH contributed to SME’s sustainable business performance? 1.1 How do the outcomes that USAID/BiH’s small grants programs achieved vary depending on the type of grants provided and the sector/industry that has been supported?	<u>Secondary documentation</u> , relevant to the USAID/BiH small grants assistance to SMEs during the 2012-2022 period. <u>Online survey</u> of grant recipients. <u>KIIs with</u> relevant USAID/BiH Activities, international and donor organizations, grantees, implementing partners and other stakeholders. <u>FGDs</u> with representatives of the SMEs that received grant assistance.	Mixed methods
2. How has the USAID/BiH’s grant support to SMEs been administered and documented by IPs and the Mission?	<u>Secondary documentation</u> , relevant to the USAID/BiH small grants assistance to SMEs during the 2012-2022 period. <u>Online survey</u> of grant recipients. <u>KIIs</u> with relevant USAID/BiH Activities, international and donor organizations, grantees, implementing partners and other stakeholders. <u>FGDs</u> with representatives of the SMEs that received grant assistance.	Mixed methods

Evaluation Question (EQ)	Data Sources/Data Collection Methods	Research Design
3. What are the good practices deployed and key lessons learned by other organizations in providing similar support to SMEs?	<p><u>Secondary documentation</u>, relevant to the USAID/BiH small grants assistance to SMEs during the 2012-2022 period.</p> <p><u>Online survey</u> of grant recipients.</p> <p><u>KIIs</u> relevant USAID/BiH Activities, international and donor organizations, grantees, implementing partners and other stakeholders.</p> <p><u>FGDs</u> with representatives of the SMEs that received grant assistance.</p>	Mixed methods

EVALUATION LIMITATIONS

Potential limitations of this evaluation include:

- Limitations related to collecting comprehensive data on grantees from an online survey.** Given the contextual changes in the business environment in BiH, including the severe floods in 2014 and COVID-19 pandemic that started in 2020 - both of which resulted in the closure of many businesses, the survey results may not capture a fully comprehensive overview of SMEs supported by USAID/BiH. In addition, given the online nature of the survey and the time that has passed since grantees received grants, it is possible that our response rate for the online survey will be relatively low. A low response rate could happen for various reasons, including lack of access to the internet or e-mail, the unwillingness of beneficiaries to cooperate, and their consequent failure to complete the survey. The evaluation team will prepare an exhaustive database of all grantees associated with the seven Activities that are subject to this evaluation. The database will, among other things, include contact details of assisted companies. In cases when contact details of a company are missing, the evaluation team will look for the missing data online. The request to complete the online survey will be sent to all SMEs with contact details included in the final database. The evaluation team will send regular reminders to potential survey respondents and encourage them to participate in the research to mitigate the risk of low response rates.
- Response bias:** The response bias refers to informants' intentional or accidental provision of inaccurate, false, or misleading responses to questions in interviews, FGDs, and surveys. The evaluation team will triangulate data across multiple data sources, including KIIs, FGDs, online survey, and literature review, to verify and enhance the credibility of findings and provide an in-depth analysis of the major outcomes associated with Mission's grant assistance to SMEs during 2012–2022 period, as well as to explore mechanisms, tools and/or procedures used for administration and monitoring of grant assistance, both by the IPs and the Mission. The evaluation team will conduct the desk review of documentation identified as relevant for the evaluation. Moreover, the team will also make sure to explore the perceptions of different groups of KIs on topics relevant for the evaluation by developing survey questionnaire and interview and FGD guides that will integrate questions needed to inform answers to evaluation questions. Finally, the evaluation team will compare findings from different data sources to cross-validate the data, establish corroborating evidence, and enrich the understanding of each evaluation question by capturing perceptions of different groups of KIs.
- Interviewer bias:** Interviewers' behaviors and actions may increase the likelihood that KIs provide certain answers, such as the answers the respondent thinks the interviewer wants

to hear (social desirability bias) or answering the first prompt they receive (order bias). Therefore, the interviewers will be trained to ask questions in a non-leading way. In addition to avoiding any potentially leading questions, the evaluation team will make sure that respondents understand that their candid opinions are the most appreciated. The evaluation team will also ensure that respondents know that their responses will not be attributed to them and that their identity will not be released.

EVALUATION IMPLEMENTATION

Deliverables and schedule

All deliverables will be submitted electronically and in English. The deliverables will include:

1. Detailed evaluation work plan and data collection instrument(s)

The evaluation work plan will include (1) a detailed evaluation design matrix (including key questions, methods, and data sources used to address each question and the data analysis plan for each question); (2) draft data collection instruments (survey, interview, and FGD guides and questionnaires) (3) the list of potential interviewees; (4) known limitations to the evaluation design; (5) a dissemination plan; (6) the anticipated schedule and logistical arrangements; and (7) a list of the members of the evaluation team, with their respective roles and responsibilities.

2. Presentation of preliminary findings

A presentation of preliminary findings to USAID/BiH will include a summary of preliminary findings and recommendations to USAID/BiH.

3. Draft evaluation report

The draft evaluation report will be consistent with the USAID Evaluation Report Requirements (ADS REFERENCE 201 MAH, at <https://www.usaid.gov/ads/policy/200/201mah>), USAID's evaluation policy (<https://www.usaid.gov/sites/default/files/documents/1870/USAIDEvaluationPolicy.pdf>) and take into account criteria to ensure the quality of the report specified in ADS REFERENCE 201 MAA (<https://www.usaid.gov/ads/policy/200/201maa>). Once the initial draft report is submitted, USAID/BiH will have 15 working days to review and comment on the initial draft and submit the consolidated comments to the research team. The research team will address the consolidated comments and submit a revised final draft report within 10 days of receiving USAID/BiH comments.

Database with the exhaustive list of grantees and grant-related data for seven USAID/BiH Activities covered by the evaluation

The database with the list of all grantees and grant-related data will include specific financial information and contact details of all SMEs that received a grant during 2012-2022. The database will be submitted to USAID/BiH as part of the draft evaluation report as an annex.

4. Final evaluation report

Once USAID's comments on the initial draft are provided to the evaluation team, the team will address the comments and submit a revised final report within ten days.

The overview of the tentative evaluation timeline is provided in Exhibit 23. The evaluation team will maintain the proposed schedule to the extent possible. However, slight changes in the timeline are possible and will be communicated to USAID/BiH at the earliest convenience.

Exhibit 23. Tentative evaluation timeline

Tentative Dates	Tasks and Deliverables
February 15, 2023	Submit the draft evaluation work plan (with data collection instruments) to USAID/BiH, online survey preparations
March 3, 2023	<ul style="list-style-type: none"> • Desk review • Preparing a database with an exhaustive list of grantees and grant-related data • Logistical preparation, scheduling KIIs interviews and FGDs, piloting data collection instruments, data collection through online survey
May 2023	<ul style="list-style-type: none"> • Primary data collection (KIIs) • KII transcription • Initial data analysis
June 2023	<ul style="list-style-type: none"> • Finalize transcription of KIIs and FGs • Finalizing primary data analysis • Finalizing secondary data analysis • Survey rollout • Presentation of preliminary findings, conclusions, and recommendations to USAID/BiH • Preparing draft report
July 1-16, 2023	Internal quality control procedures
July 17, 2023	Submitting draft report to USAID/BiH
TBD	USAID to send comments on the draft report
TBD	Submit the final evaluation report to USAID/BiH

TENTATIVE TEAM COMPOSITION AND KEY QUALIFICATIONS

The evaluation team is expected to include six members. The tentative team composition and team members' key qualifications are illustrated in Exhibit 24. The team composition and level of effort for each team member will be elaborated on in detail in the evaluation work plan.

Exhibit 24. Team composition and team members' key qualifications

Position	Key Qualifications
Subject Matter and Evaluation Expert/ Team Co-Lead	Team and project management skills; subject matter expertise in SME development and grant assistance; and report writing skills
Project Management and Evaluation Expert/Team Co-Lead	Team and project management skills; technical expertise in evaluation methodologies; report writing skills
Local Subject Matter Expert	Subject matter expertise in the SME sector with specific focus on BiH; data collection and data analysis skills; report writing skills
Research Assistant	Data collection and data analysis skills; organizational skills and ability to ensure smooth data collection and processing

Support for the evaluation team will include:

- Home Office (HO) and Field Office (FO) support in reviewing the evaluation deliverables and exercising general oversight of the evaluation process;
- transcription of audio recordings from KIIs and FGDs; and
- an Office Manager who will provide logistical support with contracting, payments, and field work coordination.

ANNEX 2: REVIEWED DOCUMENTS

1. USAID ADS 303
2. USAID FIRMA Monitoring, Evaluation, and Learning Plan
3. USAID FIRMA Year 1 Annual Report - 2010
4. USAID FIRMA Year 2 Annual Report - 2011
5. USAID FIRMA Year 2 Annual Report - Att 7 - Strategy Actions Update - 2011
6. USAID FIRMA Year 3 Annual Report- 2012
7. USAID FIRMA Annual Report Year 4 and Quarter 16
8. USAID FIRMA Annual Report Year 5
9. USAID FIRMA Activity Award
10. USAID FIRMA Activity Award Modification
11. USAID FIRMA Evaluation Report Final
12. USAID FIRMA Work Plan Year 2
13. USAID FIRMA Work Plan Year 3
14. USAID FIRMA Work Plan Year 4
15. USAID FIRMA Work Plan Year 5
16. USAID FIRMA Quarterly Report 19
17. NIRAS Final Evaluation Report FIRMA 2011
18. USAID FIRMA Small Grants Fund Manual
19. USAID/SIDA FARMA Monitoring, Evaluation, and Learning Plan
20. USAID/SIDA FARMA Year 1 Annual Report - 2010
21. USAID/SIDA FARMA Year 2 Annual Report - 2011
22. USAID/SIDA FARMA Year 3 Annual Report- 2012
23. USAID/SIDA FARMA Year 4 Annual Report- 2013
24. USAID/SIDA FARMA Year 5 Annual Report - 2015
25. USAID/SIDA FARMA Activity Award
26. USAID/SIDA FARMA Activity Award Modification
27. USAID/SIDA FARMA Action Memorandum
28. USAID/SIDA FARMA Action Memorandum Extension
29. USAID/SIDA FARMA Final Evaluation Report
30. USAID/SIDA FARMA Final Report
31. USAID/SIDA FARMA Revised Performance Management Plan (PMP)
32. USAID FARMA Grant Screening Checklist
33. USAID FARMA Request for Application
34. USAID/SWEDEN FARMA II Monitoring, Evaluation, and Learning Plan
35. USAID/SWEDEN FARMA II Year 1 Annual Report - 2016
36. USAID/SWEDEN FARMA II Year 2 Annual Report - 2017
37. USAID/SWEDEN FARMA II Year 3 Annual Report- 2018
38. USAID/SWEDEN FARMA II Year 4 Annual Report- 2019
39. USAID/SWEDEN FARMA II Year 5 Annual Report - 2020
40. USAID/SWEDEN FARMA II Annual Report Year 1– Annex I
41. USAID/SWEDEN FARMA II Annual Report Year 2– Annex I
42. USAID/SWEDEN FARMA II Annual Report Year 3– Annex I
43. USAID/SWEDEN FARMA II Annual Report Year 4– Annex I
44. USAID/SWEDEN FARMA II Activity Award
45. USAID/SWEDEN FARMA II Activity Award Modification
46. USAID/SWEDEN FARMA II Evaluation Report Final
47. USAID/SWEDEN FARMA II Completion Report
48. USAID/SWEDEN FARMA II Year 1 1st Quarterly Report

49. USAID/SWEDEN FARMA II Year 1 2nd Quarterly Report
50. USAID/SWEDEN FARMA II Year 1 3rd Quarterly Report
51. USAID/SWEDEN FARMA II Year 1 4th Quarterly Report
52. USAID/SWEDEN FARMA II Year 2 1st Quarterly Report
53. USAID/SWEDEN FARMA II Year 2 2nd Quarterly Report
54. USAID/SWEDEN FARMA II Year 2 3rd Quarterly Report
55. USAID/SWEDEN FARMA II Year 2 4th Quarterly Report
56. USAID/SWEDEN FARMA II Year 3 1st Quarterly Report
57. USAID/SWEDEN FARMA II Year 3 2nd Quarterly Report
58. USAID/SWEDEN FARMA II Year 3 3rd Quarterly Report
59. USAID/SWEDEN FARMA II Year 3 4th Quarterly Report
60. USAID/SWEDEN FARMA II Year 4 1st Quarterly Report
61. USAID/SWEDEN FARMA II Year 4 2nd Quarterly Report
62. USAID/SWEDEN FARMA II Year 4 3rd Quarterly Report
63. USAID/SWEDEN FARMA II Year 4 4th Quarterly Report
64. USAID/SWEDEN FARMA II Year 5 1st Quarterly Report
65. USAID/SWEDEN FARMA II Year 5 2nd Quarterly Report
66. USAID/SWEDEN FARMA II Year 5 3rd Quarterly Report
67. USAID/SWEDEN FARMA II Year 5 4th Quarterly Report
68. USAID/SWEDEN FARMA II Year 1 Work Plan
69. USAID/SWEDEN FARMA II Year 2 Work Plan
70. USAID/SWEDEN FARMA II Year 3 Work Plan
71. USAID/SWEDEN FARMA II Year 4 Work Plan
72. USAID/SWEDEN FARMA II Year 5 Work Plan
73. USAID/SWEDEN FARMA II Completion Report
74. USAID/SWEDEN FARMA II Grantee final (list from the 2018 evaluation)
75. USAID/SWEDEN FARMA II Small Grants Manual
76. USAID/SWEDEN FARMA II Small Grants Manual Amendment
77. USAID Diaspora Invest Year 1 Annual Report - 2018
78. USAID Diaspora Invest Year 2 Annual Report - 2019
79. USAID Diaspora Invest Year 3 Annual Report- 2020
80. USAID Diaspora Invest Year 4 Annual Report- 2021
81. USAID Diaspora Invest Activity Award
82. USAID Diaspora Invest Activity Award Modification
83. USAID Diaspora Invest Year 1 Work Plan
84. USAID Diaspora Invest Year 2 Work Plan
85. USAID Diaspora Invest Year 3 Work Plan
86. USAID Diaspora Invest Year 4 Work Plan
87. USAID Diaspora Invest Year 5 Work Plan
88. USAID Diaspora Invest Number 1 Quarterly Report
89. USAID Diaspora Invest Number 2 Quarterly Report
90. USAID Diaspora Invest Number 3 Quarterly Report
91. USAID Diaspora Invest Number 4 Quarterly Report
92. USAID Diaspora Invest Number 5 Quarterly Report
93. USAID Diaspora Invest Number 6 Quarterly Report
94. USAID Diaspora Invest Number 7 Quarterly Report
95. USAID Diaspora Invest Number 8 Quarterly Report
96. USAID Diaspora Invest Number 9 Quarterly Report
97. USAID Diaspora Invest Number 10 Quarterly Report

98. USAID Diaspora Invest Number 11 Quarterly Report
99. USAID Diaspora Invest Number 12 Quarterly Report
100. USAID Diaspora Invest Number 13 Quarterly Report
101. USAID Diaspora Invest Number 14 Quarterly Report
102. USAID Diaspora Invest Number 15 Quarterly Report
103. USAID Diaspora Invest Number 16 Quarterly Report
104. USAID Diaspora Invest Number 17 Quarterly Report
105. USAID Diaspora Invest Number 18 Quarterly Report
106. USAID Diaspora Invest Number 19 Quarterly Report
107. USAID Diaspora Invest Completion Report
108. USAID Diaspora Invest Monitoring, Evaluation, and Learning Plan
109. USAID Diaspora Invest Small Grants Manual
110. USAID Diaspora Invest Small Grants Manual Modified
111. USAID Diaspora Invest RFA 1
112. USAID Diaspora Invest RFA 2
113. USAID Diaspora Invest RFA 3
114. USAID Diaspora Invest RFA 4
115. USAID Diaspora Invest RFA 5
116. USAID Diaspora Invest RFA 6
117. USAID Diaspora Invest RFA 7
118. USAID Diaspora Invest RFA 8
119. USAID WHAM Annual Report Year 1
120. USAID WHAM Annual Report Year 2
121. USAID WHAM Annual Report Year 3
122. USAID WHAM Annual Report Year 4
123. USAID WHAM Activity Award
124. USAID WHAM Final Report
125. USAID WHAM Monitoring, Evaluation, and Learning Plan
126. USAID WHAM FY2017 4th Quarterly Report
127. USAID WHAM FY2018 1st Quarterly Report
128. USAID WHAM FY2018 2nd Quarterly Report
129. USAID WHAM FY2018 3rd Quarterly Report
130. USAID WHAM FY2019 1st Quarterly Report
131. USAID WHAM FY2019 2nd Quarterly Report
132. USAID WHAM FY2019 3rd Quarterly Report
133. USAID WHAM FY2020 1st Quarterly Report
134. USAID WHAM FY2020 2nd Quarterly Report
135. USAID WHAM FY2020 3rd Quarterly Report
136. USAID WHAM FY2021 1st Quarterly Report
137. USAID WHAM FY2021 2nd Quarterly Report
138. USAID WHAM FY2021 3rd Quarterly Report
139. USAID WHAM FY2022 1st Quarterly Report
140. USAID WHAM FY2022 2nd Quarterly Report
141. USAID WHAM RFA WHAM-AID-I68-LA-I7-00009
142. USAID WHAM RFA WHAM-AID-I68-LA-I7-007
143. USAID WHAM RFA WHAM-AID-I68-LA-I7-00001-003
144. USAID WHAM RFA WHAM-AID-I68-LA-I7-00008
145. USAID WHAM RFA WHAM-AID-I68-LA-I7-00010
146. USAID WHAM RFA WHAM-AID-I68-LA-I7-00011

147. USAID WHAM RFA WHAM-AID-I68-LA-I7-00011A
148. USAID WHAM RFA WHAM-AID-I68-LA-I7-00012
149. USAID WHAM RFA WHAM-AID-I68-LA-I7-00013
150. USAID WHAM RFA WHAM-AID-I68-LA-I7-00014
151. USAID Via Dinarica 1 Activity Award
152. USAID Via Dinarica 2 Activity Award
153. USAID Via Dinarica Final Report
154. USAID Via Dinarica Annual Report (2014-2015)
155. USAID Via Dinarica 1st Quarterly Report (2015)
156. USAID Via Dinarica 2nd Quarterly Report (2015)
157. USAID Via Dinarica 3rd Quarterly Report (2015)
158. USAID Via Dinarica 1st Quarterly Report (2016)
159. USAID Via Dinarica 2nd Quarterly Report (2016)
160. USAID Via Dinarica 9th Quarterly Report (2017)
161. USAID Via Dinarica 10th Quarterly Report (2017)
162. USAID Via Dinarica 11th Quarterly Report (2017)
163. USAID Via Dinarica 3rd Quarterly Report (2019)
164. USAID Via Dinarica 4th Quarterly Report (2019)
165. USAID Via Dinarica 5th Quarterly Report (2019)
166. USAID Via Dinarica 1 Monitoring, Evaluation, and Learning Plan
167. USAID Via Dinarica 2 Monitoring, Evaluation, and Learning Plan
168. Via Dinarica Beneficiary List
169. Via Dinarica Inception First Quarter Report (2018)
170. Rao, P., Kumar, S., Chavan, M., & Lim, W. M. (2023). A systematic literature review on SME financing: Trends and future directions. *Journal of Small Business Management*, 61(3), 1247-1277.
171. Srhoj, S., Škrinjarić, B., & Radas, S. (2021). Bidding against the odds? The impact evaluation of grants for young micro and small firms during the recession. *Small Business Economics*, 56, 83-103.
172. Dvoutely, O., Srhoj, S., & Pantea, S. (2021). Public SME grants and firm performance in European Union: A systematic review of empirical evidence. *Small Business Economics*, 57, 243-263.
173. Srhoj, S., Lapinski, M., & Walde, J. (2021). Impact evaluation of business development grants on SME performance. *Small Business Economics*, 57, 1285-1301.
174. Srhoj, S., & Zilic, I. (2021). "Fine... I'll do it myself": Lessons from self-employment grants in a long recession period. *IZA Journal of Labor Policy*, 11(1).
175. Testa, G., Szkuta, K., & Cunningham, P. N. (2019). Improving access to finance for young innovative enterprises with growth potential: Evidence of impact of R&D grant schemes on firms' outputs. *Research Evaluation*, 28(4), 355-369.

ANNEX 3: IMPACT METHODOLOGY

The evaluation of USAID BiH’s small grants portfolio relies on a CITS design, which capitalizes on within- and between-firm variation in grant receipt to estimate the causal effects of the grant. This design is optimally suited to evaluation of the portfolio of small grants given the issuance of grants to only certain firms at different time points during the evaluation period. The CITS design has been used effectively in multiple prior studies evaluating the outcomes of policies.^{33,34}

Multiple time series designs are among the strongest quasi-experimental designs. The CITS design is an extension of the difference-in-difference design, a well-established study design for estimating the causal effects of a policy intervention using nonexperimental data. A simple difference-in-difference design compares changes in outcomes in two groups—the intervention group, firms receiving a grant, and a comparison group that did not receive grants—at two time points, pre-post policy implementation. This design, as it applies to the present study, investigates the effect of grants on firms’ business outcomes estimated as a simple 2x2 design. This design “differences out” unmeasured confounders, or unobserved differences between the intervention and comparison groups that could affect the outcomes of interest, thus improving the ability to draw causal inferences from results.³⁵ CITS design extends the difference-in-difference method to allow for multiple grant issues dates and more observation time points before and after the intervention date.³⁶

The CITS covers the full 2008 to 2021 thirteen-year timespan. The analysis accounts for certain characteristics that differ across treatment and comparison groups, such as firm sector and location so that the impact estimates provide precise, valid estimate of the impact of the grant. The CITS model is robust to inclusion of these covariates as the findings remain significant with or without these variables.

To ensure the results are consistent across model specifications, the ET used the ordinary least squares regressions to estimate two different CITS models:

Baseline Mean Model:

$$Outcome_{YF} = \alpha + \beta_1 \cdot Post_{YF} \cdot Treat_F + \beta_2 \cdot Post_{YF} + \beta_3 \cdot Treat_F + \gamma \cdot Z_{YF} + \delta \cdot Persistence_F + \varepsilon_{YF}$$

Linear Trend Model:

$$Outcome_{YF} = \alpha + \beta_1 \cdot Post_{YF} \cdot Treat_F + \beta_2 \cdot Post_{YF} + \beta_3 \cdot Treat_F + \beta_4 \cdot Year_Y + \beta_5 \cdot Year_Y \cdot Treat_F + \gamma \cdot Z_{YF} + \delta \cdot Persistence_F + \varepsilon_{YF}$$

Where the variables represent:

- $Post_{YF}$ is an indicator variable equal to one if firm F received a grant and if Year Y was after the grant

³³ Hallberg, K., Williams, R., & Swanlund, A. (2020). Improving the use of aggregate longitudinal data on school performance to assess program effectiveness: Evidence from three within study comparisons. *Journal of Research on Educational Effectiveness*, 13(3), 518–545.

³⁴ Callaway, B., & Sant’Anna, P. H. (2021). Difference-in-differences with multiple time periods. *Journal of Econometrics*, 225(2), 200-230.

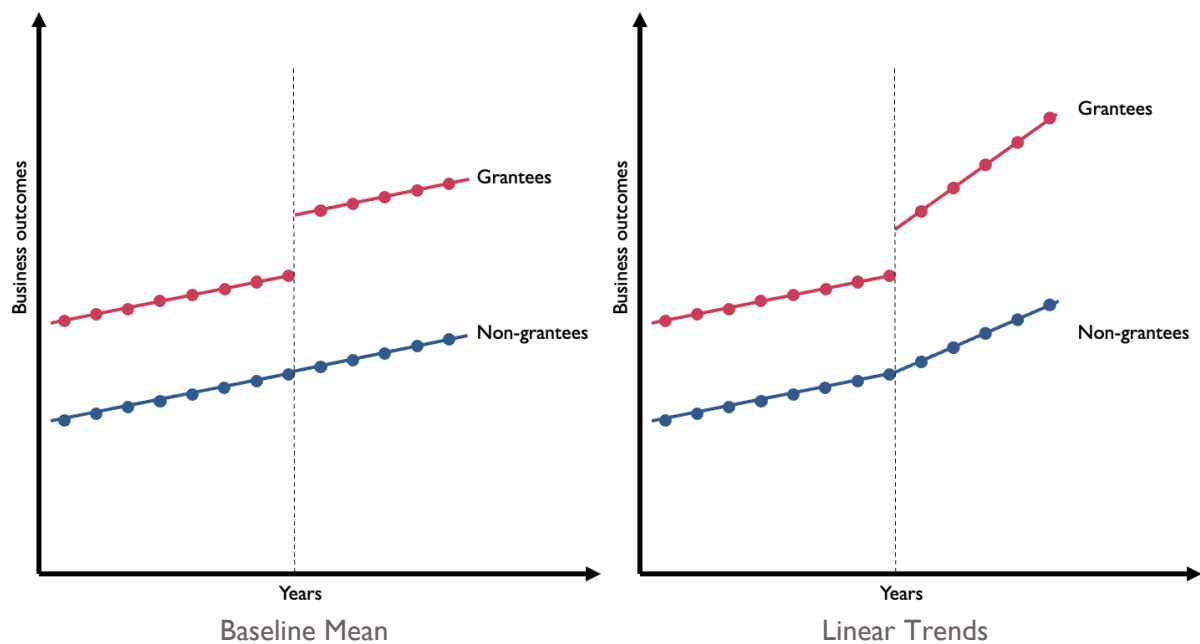
³⁵ Wing, C., Simon, K., & Bello-Gomez, R. A. (2018). Designing difference in difference studies: best practices for public health policy research. *Annual Review of Public Health*, 39, 453–469.

³⁶ Biglan, A., Ary, D., & Wagenaar, A. C. (2000). The value of interrupted time-series experiments for community intervention research. *Prevention Science*, 1, 31-49.

- Note, we index Post by both Y and F because grant disbursement took place over time so the Post variable begins to equal 1 in different years for different firms
- We take a conservative approach to the Post period for comparison firms by assuming it begins (Post=1) in 2010 when the first grants were issued
- $Treat_F$ is an indicator variable equal to 1 for all firms F that ever received a grant
- Z_{YF} is a vector of firm-specific covariates including sector and location
- $Year_Y$ is a variable capturing the year of the observation
- $Persistence_F$ is a measure of how long-lived the firm is by measuring the number of financial reports this firms provides over 2008-2021

The Baseline Mean Model is the simpler of the two models, assuming there is a single increase or decrease in outcome levels when the firm received the grant. The Linear Trend Model is slightly more complex in that it also allows firms outcome levels to increase or decrease over time. Exhibit 25 shows a visual representation of how the two models differ.

Exhibit 25. CITS models



Business performance indicators (fixed assets, business revenue, net profit, and the number of employees) in the analyses were presented in logarithmically transformed values. The logarithmically transformed values are used in the regression analysis for financial data because of the data's issue with skewness. Skewed data is a dataset or distribution that is asymmetrical and does not have equal numbers of observations above and below the mean.³⁷ Skewed data violates the assumption of linear regression models, and the data had to be logarithmically transformed so that it could be used for the regression analysis. Further, regressions on logarithmically transformed variables allow us to interpret the impacts as percentage changes in the outcomes.

³⁷ Field, A. (2009). *Discovering statistics using SPSS* (3rd Ed.). SAGE.

ANNEX 4: PERFORMANCE EVALUATION SAMPLING PLAN

Exhibit 26. List of key informants

Stakeholder Group	Number of Interviews	Key Informant(s)
USAID/BiH	4	<ul style="list-style-type: none"> Economic Development Office: Karl Wurster and Vernesa Lavic and MEASURE II COR Elma Bukvić Jusić Activities' former CORs/AOR: Robert Reno, Dobriša Vukmanović, Marinko Šakić
Other donors	4	
USAID IPs of 6 Activities under evaluation	5	Activities' former COPs and grant managers.
Other USAID IPs distributing grants	2	Activities' staff responsible for grant documentation.
Non-USAID IPs	4	
Grant recipients, MSMEs	34 (Individual and group interviews)	MSMEs that received grants to include a sufficient number of companies from all sectors and activities.
Other USAID's beneficiaries	4	Development agencies, chambers of commerce, and associations supported by Activities under evaluation.
MSME experts	3	

ANNEX 5: DATA COLLECTION INSTRUMENTS

INFORMED CONSENT

Purpose: Thank you for taking the time to meet with us today. My name is [NAME]. I am a researcher from MEASURE II, USAID/BiH's Monitoring and Evaluation Support Activity. MEASURE II is USAID/BiH's monitoring and evaluation platform, meaning that our role is to assist the Mission monitor the implementation and effects of all their Activities in BiH by conducting different types of research, including project evaluations, sector assessments, surveys, and indices. We also help USAID's implementing partners develop their routine monitoring, evaluation, and learning plans. USAID/BiH has asked our team to conduct a performance evaluation of grant assistance provided to MSMEs over the years 2012–2022. The evaluation will encompass six USAID/BiH Activities implemented during the specified time frame that had a grant component for the MSME sector integrated into their respective contracts/agreements. You have been asked to participate today, so we can learn more about the grant support your organization has received from one or more of these Activities. We are speaking with more than 60 individuals who participated in one of these programs either as implementers or recipients of program services. We would like your honest impressions, opinions, and thoughts on the procedures and the overall importance for your organizations of the grants received. We are independent consultants who have no affiliation with the organizations that implemented previously mentioned Activities.

Procedures: If you agree to participate, we ask you that you discuss your experience and opinion on the grant support implemented under the [Activity/ies name] program. The interview will take about one hour of your time. Although USAID may decide to publish the evaluation findings, all of your answers will be kept confidential. Nothing you tell us will be attributed to any individual. Instead, the report will include only a composite of all of the answers received by individuals we interview. Although we may use quotes, none of the individuals interviewed will be named in the report. We will use the data collected through interviews to produce a report for the USAID/BiH with recommendations on how to improve the effects of the grant assistance provided by the [Activity/ies name].

Risks/Benefits: There are no significant risks to your participation in this study. You will not receive any direct benefit or compensation for participating in this study. Although this study will not benefit you personally, we hope that our results will help improve future Activities grant support in BiH.

Recordings and Transcripts: The recording is created to produce direct transcripts of this interview, so to ensure that your statements are not misheard or misinterpreted. The recordings and transcripts will not be shared outside the RT. They will be stored in a secure file without your personal identifiers. All details regarding data protection can be accessed by contacting the controller of this information, USAID MEASURE II, at mkulenovic@measurebih.com.

Do you have any questions at this time? [Interviewer should answer any questions]

Permission to Proceed: I understand the purpose of the interview as outlined above and understand that I can withdraw from the interview at any time and for any reason. I agree to participate in the interview (Evaluator records).

Yes No

Permission to Record:

Yes No

Initials of evaluator to indicate receipt of verbal consent: _____

Date: _____

KEY INFORMANT INTERVIEW GUIDES

USAID

- (1) What are USAID's general procedures when it comes to providing grant assistance to MSMEs? (EQ2)
 - a. What are the mandatory criteria the applicants need to fulfill to be eligible for grant assistance?
 - b. What kind of documentation do they need to submit? How is this verified?
 - c. Who is in charge of grantee selection? What is the USAID's role, compared to IPs'?
 - d. Who monitors the grants, and how? What is the USAID's role, compared to IPs'?
 - e. Who documents the grants, and how? What is the USAID's role, compared to IPs'?
- (2) What types of grant assistance to MSMEs does USAID distribute? (EQ1a)
 - a. How often do you distribute financial versus in-kind assistance? Who is eligible for each?
 - b. Are there any other types of grants available?
 - c. Typically, what type of grants have most often been distributed?
- (3) Which industries did USAID primarily support from 2012-2022? Why did you select these industries? (EQ1a)
- (4) Who are other donors providing grant assistance to MSMEs? To what extent does USAID coordinate with other donors when distributing grants, and how? Was there any coordination between different USAID's activities in this regard? (EQ2)
- (5) Have you noticed any obstacles with grant management, something that has been repeatedly problematic for the Mission or IPs? (EQ2)
- (6) What is your perception of the results of grant assistance in general? What kind of effects have you observed among grant recipients? (EQ1)
- (7) Are there types of grants that were particularly successful in producing results? Did some grantees (e.g., micro versus medium or large companies) benefited more from grants compared to others? Have the grants been more beneficial for some industries than others? (EQ1)
- (8) How did the grants affect SMES in general? Did they contribute to changes in grantees'... (EQ1)
 - a. Profit
 - b. Revenue
 - c. Fixed assets
 - d. Number of employees
 - e. Other

Do you think these grantees would be able to achieve these results without USAID's support?
- (9) What lessons have you learned from implementation of grants distributed to MSMEs?

IMPLEMENTING PARTNERS

- (1) What are USAID's general procedures when it comes to providing grant assistance to MSMEs? (EQ2)
 - a. What are the mandatory criteria the applicants need to fulfill to be eligible for grant assistance?
 - b. What kind of documentation do they need to submit? How is this verified?
 - c. Who is in charge of grantee selection? What is the USAID's role, compared to IPs'?
 - d. Who monitors the grants, and how? What is the USAID's role, compared to IPs'?
 - e. Who documents the grants, and how? What is the USAID's role, compared to IPs'?
- (2) What types of grant assistance did you distribute to MSMEs? (EQ2)
- (3) Which industries did your activity primarily support? Why did you select these industries? (EQ2)
- (4) Who are other donors providing grant assistance to MSMEs? Did you coordinate or collaborate with them, or with other USAID's activities providing assistance to MSMEs? (EQ2)
- (5) What challenges did you encounter with grant implementation, something that has been repeatedly problematic for your organization or grant recipients? (EQ2)
- (6) What is your perception of the results of grant assistance in general? What kind of effects have you observed among grant recipients? (EQ1)
- (7) Are there types of grants that were particularly successful in producing results? Did some grantees (e.g., micro versus medium or large companies) benefited more from grants compared to others? Have the grants been more beneficial for some industries than others? (EQ 1.1)
- (8) How did the grants affect MSMEs in general? Do you think these grantees would be able to achieve these results without USAID's support?
- (9) What lessons have you learned from implementation of grants distributed to MSMEs?
- (10) What are your recommendations for future interventions distributing grant assistance to MSMEs?

GRANT RECIPIENTS

- (1) What type of grant assistance have you received from USAID? *Probe: grants for equipment, training, certification, participation in international fairs, other.* How many grants have you received? (EQ2)?
- (2) Could you describe general procedures when it comes to applying for USAID grant, grant implementation, monitoring, payments, and reporting? (EQ2)
- (3) Would you describe USAID's procedures as simple or complex?
- (4) How did the grant implementation go? Did you encounter any challenges? (EQ2)
- (5) How important was this grant for your business performance? How did the grant affect your business performance? (EQ1)
- (6) What do you think, what would have happened with your firm had you not received the grant(s)? Would you have made the investment anyway? (EQ1)

- (7) If they received more types of grants: What type of assistance was the most useful to you? (EQ1)
- (8) In addition to this grant, have you received other grant assistance in this period from another donor or government? If yes, from whom? What was the amount / what did you receive? (EQ3)
- (9) Are there currently any opportunities for grant assistance for MSMEs in BiH, by donors and government?
- (10) What are your recommendations for future interventions distributing grant assistance to MSMEs? What do the companies like yours need at the moment? How can the grant administration procedures be improved?

DONORS/IMPLEMENTORS (EQ3)

- (1) What are your organization's general procedures when it comes to providing grant assistance to MSMEs?
 - a. What are the mandatory criteria the applicants need to fulfill to be eligible for grant assistance?
 - b. What kind of documentation do they need to submit? How is this verified?
 - c. Who is in charge of grantee selection? What is your organization's role, compared to IPs'?
 - d. Who monitors the grants, and how? What is your organization's role, compared to IPs'?
 - e. Who documents the grants, and how? What is your organization's role, compared to IPs'?
- (2) What types of grant assistance to MSMEs do you distribute?
 - a. How often do you distribute financial versus in-kind assistance? Who is eligible for each?
 - b. Are there any other types of grants available?
 - c. Typically, what type of grants have most often been distributed?
- (3) Which industries did your organization primarily support in this period? Why did you select these industries?
- (4) To what extent does your organization coordinate with other donors when distributing grants to MSMEs, and how?
- (5) Have you noticed any obstacles with grant management, something that has been repeatedly problematic for your organization or IPs?
- (6) What is your perception of the results of grant assistance in general? What kind of effects have you observed among grant recipients?
- (7) Are there types of grants that were particularly successful in producing results? Did some grantees (e.g., micro versus medium or large companies) benefited more from grants compared to others? Have the grants been more beneficial for some industries than others?

- (8) How did the grants affect SMES in general? Did they contribute to changes in grantees' ...
 - a. Profit
 - b. Revenue
 - c. Fixed assets
 - d. Number of employees
 - e. Other

Do you think these grantees would be able to achieve these results without your organization's support? (EQ1)

- (9) What lessons have you learned from implementation of grants distributed to MSMEs?
- (10) What are your recommendations for future interventions distributing grant assistance to MSMEs?

FOCUS GROUP GUIDE (FOR GRANT RECIPIENTS)

- (1) Could you describe general procedures when it comes to applying for USAID grant, grant implementation, and reporting? Did you encounter any challenges? (EQ2)
- (1) What was the most significant change the grant(s) made for your business performance?
Probe: Did the grant primarily affect your profit, revenue, fixed assets, number of employees or something else? (EQ1)
- (2) What do you think, what would have happened with your firm had you not received the grant(s)? Would you have made the investment anyway? (EQ1)
- (3) What type of assistance was the most useful to you? (EQ1)
- (4) Have you received other grant assistance in this period from another donor or government? If yes, from whom? What was the amount / what did you receive? (EQ1)
- (5) What lessons have you learned from implementation of this grant?
- (6) Are there currently any opportunities for grant assistance for MSMEs in BiH, by donors and government?
- (7) What are your recommendations for future interventions distributing grant assistance to MSMEs? What do the companies like yours need at the moment?

SURVEY OF GRANT RECIPIENTS (OPTIONAL)

- Q1. What gender do you identify as?
 - a) Male
 - b) Female
 - c) Other
- Q2. How old did you turn on your last birthday? _____
- Q3. What is your position in the company? _____

- Q4. Company size: *Single response*
- a) Micro – 0-9 employees
 - b) Small – 10-49 employees
 - c) Medium – 50-249 employees
 - d) Large – 250+ employees

- Q5. Place of registration:
- a) FBiH
 - b) RS
 - c) Brcko District

- Q6. Your company’s industry: *Single response*
- a) Agriculture
 - b) Manufacturing
 - c) Tourism
 - d) ICT
 - e) Development agency
 - f) Other, please specify

- Q7. From which USAID’s activities have you received grants? *Multiple response.*
- a) FIRMA
 - b) FARMA
 - c) FARMA II
 - d) DIASPORA INVEST
 - e) WHAM
 - f) VIA DINARICA

- Q8. What was the main purpose of the grant? *Multiple response question.*
- a) Procurement of equipment/Investment in plant facilities
 - b) Meeting EU standards/certification
 - c) Education and training
 - d) International promotion (attending fairs abroad)
 - e) Other (please specify)

Q9. Would you describe USAID’s procedures as simple or complex? *Single response for each item.*

	1-Simple	2	3	4	5-Complex	6-Don't know
USAID Grant application procedures						
USAID Grant reporting procedures						
Grant application procedures of other international donors						
Grant reporting procedures of other international donors						

Q10. To what extent do you agree or disagree with the following statements?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
USAID's staff was available to us for any questions during the grant application stage.					
USAID's staff was available to us for any questions during the grant implementation stage.					
We used external assistance (outside of USAID) to help our company prepare grant application.					
Time between grant application and signing the agreement was appropriate.					
Inflation affected our grant implementation.					
Change in currency exchange rate negatively affected our grant implementation.					
COVID-19 pandemic negatively affected our grant implementation.					
Advanced payment from USAID would significantly ease the implementation of the grant.					
Bank guarantees given for the purpose of advanced payment from donors would be a good mechanism for my company.					

Q11. To what extent do you agree or disagree with the following statements?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Grant help was important for our company.					
Grant helped us make the investment faster than we would have without the grant.					
Received grant helped us hire new workers.					
Received grant helped us increase our business revenue.					
Received grant helped us increase our fixed assets.					
Received grant helped us increase our profit.					
In general, we are satisfied with the funds received from the grant.					
Cooperation with USAID has improved the image of our company as a reliable partner for collaboration.					

Q12. If you had not received a grant, would your company have invested in the project?

- a) Yes
- b) No
- c) Not sure

Q13. How long would it have taken for your company to invest in the project without the grant?

- a) We would have invested the same year
- b) 1-2 years
- c) 3-5 years
- d) More than 5 years

Q14. To what extent do you agree or disagree with the following statements? Please mark “not applicable” for any statement whose content is unrelated to the assistance you received. For instance, mark “not applicable” for the statement “our fair attendance resulted in obtaining new clients” if you did not receive a grant to attend a fair.

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Not applicable/ we did not get a grant for this purpose
Certification obtained through the grant helped us access new markets.						
Our fair attendance resulted in obtaining new clients.						
Our fair attendance resulted in longer-term business cooperation with new clients.						
Training we accessed via grant helped us / our workers develop new knowledge / skills.						
Survival of our company would be in question had we not received USAID’s assistance.						
Equipment obtained through the grant helped us access new markets.						
Equipment obtained through the grant helped us start a new production line.						
Equipment obtained through the grant helped us to employ new people.						

Q15. Is the following applicable to your company?

	Yes	No	Not applicable to our company
Most of the workers we hired as part of the grant still work for our company.			
After receiving the certification through USAID’s grant, we continued renewing it with our own funds or with funds from other donors.			
We still use the equipment we received through USAID’s assistance.			

Q16. To what extent would each of these grant types be useful for your company? (1-not at all, 5-very useful)

	1. Not useful at all	2.	3.	4.	5. Very useful
Equipment procurement/investment in plant facilities					
Meeting EU standards/certification					
Education and training					
International promotion (attending fairs abroad)					
Other (please specify)					

Q17. When awarding grants, donors should give additional points for:

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Companies with female ownership					
Companies with female management (director or the manager)					
Employing females					

Q18. To what extent do you agree with the following statement?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Not sure
The company can easily show female ownership or management in the company to get a grant, even though in reality the female does not bring decisions in the company.						

Q19. Have you received one or more grants from any local government or international organization/donor, other than USAID? *Multiple response.*

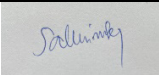
- a) Yes, local donor
- b) Yes, international donor
- c) No

If the answer to question 19 is 1 or 2, then:

Q20. Please state which institution/s? _____

Q21. What are your recommendations for future projects aimed to support MSMEs? What kind of assistance do the companies like yours need most? *Optional, open-ended.*

ANNEX 6: CONFLICT OF INTERESTS FORMS

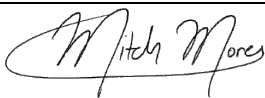
Name	Salminka Vižin
Title	Deputy Chief of Party
Organization	USAID/BiH Monitoring and Evaluation Support Activity (MEASURE II)
Evaluation Position?	<input checked="" type="checkbox"/> Team Leader <input type="checkbox"/> Team member
Evaluation Award Number	USAID/BiH Monitoring and Evaluation Support Activity (MEASURE II), implemented by American Institutes for Research, Contract Number: AID-I67-I-17-00004
USAID Projects Evaluated	<ol style="list-style-type: none"> 1. Fostering Interventions for Rapid Market Advancements (FIRMA), implemented by Cardno Emerging Markets, Contract Number: 168-C-00-09-00103-00 2. Fostering Agricultural Markets Activity (FARMA), implemented by Chemonics International, Inc., Contract Number: 168-C-00-09-00102-00 3. Fostering Agricultural Markets Activity II (FARMA II), implemented by Cardno Emerging Markets, Contract Number: AID-168-C-16-0000-13 4. Diaspora Invest (DI), implemented by Financial Markets International, Inc. (FMI), Contract Number: AID-168-C-17-00001 5. Via Dinarica: A Platform for Sustainable Tourism Development and Local Economic Growth, implemented by United Nations Development Programme (UNDP) in BiH, Grant Number: AID-168-IO-15-00001 6. Via Dinarica: Rural Incomes and Sustainable Enterprises, implemented by United Nations Development Programme (UNDP) in BiH, Grant Number: 72016818IO00001 7. Workforce and Higher Access to Markets Activity (WHAM), implemented by International Executive Service Corps. (IECS), Cooperative Agreement Number: AID-168-LA-17-00001
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>If yes answered above, I disclose the following facts: Real or potential conflicts of interest may include, but are not limited to:</p> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation. 	
<p>I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.</p>	
Signature	
Date	April 20, 2023

Name	Mitchell Morey
Title	Technical Director
Organization	USAID/BiH Monitoring and Evaluation Support Activity (MEASURE II)
Evaluation Position?	<input checked="" type="checkbox"/> Team Leader <input type="checkbox"/> Team member
Evaluation Award Number	USAID/BiH Monitoring and Evaluation Support Activity (MEASURE II), implemented by American Institutes for Research, Contract Number: AID-I67-I-17-00004
USAID Projects Evaluated	<ol style="list-style-type: none"> 1. Fostering Interventions for Rapid Market Advancements (FIRMA), implemented by Cardno Emerging Markets, Contract Number: I68-C-00-09-00103-00 2. Fostering Agricultural Markets Activity (FARMA), implemented by Chemonics International, Inc., Contract Number: I68-C-00-09-00102-00 3. Fostering Agricultural Markets Activity II (FARMA II), implemented by Cardno Emerging Markets, Contract Number: AID-I68-C-16-0000-13 4. Diaspora Invest (DI), implemented by Financial Markets International, Inc. (FMI), Contract Number: AID-I68-C-17-00001 5. Via Dinarica: A Platform for Sustainable Tourism Development and Local Economic Growth, implemented by United Nations Development Programme (UNDP) in BiH, Grant Number: AID-I68-IO-15-00001 6. Via Dinarica: Rural Incomes and Sustainable Enterprises, implemented by United Nations Development Programme (UNDP) in BiH, Grant Number: 720168181000001 7. Workforce and Higher Access to Markets Activity (WHAM), implemented by International Executive Service Corps. (IECS), Cooperative Agreement Number: AID-I68-LA-17-00001

I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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<p>If yes answered above, I disclose the following facts: <i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation. 	
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Signature	
Date	22.02.2023


Name	Mirza Kulenović
Title	Senior Research Analyst
Organization	USAID/BiH Monitoring and Evaluation Support Activity (MEASURE II)
Evaluation Position?	<input checked="" type="checkbox"/> Team Leader <input type="checkbox"/> Team member
Evaluation Award Number	USAID/BiH Monitoring and Evaluation Support Activity (MEASURE II), implemented by American Institutes for Research, Contract Number: AID-167-I-17-00004
USAID Projects Evaluated	<ol style="list-style-type: none"> 1. Fostering Interventions for Rapid Market Advancements (FIRMA), implemented by Cardno Emerging Markets, Contract Number: 168-C-00-09-00103-00 2. Fostering Agricultural Markets Activity (FARMA), implemented by Chemonics International, Inc., Contract Number: 168-C-00-09-00102-00 3. Fostering Agricultural Markets Activity II (FARMA II), implemented by Cardno Emerging Markets, Contract Number: AID-168-C-16-0000-13 4. Diaspora Invest (DI), implemented by Financial Markets International, Inc. (FMI), Contract Number: AID-168-C-17-00001 5. Via Dinarica: A Platform for Sustainable Tourism Development and Local Economic Growth, implemented by United Nations Development Programme (UNDP) in BiH, Grant Number: AID-168-IO-15-00001 6. Via Dinarica: Rural Incomes and Sustainable Enterprises, implemented by United Nations Development Programme (UNDP) in BiH, Grant Number: 720168181000001 7. Workforce and Higher Access to Markets Activity (WHAM), implemented by International Executive Service Corps. (IECS), Cooperative Agreement Number: AID-168-LA-17-00001

I have real or potential conflicts of interest to disclose. Yes No

If yes answered above, I disclose the following facts:
Real or potential conflicts of interest may include, but are not limited to:

1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.
2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.
3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.
4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.
5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.
6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

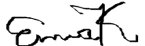
Signature	
Date	22.02.2023

Name	Erma Kurtović
Title	Analyst
Organization	USAID/BiH Monitoring and Evaluation Support Activity (MEASURE II)
Evaluation Position?	<input type="checkbox"/> Team Leader <input checked="" type="checkbox"/> Team member
Evaluation Award Number	USAID/BiH Monitoring and Evaluation Support Activity (MEASURE II), implemented by American Institutes for Research, Contract Number: AID-I67-I-17-00004
USAID Projects Evaluated	<ol style="list-style-type: none"> 1. Fostering Interventions for Rapid Market Advancements (FIRMA), implemented by Cardno Emerging Markets, Contract Number: I68-C-00-09-00103-00 2. Fostering Agricultural Markets Activity (FARMA), implemented by Chemonics International, Inc., Contract Number: I68-C-00-09-00102-00 3. Fostering Agricultural Markets Activity II (FARMA II), implemented by Cardno Emerging Markets, Contract Number: AID-I68-C-16-0000-13 4. Diaspora Invest (DI), implemented by Financial Markets International, Inc. (FMI), Contract Number: AID-I68-C-17-00001 5. Via Dinarica: A Platform for Sustainable Tourism Development and Local Economic Growth, implemented by United Nations Development Programme (UNDP) in BiH, Grant Number: AID-I68-IO-15-00001 6. Via Dinarica: Rural Incomes and Sustainable Enterprises, implemented by United Nations Development Programme (UNDP) in BiH, Grant Number: 72016818IO00001 7. Workforce and Higher Access to Markets Activity (WHAM), implemented by International Executive Service Corps. (IECS), Cooperative Agreement Number: AID-I68-LA-17-00001

I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
--------------------------------------------------------------------	---------------------------------------------------------------------


<p>If yes answered above, I disclose the following facts: <i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> 1. <i>Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.</i> 2. <i>Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.</i> 3. <i>Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.</i> 4. <i>Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.</i> 5. <i>Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.</i> 6. <i>Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.</i> 	
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I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	22.02.2023

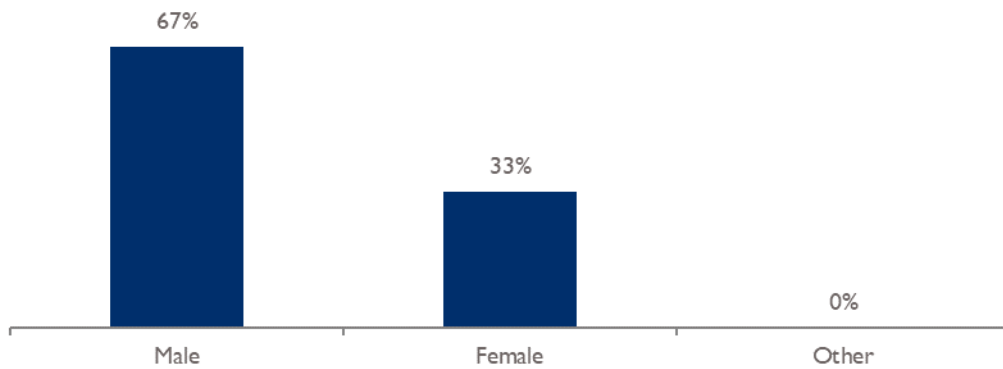
Name	Aldin Cekovic
Title	Finance & Administration Manager / Analyst
Organization	USAID/BiH Monitoring and Evaluation Support Activity (MEASURE II)
Evaluation Position?	Team Leader <input checked="" type="checkbox"/> Team member
Evaluation Award Number	USAID/BiH Monitoring and Evaluation Support Activity (MEASURE II), implemented by American Institutes for Research, Contract Number: AID-I67-I-17-00004
USAID Projects Evaluated	<ol style="list-style-type: none"> 1. Fostering Interventions for Rapid Market Advancements (FIRMA), implemented by Cardno Emerging Markets, Contract Number: 168-C-00-09- 00103-00 2. Fostering Agricultural Markets Activity (FARMA), implemented by Chemonics International, Inc., Contract Number: 168-C-00-09-00102-00 3. Fostering Agricultural Markets Activity II (FARMA II), implemented by Cardno Emerging Markets, Contract Number: AID-I68-C-16-0000-13 4. Diaspora Invest (DI), implemented by Financial Markets International, Inc. (FMI), Contract Number: AID-I68-C-17-00001 5. Via Dinarica: A Platform for Sustainable Tourism Development and Local Economic Growth, implemented by United Nations Development Programme (UNDP) in BiH, Grant Number: AID-I68- IO-15-00001 6. Via Dinarica: Rural Incomes and Sustainable Enterprises, implemented by United Nations Development Programme (UNDP) in BiH, Grant Number: 720168181000001 7. Workforce and Higher Access to Markets Activity (WHAM), implemented by International Executive Service Corps. (IECS), Cooperative Agreement Number: AID-I68-LA-17-00001 8. Number: AID-I68-LA-17-00001
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>If yes answered above, I disclose the following facts: <i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation. 	

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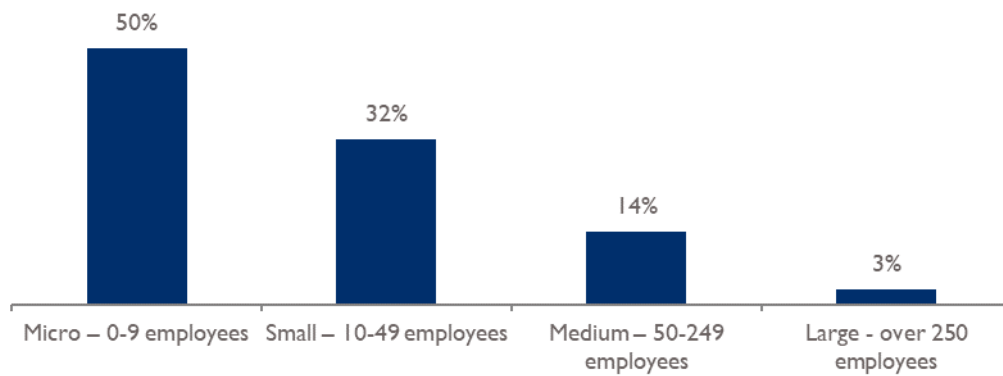
Signature	
Date	22.02.2023

ANNEX 7: BENEFICIARY SURVEY RESULTS

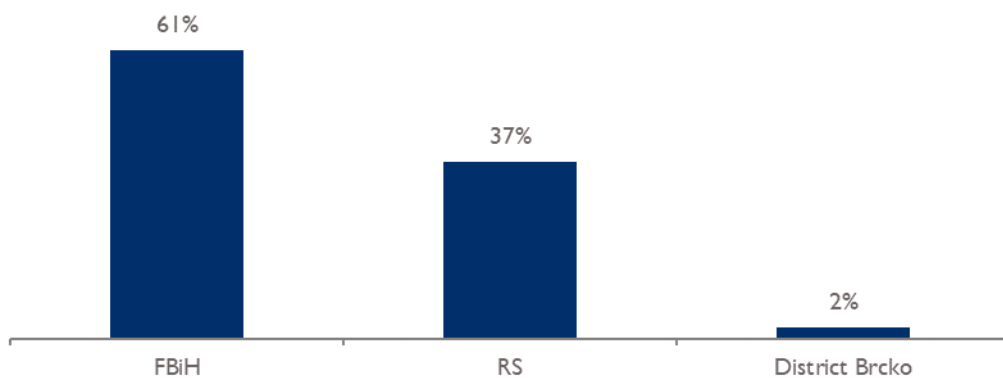
Q1. What is your gender?



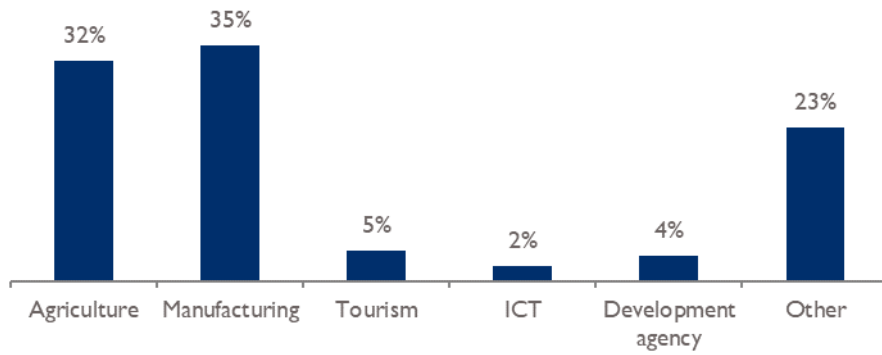
Q4. Please state the size of your company.



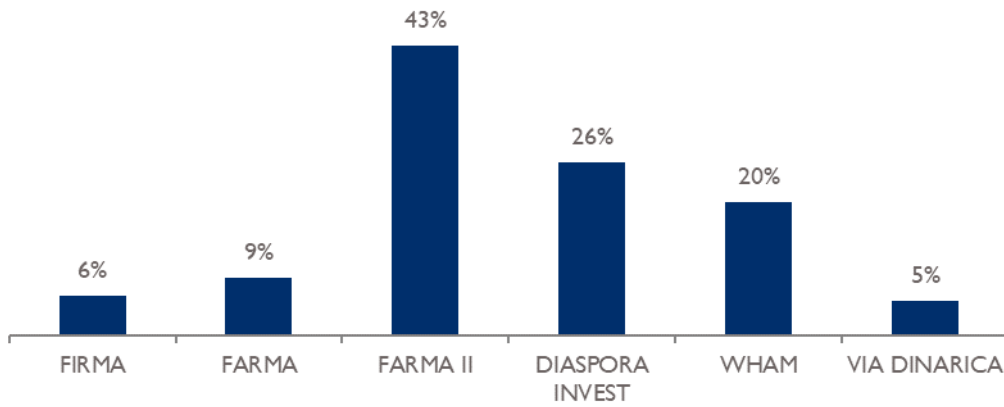
Q5. Place of registration of the company



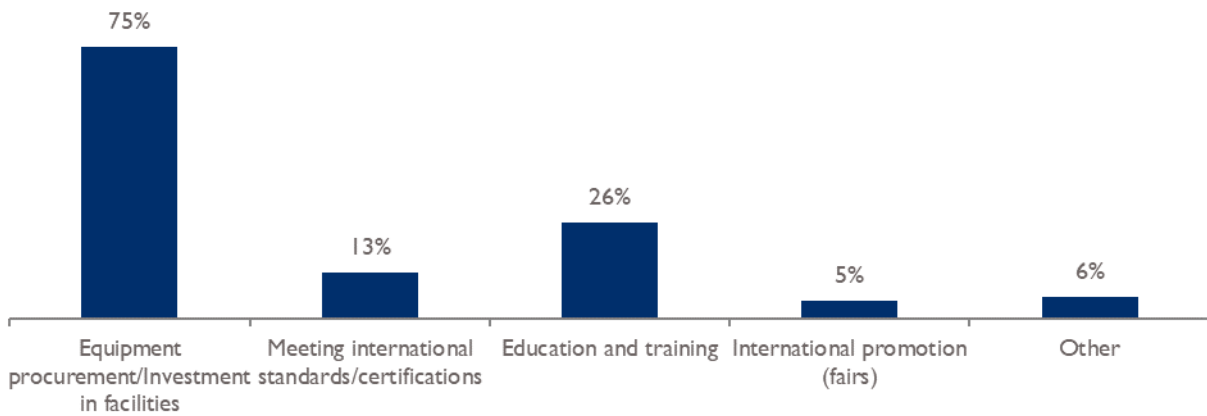
Q6. What is the primary industry of the company?



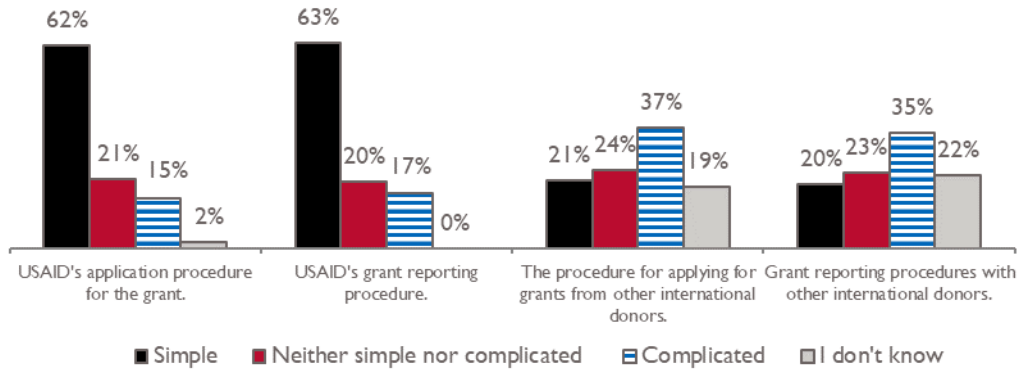
Q7. From which USAID projects did you receive grant funds?



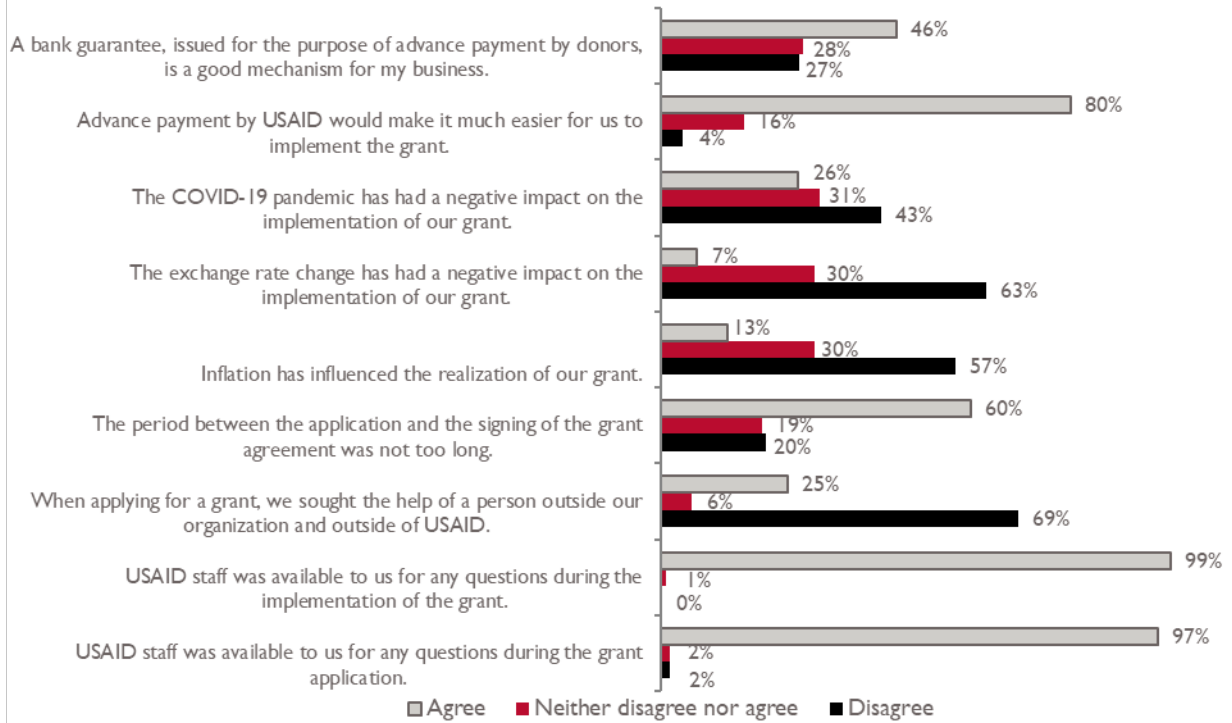
Q8. What was the main purpose of grant funds?



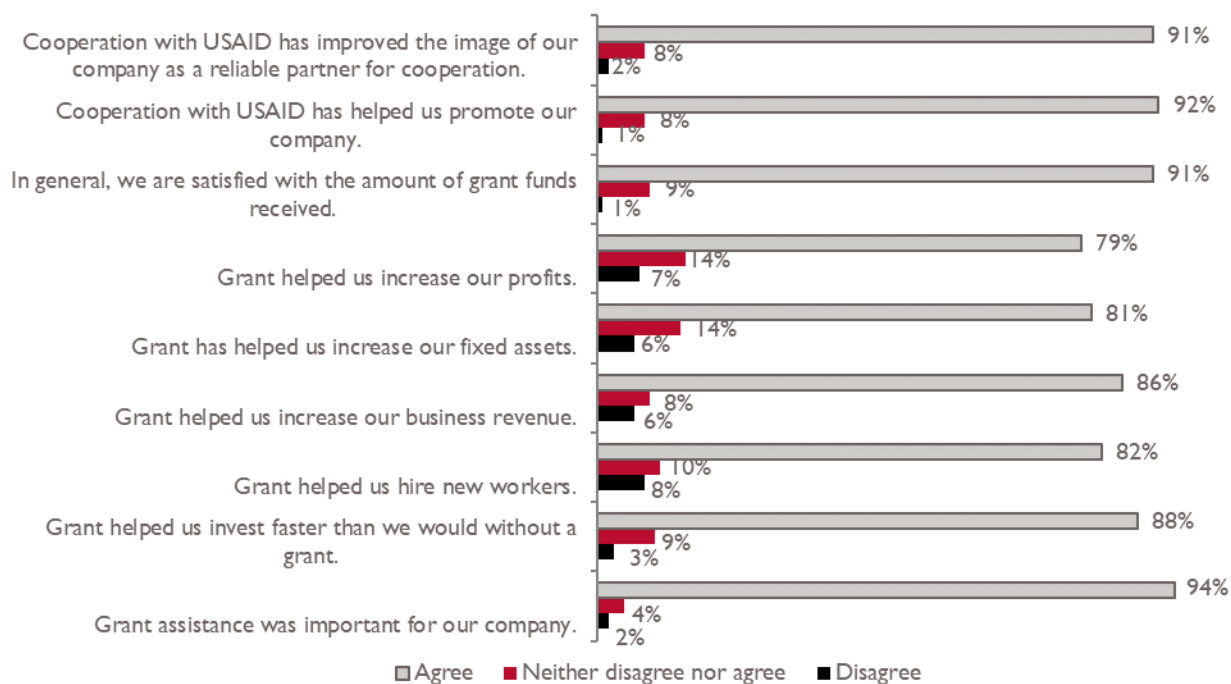
Q9. To what extent would you describe the following grant procedures as simple or complicated?



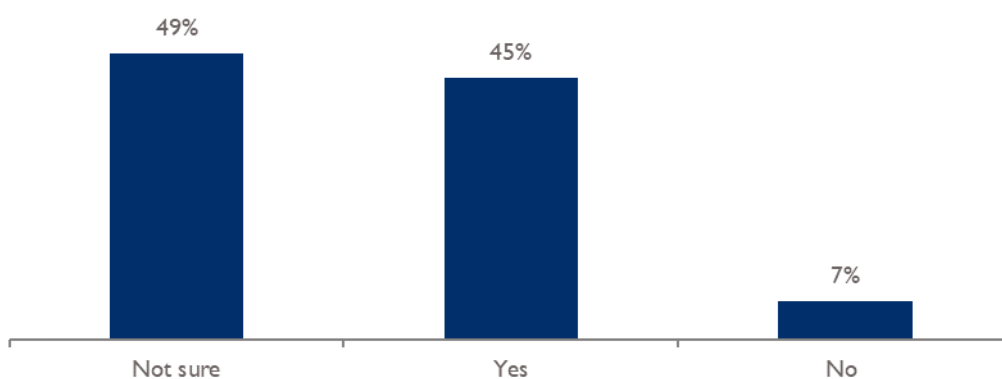
Q10. To what extent do you agree with the following sentences?



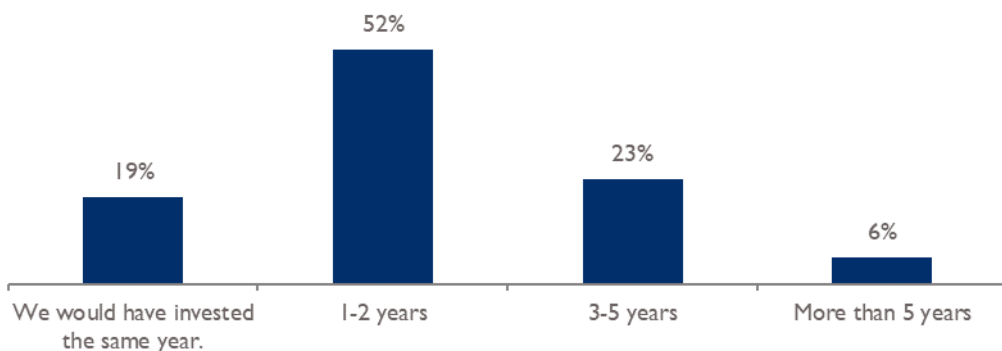
Q11. To what extent do you agree with the following sentences?



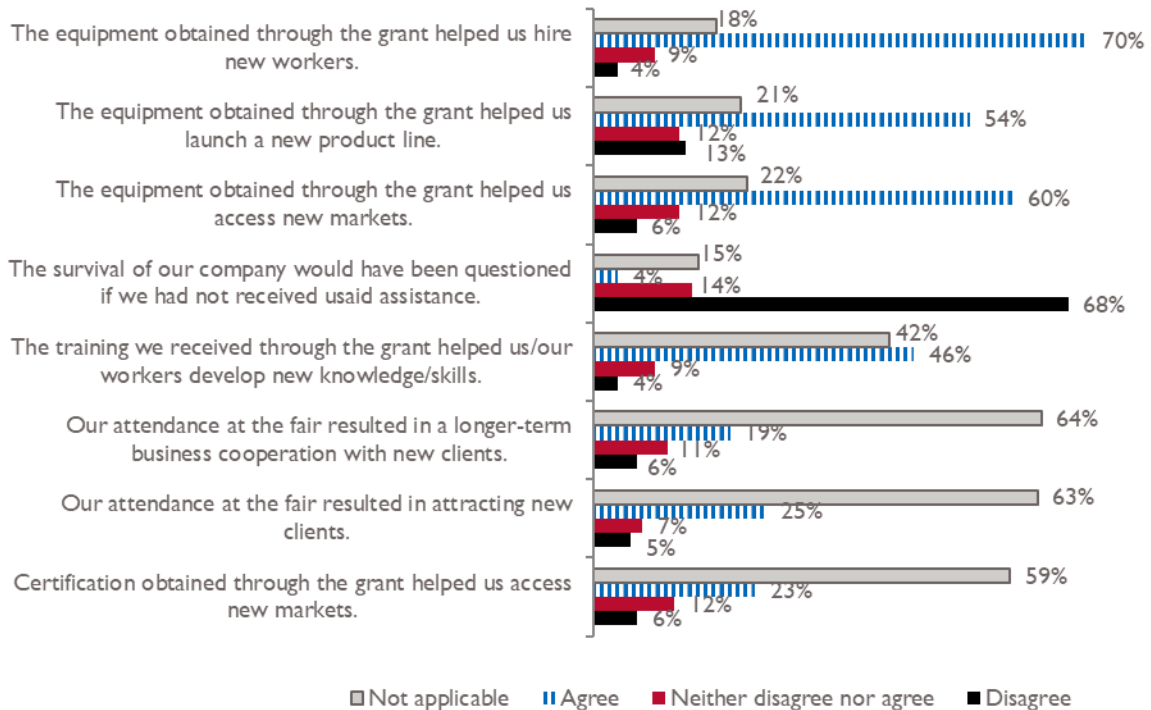
Q12. If you hadn't received the grant, would your company have invested in a project related to the grant?



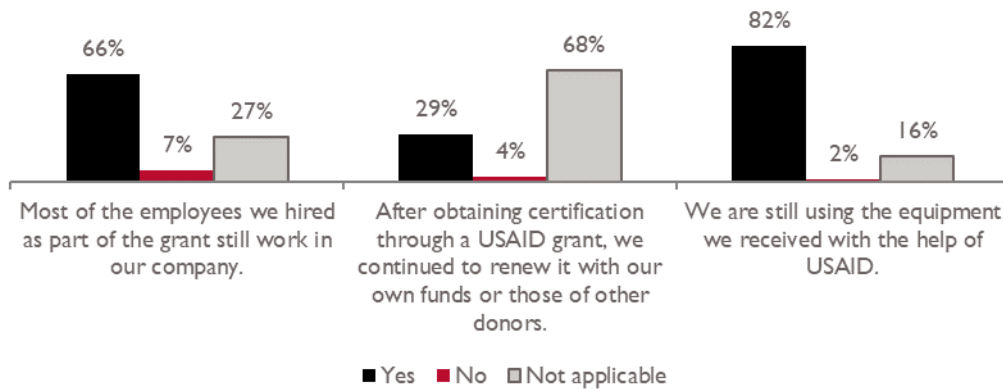
Q13. How long would it take you to invest alone if you hadn't received a grant?



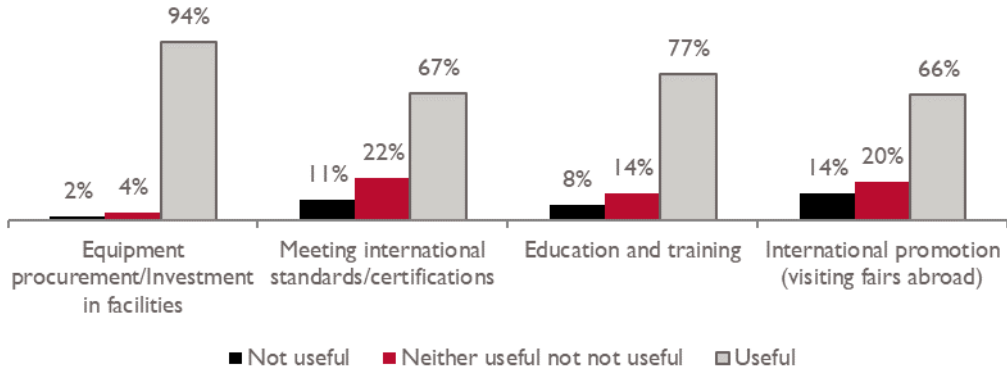
Q14. To what extent do you agree or disagree with the following statements? Mark "not applicable" for any claim whose content is not related to the assistance you received. For example, mark "not applicable" for the claim "our attendance at the fair result



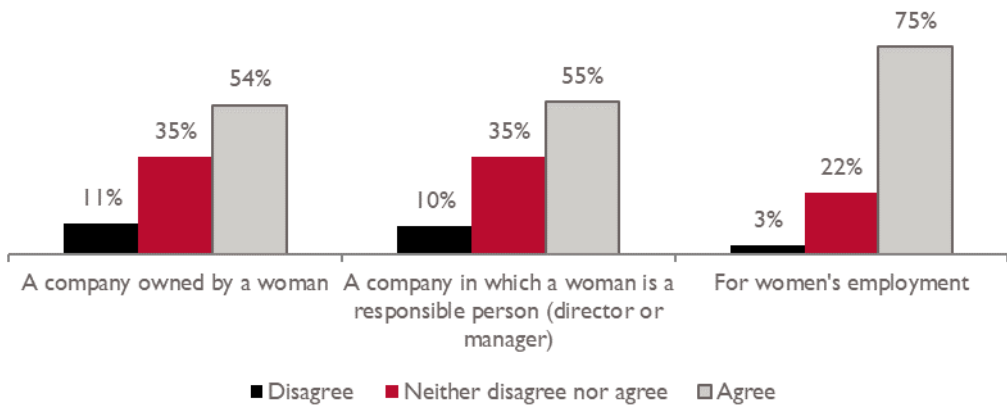
Q15. Is the following applicable to your company?



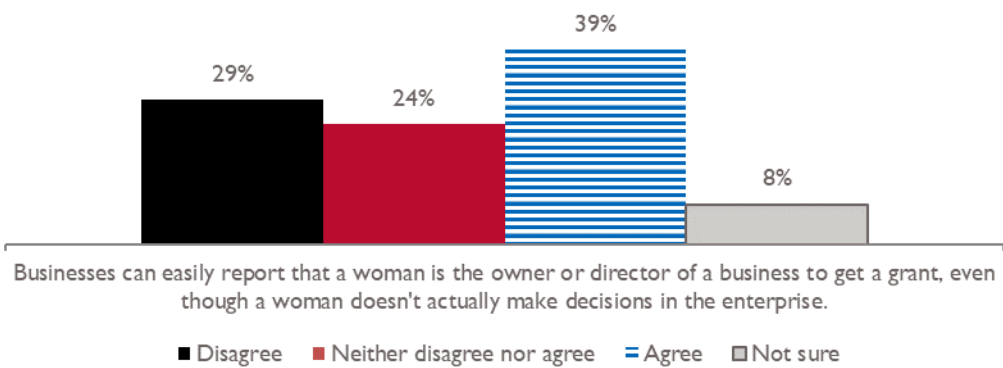
Q16. To what extent would any of the grant assistance be beneficial to your business?



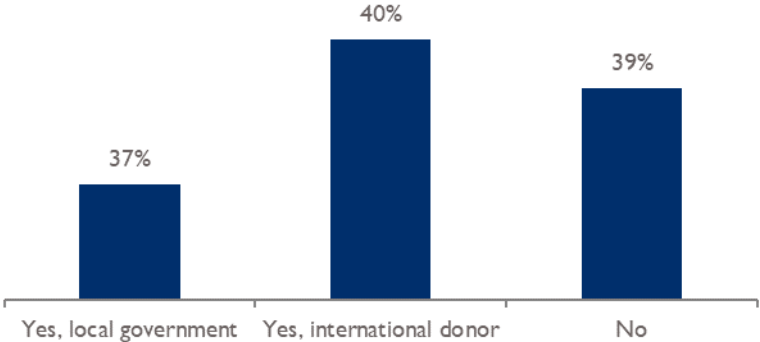
Q17. When awarding grants, donors need to additionally score projects:



Q18. To what extent do you agree with the following sentence?



Q19. Have you received one or more grants from any local government or international organization/donor other than USAID?



**MONITORING AND EVALUATION
SUPPORT ACTIVITY
(MEASURE II)**

**Fra Anđela Zvizdovića
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71000 Sarajevo
Bosnia and Herzegovina
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contacts@measurebih.com
www.measurebih.com**